EFFECT OF MONETIZATION POLICY ON THE COST OF GOVERNANCE IN THE FEDERAL MINISTRIES OF EDUCATION AND HEALTH

BY

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March, 2018

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DEPARTMENT OF PUBLIC ADMINISTRATION,

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March, 2018

DECLARATION

I declare that this dissertation entitled Effect of Monetization Policy on the Cost of Governance in the Federal Ministries of Education and Health is performed by me in the Department of Public Administration under the supervisionof Dr Ibrahim Adamu and Dr Musa Idris. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation was previously presented for another degree or diploma at any university.

Aminu Muhammad	_____	_____
Name of Student	Signature	Date

CERTIFICATION

This dissertation entitled effect of Monetization Policy on the Cost of Governance in the Federal Ministries of Education and Health meets the regulations governing the award of the Master of Science Degree of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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Dean School of Postgraduate Studies		

DEDICATION

This research work is dedicated to the families of late AbdulazeezDangana, late Musa Dogara (MagajinGarinKagarko), late HajiyaSalamatu and Mallam Muhammad Sani

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ABSTRACT

Over the years cost related to fringe benefits as reflected in the overhead parts of recurrent expenditure continued to rise. This was said to have manifested due to excessive misuse of fringe benefits such as accommodation and its maintenance, motor vehicle fuelling and maintenance, public utilities and medical trips among other things. This has led to the establishment of cost conscious bride of new public management, called the monetisation policy. It was established to create discipline and maintenance culture in workers, reduce high cost of governance, and reduce the unwarranted staff on government payroll. However, despite the implementation of the policy, the recurrent expenditure continued to rise. Thus, this research aimed to investigate the effects of monetisation policy on the cost of governance in the federal ministries of education and health. Three hypotheses were formulated; maintenance culture and discipline in the use of public utilities have not reduced the cost of governance in the federal ministries of education and health; reduction in capital maintenance and running cost have not reduced cost of governance in the federal ministries of education and health and downsizing of staff has not reduced cost of governance in the federal ministries of education and health. The survey research design was used and the population size of the study is 2300 while the sample size obtained using Yamane's formula is 319. The sampling technique used is the stratified random sampling. Both primary and secondary data were used. The primary data is obtained through questionnaire while the secondary data are from records with the budget office of the federation, Central Bank of Nigeria and ministries of education and health. Simple percentage was used as the method of data presentation and analysis while both chi-square and regression were used to test the hypotheses.The study found that maintenance culture and discipline in the use of public utilities, reduction in capital maintenance and running cost and downsizing of staff have reduced the cost of governance in the federal ministries of education and health. The study recommended the extension of the policy to parastatals and agencies as well as introduction of the scientific approach to public utilities utilisation so as to curb implementation gap.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Fringe benefits and allowances have always been integral part of the remuneration of officers in the Nigerian public service right from the colonial period (OHSF, 2013). It is no doubt that they constitute a large part of workers compensation in Nigerian public service. The abuses, misuse and mismanagement of fringe benefits such as residential accommodation, furniture allowances, medical trips, motor vehicles and domestic servants among others have over the years resulted in high cost of governance. This has been reflected in the increasing recurrent expenditure as against the capital expenditure. Thus, monetization was introduced to make amends to these abnormalities associated with the administration of workers compensation in the Nigerian civil service where the Federal Ministries of Education and Health are integral part. However, the success or failure of any given policy depends on the level of its implementation. Policy implementation thus, becomes the bedrock of any policy assessment and analysis.

Personnel compensation could thus, be seen as the starting point of cost of governance in both public and private organizations. This is because, compensation package consists of the wages and salaries as well fringe benefits attached to them. The package constitutes large part of organisational expenditure. Kurfi (2010) believes that workers compensation constitutes about 60% of organisational recurrent expenditure. In the same vein,Obasanjo, 2003 (in Shala2006), claims that, over 60% of the annual budget goes to recurrent expenditure which is dominated by workers related expenditure.

In the wake of global reform agenda towards economic rationality, particularly during the 1980s, most public organisations resort to the adoption of the newly found bride called the New Public Management. This "paradigm shift" in the management of public organizations is premised on the tenets of economic efficiency and market driven ideology. Thus, concepts such as competition, customer relation, performance measurement, budget cuts, user charges, leaner government, decentralisation, contracting out, and among others constitute the basis of the New Public Management (Osborne and Gaebler: 1991).

There is this unanimous decision among scholars and practitioners of public finance that cost of governance is measured based on recurrent expenditure (Chigozie, 2013). The argument is that, capital expenditure impacts more on the economy with respect to employment, investment and other growth inducing activities other than recurrent spending. In a similar vein, the Central Bank of Nigeria (CBN, 2005), states that: " In Nigeria, costs associated with the running of government have increased dramatically over the years such that an increasingly reduced proportion of public revenue is available to support and implement the primary functions of government". The magnitude of loss caused by increasing recurrent spending led the committee for public service reform in the present 2014 National conference to suggest the following recommendation:

> *No political appointee from ministers to commissioners and local government chairmen should employ special advisers, special assistants and personal assistants or make any such appointments by any name called. Instead as a cost saving measure such political office holders should utilise the staff of their ministries where it becomes necessary as contained in circular reference number B63833/93 of January 3, 2000.*

In its attempt to reduce the costs of governance in Nigeria, the federal government in 2002 inaugurated the Chief U. J. Ekaete led committee on monetisation of fringe benefits. The committee report was received, adopted in 2003 and communicated to various ministries in circular reference No.SGF/19/S47/C1/11/371. The policy was to commence on July 1, 2003. However, on December 9, 2003, President Obasanjo through a letter, reference No. Press/36-1 and addressed to the Head of Service of the Federation, amended certain provision in the circular and gave the commencement date of the policy as October 1, 2003. Contrary to this, the policy did not take off until June 2004. The policy was initially restricted to the core civil service before it was later extended to parastatals and agencies. By core civil service, it meant the Ministries excluding the Parastatals, Commissions, Boards and Agencies (Stephen, 2011).

Prior to the monetisation policy, abuse of office and public properties, unnecessary foreign medical trips and mismanagement by public authorities were pervasive, and unprecedented. For instance, Mobolaji, (2003) comes out with the following revelations with regards to the Nigerian public service that:

> *…… instead of one car, our indigenous civil service "oga" has 10 government cars at his beck and call; has 10 servants; has three government houses (in Abuja, Lagos and Kaduna) because, yes, each can have more than one wives (the colonialist had only one, if any), rides in first class plane (there were no planes then, just boats), including for the week-end to London; has free medical treatment for the entire family (the colonialist in general had only his wife, if at all) - all while getting a fat basic salary in additional to other allowances.*

With the presence of such abuses by the public officials, one can best argue that monetisation could be the only salvation to these unethical behaviours of the public servants. Market oriented policies in the wake of reforms during the Obasanjo's reform agenda in the civil service include the SERVICOM, the Due Process, the performance management and the

monetisation policy were all geared towards enhancing economic efficiency and ensuring what is known as the reinventing government. The monetised fringe benefits in respect to federal civil servants are the residential accommodation, furniture, utility, domestic servants, motor vehicles, provision of drivers, fuelling /maintenance of transport facilities, medical treatment, leave grant, meal subsidy and entertainment. These fringe benefits are converted to cash payment using the basic salaries of workers as the basis for the computation. In essence, they are calculated in relation to worker's basic salary.

The objectives of the monetisation policy as conceived and expressed by Shala, (2006) are in the areas of minimisation of cost, waste and abuse of public facilities; reduction of cost of running government machinery; reduction of the huge rental costs, encouragement of ownership of private personal housing, promotion of culture of discipline in the use of public utilities and income regeneration to the government to prosecute capital projects. These are the core objectives of the monetisation policy in Nigeria.

Having observed the ugly problems in the civil service and the resultant presumed solution that will render effective, efficient and economic conscious civil service, the research aims at investigating the effect of monetisation policy on the cost of governance in Federal Ministries of Education and Health.

1.2 Statement of the Problem

The civil service which is seen as the machinery for the execution of government policies and programs has over the years faced serious criticisms. These stem from the fact that, the concepts of effectiveness and efficiency have been eroded and the lofty goals for which the civil service is established have been shattered away. The public service which was hitherto used to have a cherished history of commitment, dedication and valuable service to

the nation has been relegated to reckless misrule, spiraling decline and systemic and institutional decomposition. The service came to be characterized by lack of professionalism, excessive partisanship, endemic corruption, slowness and inefficiency and crass selfishness and greed (Hamid, 2008).

This prompted reforms upon reforms to ensure that the civil service performs to its optimality in an effective and efficient manner. One of such policies put in place to achieve economic efficiency and resource management (low cost of governance) is the monetization policy. It is necessitated by the excessive rental and maintenance costs of workers accommodation, unwarranted misuse of public utilities, unwarranted medical trips, mis-management of government owned cars and inflation of their maintenance costs. These and many other fringe benefits as provided by government are abused and irrationally mismanaged by public officials that have excessively raised government recurrent expenditure over the years. For example, Kwanashie (2004), preoccupied by high costs of governance writes:

> *The federal public service is said to employ about one million people with state and local governments also providing employment for even a larger number of people. The cost of maintaining the service accounts for 60 per cent of government revenue. In many states of the federation, the percentage could rise as high as 80 per cent. What is left for capital projects is often not enough to jump start economic growth.*

These excessive recurrent expenditures are largely associated with the costs incurred in the administration of the fringe benefits that were hitherto paid in kind. Kind payment for such fringe benefits had led to serious abuse, waste and high governmental costs. The ugly face of this scenario is captured in the following words of Pere, (2013):

> *For instance, it costs government lots of funds to construct, purchase or rent residential accommodation for public servants. Large amounts of resources were occasionally spent on renovation, maintenance and furnishing of such accommodation, as well as on the purchase, fuelling and maintenance of official vehicles for public servants. It is on this record that many public servants maintained a fleet of official vehicles in their offices and homes. Similarly, telephone, electricity and other utility services in the official quarters of public servants maintained by government, were open to various forms of misuse.*

The Obasanjo Administration adopted the monetisationprogramme following strong representations by the Revenue Mobilization, Allocation and Fiscal Commission and after an intensive debate on the argument that the nation is devoting over 60% of its revenue to sustaining recurrent overheads, to the detriment of capital/infrastructural development (Ayanwale, 2009). Consequently, Government introduced the monetisationprogramme, on the conviction that if implemented, the policy will reduce to barest minimum such negative fiscal tendencies as waste and abuse of public facilities. For instance, it cost Government lots of funds to construct, purchase or rent residential accommodation for public servants. Large amounts of resources were occasionally spent on renovation, maintenance, and furnishing of such accommodation, as well as on the purchase, fuelling and maintenance of official vehicles for public servants. It is on record that many public servants maintained a fleet of official vehicles in their offices and homes. Similarly, telephone, electricity and other utility services in the official quarters of public servants maintained by government, were open to various forms of abuse and misuse. One main consideration underlying the implementation of the monetisation policy is the desire to reduce the pressure on public resources, arising from government's involvement in the physical provision of fringe benefits.

Ten years after the take-off of the monetisation policy in Nigeria, the recurrent

expenditure of the government continues to increase while at the same time that of the ministries where monetisation policy is adopted have also significantly increased. For example, the recurrent expenditure in the education ministry rose from #72.2 billion in 2004 to #92.6 billion in 2005. It continued to rise to #129.4 billion in 2006, #137.5 billion in 2007, #162.7 billion in 2008 and reached #360.8 billion in 2013 (Slideshare, 2014). This continues to escalate as the recurrent expenditure of the ministry continues with #444 billion in 2014 and #459.66 billion in 2015(Budget Office of the Federation; 2014; 2015).Nothing different can be said in regards to the ministry of health as#224.1 billion was appropriated for recurrent expenditure in 2012, #223.78 billion in 2013, #216.4 billion in 2014 and #237.1 billion for 2015. It was alarming to for example have 82.38% of the federal ministry of health budgetary allocation going to recurrent expenditure, where only 17.62% of the #262.74 billion is for capital expenditure. With such kind of geometric increase in recurrent expenditure and the corresponding decline in capital spending, one will invariably question the monetisation policyand doubt their efficacy at providing that missing and unanswered question on the high cost of governance infederal institutions like the Federal Ministries of Education and Health.

The danger with increasing costs of governance as observed by Cebula,Carlos and Koch(1981) is that, it cripples markets, stunts economic growth, leads to rapidly rising inflation, crowds out private investment and distorts the real relationship between productivity and rewards. Having examined the above problems, the following questions are raised:

1.3 Research Questions

i. What are the effect of maintenance culture and discipline in the use of public utilities on the cost of governance in the Ministries of Education and Health?

ii. What are the effectof reduction in capital maintenance and running costs on the cost of governance in the Federal Ministries of Education and Health?

iii. What are the effect of the downsizing of staff (drivers, messengers and domestic servants) on the cost of governance in the Federal Ministries of Education and Health?

1.4 Objectives of the Study

The general or broad objective of the research dissertation was to determine the effect of Monetisation Policy on the Cost of Governance in the Federal Ministries of Education and Health. In line with this broad objective, the specific objectives of the study are to:

i. Determine the effect of maintenance culture and discipline in the use of public utilities on the cost of governance in the Ministries of Education and Health.

ii. Determine the effect of reduction in capital maintenance and running costs (accommodation and its maintenance, meal, furniture) on the cost of governance in the Ministries of Education and Health.

iii. Determine the effect of the downsizing of staff (drivers, messengers and domestic servants) on the cost of governance in the Federal Ministries of Education and Health.

1.5 Hypotheses of the Study

For the purpose of this research, the following null hypotheses are made:

Ho_1: Maintenance culture and discipline in the use of public utilities (by civil servants) have no significant effecton the cost of governance in the Federal Ministries of Education and Health.

Ho_2: Reduction in capital maintenance and running cost has no significant effecton the cost of governance in the Federal Ministries of Education and Health?

Ho_3: Downsizing of staff (drivers and domestic servants) has nosignificant effect on the cost of governance in the Federal Ministries of Education and Health

1.6 Significance /Justification of the Study

The significance of the research could be seen in its quest to bridge the gap left by other researches as it attempts to investigate and assess the effect of monetization policy on cost of governance through investigating the components of the policy and its mission which are geared towards reducing the cost of governance in the Federal Ministry of Health and Education. By so doing, the research will provide solutions to problems associated with monetization policy, add to the literature on the policy and provide another platform for further researches on monetizationpolicy studyand cost of governance within and beyond the four walls of the Federal Ministries of Education and Health. A case missing in the following researches:the research gaps were identified from the following researches, where:

Stephen, (2012) investigated the economic implications of monetisation policy in Nigeria using a three sector economic model as his theoretical starting point (Y=C+I+G). The research design used by the researcher is experimental design where theoretical consideration

was combined with empirical observation. The research findings revealed that monetisation policy in Nigeria has not contributed significantly on gross domestic products.

Abdulrasaki, (2010) conducted his research on the Long Effects of Monetisation on the Nigerian economy. The study investigated how output equation using Generalised Moments Methods (GMM) variations affect aggregate consumption expenditure, investment, capital stock, labour, job cuts and public sector wages plus monetisation evolve during the adjustment process. The main policy message conveyed by the result is that Monetisation is important in influencing certain targets macro-economic variables. The research further posits that a 10% cut in jobs will reduce output only by 2%.

In Reforming Without personnel in Nigeria: implication of ownership Gap in Implementing the Monetisation of fringe benefits in public sector, Eugene, (2014) argues that the problems associated with the monetisation policy in Nigeria is what he refers to as ownership gap- alienation of public sector reform agenda. The study utilised the public choice theory as its theoretical foundations and explains the excesses of public office holders in the wake of the reform. The result revealed that the Monetisation policy has introduced another form of public waste and corruption perpetuated by public officials in the exercise of their respective duties.

The uniqueness of this research could be seen in its desire to provide answer on the rising recurrent expenditure in the post monetization policy era. This will provide insight to what actually leads to increasing costs in the federal ministries.

It further provides solutions to the problems of monetisation policy in the ministries which can be used to improve the policy not only in the ministries but in the entire public sector. Thus, it will help the government in the future policy moderation as well other

governmental policies aim at reducing the cost of governance in the country.

The research serves as motivation to the public servants in the Federal Ministries of Education and Health who are themselves the subject of scientific investigation on an issue relating to their welfare and also serves as a check on how they manage public resources in the discharge of their duties as public servants. Adebayo, (2000), writes: "we must device measures, convincing in their intention, to give public servants a sense of pride in their work and career, to create in them a feeling of belonging and to foster in them a sense of participation in the task of nation building".

Thus the research bridges the gaps left by other empirical studies by investigating the effects of monetisation policy on cost of governance in the Federal Ministries of Education and Health.

1.7 Scope and Limitations of the Study

The scope of the research dissertation covers the monetisation policy in the Federal Ministries of Education and Health. Thus the study covers all the administrative staff of the two ministries, because the cost of governance is premised based on the administrative costs or cost of staff maintenance. It is important to note that, the workers referred are those employed by the Federal Civil Service Commission on permanent and pensionable terms and working with the parent Ministries not Parastatals and Agencies. The choice of the parents ministries excluding departments and agencies was necessitated by the selection of pilot ministries during the take - off of the policy as well as our desire to limit the population size of the study.

However, our area of interest is the cost of governance which is manifested through high recurrent expenditure (overhead costs). The recurrent expenditure here are measured based on the fringe benefits enjoyed by workers in the service of the nation. These benefits include accommodation, meal subsidy, utility payment, motor vehicle, medical treatments, among others.

The study covers the period of 10 years; that is, from 2004 to 2014. The choice of the period is necessitated by the take-off of the policy and 10 years being enough for any policy to be studied, having being fully introduced in 2004. However, the mean score wasutilisedin the absence data for any given years to substantiate results that are not available for the whole periods.

The limitation to this research could be seen from the technicalities involved in accessing information from the confidential files of the bureaucratic institutions. Delays and denials to access information of the so tagged secret files are seen as major limits of this research. Time limits of the MSc programme as well as limited resources are some of the limitations of the research.

The use of Arithmetic mean as against detailed presentation of data for monetisation period is another limitation of the research dissertation. Though, no research of this magnitude can have the strength to collect complete and comprehensive data that will cover the entire sphere of monetisation period as records are sometime not kept or at least been tempered with.

1.8 Definitions of Key Terms and Concepts

Monetisation: this refers to the act of quantifying in monetary terms, the fringe benefits entitlement of the public servants and paying them as part of their salary. In another terms, is used to refer to cash conversion of fringe benefits that were hitherto provided in kind by the

government to the its employees (civil servants)

Fringe Benefits: Payments of supplement in kind due to employment contract. Example: free or subsidized accommodation, medical treatment, meal subsidy, utility, transportation, entertainment allowance, domestic servants, drivers among others.

Costs of Governance: High costs of provision of fringe benefits in kind by the government which raises the recurrent expenditure through high overhead allocations in the recurring annual budgets of the ministries.

Recurrent Expenditure: expenditure incurred in the running of governmental affairs at civil capacity which is dominated by cost of staff maintenance (compensation package). It is typically refers to payment of overheads, salaries, miscellaneous expenses, travelling entertainment, meal among others. However, it is used in this sense to refer to overheads where all the fringe benefits are domesticated as shown in our annual national budgets.

Governance: Governance refers to a collective effort, through smooth and suitable process, to take actions that advance a shared purpose consistent with the institution's mission. It is the distribution of legitimate authority to influence and enact policies and decisions; it defines who has the power, who is in charge and who is responsible; its primary roles are setting the direction, ensuring adequate resources and overseeing the health of the organisation. In simpler term, it refers to the process or act of carrying out of state affair by public servants.

Maintenance Culture: Maintenance culture refers to provision for adequate care of the hard earned infrastructure andcost conscious used of public utilities. It is employed to mean, adequate care and judicious use of public utilities.

Discipline: Discipline means the observance of certain well-defined rules. By this, discipline means conforming to the dictate of rules of engagement as specified in the civil service rules and any other government circular.

Capital maintenance: The concept of maintenance culture focuses on the design and implementation of a technical procedure that supports the prevention or correction of premature failure of engineering systems with least cost and time without compromising the system performance and safety parameters. Developing good maintenance culture in industries requires a human resources organizational framework(Kelly et al, 1997 and Sodiki, 2001). Here, it is used to refer to costs of maintenance of motor vehicles and houses owned by the ministries.

Running cost: This refers to costs that cannot be easily traced to any given activity or functions. It involves costs of repairing vehicles, fueling and medical trips abroad.

Downsizing of staff: Refers to the process of reducing the size of workforce by terminating the employment of employees. It is used to cut costs and is a common feature of recessionary situation. For the purpose of this research work, it is used to refer to retrenchment of domestic servants, messengers and drivers in the monetization era.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter examines and reviews write ups, materials and works of scholars, academicians and practitioners with regards to the meanings of monetisation policy, costs of governance, fringe benefits, policy implementation and acknowledges the enthusiasms expressed by stakeholders on such issues, so as to reduce or cut recurrent expenditure which is regarded as the basis for high cost of governance in most organizations, especially the government owned. As such empirical studies, conceptual and operational definitions of monetization policy and cost of governance and other related concepts are examined, putting into consideration the Nigerian Civil Service.

The theoretical frame work adopted for the purpose of this research work is the New Public Management - a top-down theory which perfectly fits the explanation of monetization policy. The theory is examined, assessed, discussed and applied on the research topic which is effects of monetization policy on the cost of governance. Thus, the chapter reviewed literature on monetization policy, cost of governance and glimpsed into policy implementation; examined and adoptedthe New Public Management Theory to monetizationpolicyand cost of governance, examined criticisms of New Public Management Theory and reviewed empirical explanations.

Other theoretical frameworks like the Agency theory and Public Choice theory were examined and their criticisms wereanalysed. Empirical studies on monetization policy also constituted parts of the issues discussed in the chapter.

2.2.0 Literature Review

2.2.1 Cost of Governance

Since the collapse of the socialist bloc in the early 1990s, the spirit of market economy has been gaining more grounds. The Thatcher's reforms of the 2000, the Obasanjo's reforms of the 2004, the Russian welfare monetisation and the United State of America's agricultural sector reforms are some of the shining examples of the global reform agenda in the wake of the contemporary history (millennium). The reform agenda of the former President OlusegunObasanjo covers a wide range of issues in the public sector which are geared towards reduction of the cost of governance in the public administration. What then is the cost of governance? How is it accumulated? What is the modus operandi for its measurement? Why should it be reduced? And other related issues will be literary and systematically examined.

As it is rightly observed, the preoccupation of the current global reforms is to cut the costs of governance and ensure effective and efficient resource allocation and its utilisation. Having such obsession in mind, Pigou (1928) opines that:

If a community were literally a unitary being with the government as its brain, expenditure should be pushed in all directions up to the point at which the satisfaction obtained from the last naira expended is equal to the satisfaction lost in respect to the last naira called up on government service

With this market oriented philosophical advice of Pigou and the corresponding incapacitation of the public organisations coupled with the growing demand for social goods in addition to decline in government revenue, most governments resort to economic strategies for efficiency and effectiveness of its agencies. Thus, the spirit of capitalism in socialism is highly induced by the excessive cost of governance.

In defining the cost of governance, Adewale and Osabuohen (2007) see it from two perspectives: recurrent administrative expenses and the capital administrative expenses. Therefore, costs incurred in the running and maintenance of government machinery no matter its nature is referred to as cost of governance. In the same vein, Drucker (2007) defines cost of governance as a government allocation to both capital and recurrent expenditure on maintenance of administrative structures, which appear to be enormous in Africa.The question of efficiency in governance is therefore, to ensure that public funds are spent judiciously, while public goods and services are sufficiently provided. This perspective seems to have gone deep into breaking down of administrative expenses to include spending on buildings like accommodation, motor vehicle and furniture in addition to the running cost like the provision of meals, domestic servants and drivers for public administrators.

Afolugbo (2004) captures a holistic definition of cost of governance by seeing it as the cost of performing political duties and discharging civil services to the public. One can argue this to be a more comprehensive definition of the cost of governance, more importantly when considering the flamboyant spending and consistent corruption allegations on ministers and other top political office holders. Thus, cost of running the government machinery at civil level (civil servants) and political level (political office holders) is the cost of governance.

Fluvian, (2006) defines cost of governance as any expenditure incurred in maintaining government administrative structures which are captured in the annual budgets. Similarly, he argues that, the rationale or justification for the use of total recurrent administrative expenditure as determinant of the cost of governance is because of administrative expenses are incurred in governing process. One can hardly disagree with such claim of the wise saying in administration, that for every administrative activity, there must be a corresponding

financial implication.

Speaking on the negative effects of high cost of governance, Cebula, *et al* (1981), opine that, high cost of governance cripple markets, stunt economic growth, leads to rapidly rising inflation, crowd- out private investment and distort the real relationship between productivity and rewards. One can least disagree with the aforementioned claims when given cost of governance a thorough analysis. This further proves the ubiquitous nature and pervasiveness of the sphere of public sector.

However, the sphere of public sector in this respect itself covers the activities of the public bureaucrats in the ministries as well as political office holders and their aids all serving the government and contributing a share to high recurrent expenditure. Some even argue that high governmental cost is not to be associated with the salaries the workers earned but the excessive spending of the political side of the ministries and government. This prompts some scholars and civil society organisations to call for the return of Westminster model. For example, Ofuania, (2013) advocating for parliamentary system as panacea for high cost of governance observes that:

> *The presidential system of government which Nigeria adopted in 1979 has proved spectacularly expensive in many respects. In the first instance, the cost of being elected to office as president, governor, national assembly member and state assembly member have become prohibitive which include pressure on the elected officers to seek inordinate means of recovering the electoral expenses and building 'war chest' for re-election. Under parliamentary system however, the prime minister only has his/her political party to contend with and thereafter his/her federal constituency in terms of electoral expenses. In the second instance, the executive and the legislative are more closely intertwined under the parliamentary system ensuring that legislatives are intimately connected to governance which will eliminate the craze for constituency projects that has become a major source of drain on the public purse.*

Similarly, in his quest to provide solution to high costs of governance in Nigeria, Sanusi, (2012) former central bank governor suggests the downsizing of the civil service to

half its size. However, this did not go well with the nation, looking at the level of poverty and unemployment in the country. This prompted Adam (2012) to counter such claims, where he drew a line of demarcation between wage bill and personnel costs. To him wage bill is not the reason for high costs of governance but personnel costs. To him parts of what he termed as personnel cost include the cost of flying by public officers, high costs of medical trips and maintenance of housing and vehicles for the top civil servants.

The civil service which is the focal point of our reference has witnessed some rapid increasing cost of administration. Lalaye (1991) captures this in the following words:

> *In this regard the operation of the regime of benefits has been a subject of serious abuse, especially with the advent of military rule. Quite common were such practices as the presentation of inflated non-existent medical bills for reimbursement, annual renovation of official quarters and the maintenance of fleet of vehicles at inflated costs.*

These are some of the ugly manifestations of decline in institutional machinery to regulate the excesses of workers which using the public choice theory as the basis for analysis are self-centred, selfish and self-satisfying in the service of the public.

According to Haber (2004), much of the high costs of governance are largely due to the absence of institutional structures that direct attention away from predation to production. When the primary role of the government is essentially redistributive or predatory, productive activities become less significant as a driving force of economic activities. If Haber's words are to be believed, then monetisation as an institutional effort should be able to reduce governmental cost, raise revenue to the government and reduce waste. Here, hasty conclusion cannot be made until data are obtained, assessed and hypothesis are tested.

Identifying factors responsible for high cost of governance, Warimen (2007) sees

misuse of public funds as the factor for high cost of governance in Nigeria. However, some scholars associate it with overstaffing, inflated contracts and unduly consideration for equity (quota system). Be it as it may, these factors are invariably the most glaring issues that raise the cost of governance (recurrent expenditure) in the civil service. Therefore, reduction in the staff strength especially the staff workers like drivers and domestic servants, cutting them out of the payroll, selling of government residential quarters, discontinued with the renovation of the quarters, selling and discontinued with the vehicle maintenance and fuelling, abolishing the government cafeteria and their replacements or conversion to a more cost effective, cost efficient and resource utilisation scheme of monetisation is seen as the surest way to reducing cost of governance in Nigeria.

The cost of governance in the Federal Ministries of Education and Health can therefore be categorised into two; one, such recurrent expenditure incurred in maintaining the civil servants; and two, the high cost of maintaining the political structure attached to the civil service. Since our concerned is the civil service, such issues like maintenance of accommodation and rental cost, cost of purchase of vehicles, fuelling and their maintenance, cost of medical treatment, utility cost, among others will be investigated and post monetisation impact will be uncovered.

It is worth noting that administrative expenses can be capital or recurrent. For example, purchase of vehicle and the building of houses for civil servant can be said to be capital administrative cost while meal and utility can be said to be recurrent administrative costs. Since cost of governance is measured in relation to administrative expense (personnel compensation) and monetisation policy itself refers to such categorisation, the research assumed all expenses other than the basic workers salary enjoyed by the civil servants as

recurrent expenditure.

2.2.2 Monetisation

Though monetisation policy was first conceived and adopted in 2002 after the inauguration of the Ekaete led committee on monetisation of fringe benefit by the former president, Obasanjo, the committee report was received in 2003 and communicated to various ministries as its take off stage began with only the core civil service. What then is monetisation? When did it begin and how? What are those fringe benefits that are monetised and at what cost? These and more were analysed from conceptual to operational connotation.

Monetisation according to Shala (2006), in the context of Obasanjo's reforms means the act of quantifying in monetary terms, the fringe benefits entitlement of the public servants and paying them as part of their salary. Actually this definition sees fringe benefits as outcast of the compensation package (salary administration), which I am sure student and scholars of personnel will join me to disagree. Fringe benefits are part and parcel of compensation package and are only converted to cash during monetisation policy.

In the policy document of the federal republic of Nigeria on monetisation of fringe benefits, it states that monetisation is quantification in money terms of those fringe benefits which government used to provide for its workers as part of their condition of service. In similar line of thought, Yakasai, (2006) tries to solve the dichotomy between fringe benefits and salary of workers by defining "monetisation as the conversion of benefits previously made available in kind to public officers into cash payment". It is not gain saying that Yakasai's definition restricts monetisation to the sphere of public administration. However, the parlance of operation of the concept goes beyond the arena of public organisation to include the private sector organisations. In support of this Shala, (2006) writes:

The concept of monetisation has gained world- wide acceptance with countries such as USA, Britain, Canada, France, Germany, South Africa, Australia, .e.tc practicing it for years. Even in Nigeria, Nigerian telecommunication limited, Nigerian national petroleum corporation and most private sector organisations have adopted monetisation concept with positive results.

The obsession of organisations to monetise is born out of the desire to cut costs and ensure effective utilisation of organisational resources. Stressing the need for monetisation, and utilisation of public resources, Pigou, writes:

If a community were literally a unitary being with the government as its brain, expenditure should be pushed in all directions up to the point at which the satisfaction obtained from the last naira expended is equal to the satisfaction lost in respect to the last naira called up on government service

Amuwu (1991) sees monetisation as the conversion of benefits previously available in kind to public officers into cash payment. These benefits hitherto made available by government to public officers includes the provision of free accommodation and its maintenance, furniture, transportation and chauffeur driven vehicles for top public office holders, free meals, free medical treatment, utility, etc.

Onu, (2006) explains monetisation as the process of converting fringe benefits attached to workers' salaries into cash incentives. The cash incentives are to be paid in swoop or in instalment depending on the financial strength of the paying body. This defination seems to be broad as the paying body can be government or private organisations. More so, instalment payment of cash conversion of fringe benefit is not a feature of the Nigerian version of monetisation policy.

Isiayaka (2013) sees monetisation as the quantification in money terms of those fringe benefits such as highly subsidized residential accommodation, transport facilities, chauffer-

driven motor vehicles, residential furniture, highly subsidized utilities such as electricity, portable water, telephone etc which government used to provide for its workers as part of their conditions of service.

Keeping in mind the rationale behind monetisation and the rising cost of government, provision of fringe benefits in kind, Mimiko (2003) sees monetisation of fringe benefits "a precipitate of government concern with the continued escalation of cost of running the machinery of government as a result of huge bureaucracy with which the economy is delivered. Looking at this conception of monetisation, one sees one of the focal point that raise the government spending, which is huge bureaucracy. Huge bureaucracy covers a host of lots of sphere but the prominent aspect of it is the human resources where too many people doing too little jobs and so many people being in the pay roll of the government. Thus, government pays compensation to workers who do nothing or little.

Victor (2003) views monetisation policy as the decision by the federal government to convert the persquitisites of offices enjoyed by the public officials into monetary benefits. Instead of the government to directly procure, provide, maintain, facilities and utilities on behalf of public servants, it has opted to giving the money equivalent to the deserving officers as fringe benefits. This definition can be said to be influenced by the kick start of monetisation policy by federal government. However, at the tail end of his definition, he introduced the words 'deserving officer', which I think he is referring to the permanent workers who are entitled to a complete compensation package which include the monetised fringe benefits.

Okwuosa (2004) defines monetisation as the replacement of fringe benefits that were previously provided in kind example, housing transport, medical treatment, furniture and so on through additional monetary allowances and the consequent withdrawal of government

from maintenance cost obligations that attended these benefits.

Mobolaji (2003) defines monetisation policy as government initiatives that involve systematic cash payment for benefits previously available in kinds to public officers. In the same vein, McConnel (1992) defines monetisation as the rewards other than wages that employees receive from employers in monetary value which includes: pensions, medical and dental insurance, vacations and sick leaves.

2.2.3 Fringe Benefits

One thing that remains central in the conceptual definition is the consistent references to fringe benefits in most definitions. The only definition that is void of this monotony is the McConnel's definition, which gives us the first insight on what constitute fringe benefits. In searching for definition of fringe benefit, Ogunbameru (2008) sees it as form of compensation beyond wages for time worked including various protection plans such as the health insurance or life insurance; services (such as an organisational cafeteria); pay for the time not worked (such as vocations or sick leave) and income supplements (such as stock ownerships plans).

Mathias and Jackson (2000:417 in Ogunbameru, ibid) view fringe benefits from four angles: medical insurance, paid time off, retirement pensions and worker's compensation which are paid to workers as part of the contractual relationship with their employers. McConnel (1992) sees fringe benefits as benefits such as sick leave, vocation pay pension plans and health plans that represent additional compensation to the employee beyond bare wages. Fringe benefits therefore, include cash payments for vocations, health care programs, recreational facilities, transportation, day care services and executive wardrobe. Christensen (2003) sees fringe benefits as compensation made to an employee beyond regular wages or salaries. Some types such as paid vocation are fairly standard but others are rare. Different

offers company groups together for an employee are collectively known as fringe benefit package. They usually get better overtime, reflecting increase in the employee's skill and knowledge as well as reward for company loyalty.

It is pertinent at this juncture, having examined the conceptual definitions of Monetisation, conceptual and operation definitions of cost of governance and taken a brief look at some definitions of fringe benefits by different authors across the globe, to quickly turn our focus to policy literature as well empirical studies in the world of monetization policy

2.3 Policy Definitions

A policy often comes in the form of general statements about priorities, written regulations or guidelines, procedures and/or standards to be achieved. At its simplest, policy refers to a distinct path of action which is suitable for the pursuit of desired goals within a particular context, directing the decision making of an organization or individual.

Friedrich (1963)defined policy as a proposed course of action of a person, group, or government within a given environment providing obstacles and opportunities which the policy was proposed to utilize and overcome in an effort to reach a goal or realize an objective or a purpose. This definition put policy as purposive and goal inclined but the realization of the goals set, is designed, so planning has become key to any policy target.

Rose (1969) suggests that policy be considered "a long series of more-or-Iess related activities" and their consequences for those concerned, rather than a discrete decision. This definition seem to have provided a real clue into the subject matter of policy decisions where policy is seen as more than just a decision but a course or pattern of activity to do something or realized a predetermined objectives.

Fage (2013) sees policy as a set of interrelated decisions by actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle within the power of those actors to achieve. It involves complex process comprising three interrelated and sequential steps; namely; formulation, implementation and evaluation. This conceptualization has clearly captured the focus of this study where the effect of monetization policy on the cost of governance is investigated.

Lehrer (2005) sees policy as a relatively stable, purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern. It focuses on what is actually done instead of what is only proposed or intended, and it differentiates a policy from a decision, which is essentially a specific choice among alternatives. By this submission, policy itself has to be implemented to ascertain the suitability and success of the decisions made. This has made implementation of policy to be a cardinal principle of policy matter and framework.

2.4 Review of Empirical Studies

Monetisation Policy in Nigeria though new to the public sector has now been practiced in the public service. In order to ensure smooth but effective success of the policy towards reducing the costs of governance, achieving economic growth and ensuring efficient resource allocation and utilisation, empirical investigations were conducted by different scholars and researchers. These researches were geared towards unraveling the myths, investigating the problems associated with the policy and long run effects of the policy on the national economy.

One of such researches conducted on monetisation policy in Nigeria was done by Stephen, (2012). He investigated the economic implications of monetisation policy in Nigeria

using a three sector economic model as his theoretical starting point (Y=C+I+G). The research design used by the researcher is experimental design where theoretical consideration was combined with empirical observation. The research findings revealed that monetisation policy in Nigeria has not contributed significantly on gross domestic products. The research result is obtained using the multiple regression tool of data analysis. However, having used three equations to determine the general impacts (Y=C+I+G, GDP=CEO+CEG and GDP=f (RGEM, LPR, MS). The research finding concluded that monetisation policy does not increase gross domestic output while other variables like productivity and money supply which were tested along with monetisation had positive impact on gross domestic output in Nigeria.

Another study on monetisation was conducted by Abdulrasaki, (2010) on the Long Effects of Monetisation on the Nigerian economy. The study investigated how output equation using Generalised Moments Methods (GMM) variations affect aggregate consumption expenditure, investment, capital stock, labour, job cuts and public sector wages plus monetisation evolve during the adjustment process. The main policy message conveyed by the result is that Monetisation is important in influencing certain targets macro-economic variables. The research further posits that a 10% cut in jobs will reduce output only by 2%. It is obvious that the Monetisation policy is investigated and inferences are made. However, looking at Monetisation and wages as a variable makes it important or at least necessary for another research.

Abdulrasaki, (2012) still obsessed by the effects of Monetisation on the economy conducted another research on the Macro-economic Impact of Monetisation on the Nigerian Economy. The study investigated how wages, salaries, and fringe benefits increase the cost of

governance. The finding shows that high recurrent expenditure means high cost of governance and low growth of the economy.

Writing on Reforming Without personnel in Nigeria: implication of ownership Gap in Implementing the Monetisation of fringe benefits in public sector, Eugene, (2014) argues that the problems associated with the monetisation policy in Nigeria is what he refers to as ownership gap- alienation of public sector reform agenda. The study utilised the public choice theory as its theoretical foundations and explains the excesses of public office holders in the wake of the reform. The result revealed that the Monetisation policy has introduced another form of public waste and corruption perpetuated by public officials in the exercise of their respective duties.

The above submission by Eugene points clearly the impact of the public officials in successful policy implementation. However, having the theoretical foundation laid in public choice and public servants as rational being, I doubt if, if the ownership gap is bridged the public servants will still work towards successful implementation of the policy.

Pere, (2013) investigated the effects of Monetisation benefits if it is commensurate with civil servant socio-economic needs; the impact of Monetisation on workers attitude towards job performance in Nigerian public service and the impact of Monetisation on workers' jobs performance in Nigerian public service. The survey and descriptive research designs were adopted and the research findings show that: Monetisation benefits are not commensurate with civil servants socio-economic needs in Nigeria; there is no positive impact of Monetisation policy implementation on workers attitude towards job performance in the Nigerian civil service and that the Monetisation policy implementation has no positive effects on workers job satisfaction.

From the above reviewed literature on monetisation policy in Nigeria and their corresponding empirical studies, it is obvious that most researches on the Monetisation reform policy were geared towards investigating Monetisation from broad perspectives; that is, in relation to macro-economic indicators and the overall gross domestic product. This tends to limit the behavioural studies of the monetisationpolicy components (monetised fringe benefits), its mission, level of implementation and their general impact on the successful realisation of reduced costs of governance and improved capital expenditure. It is in light of the aforementioned gaps that this study investigated and assessed the effects of Monetisation policyon the costs of governance in the Federal Ministries of Education and Health.

2.4.0 Review of Theoretical Frameworks

2.4.1 Agency Theory

The agency theory is said to have its roots in law. It explains contractual relationship between principal and agents. The principal is believed to have less experience, knowledge and expertise (information) to carry out the activities of his business. He therefore, hires the agents to do that. In order to keep his business going and satisfy his interest, he provides appropriate incentives to the agents so as to comply and execute his will. To ensure a win-win approach, the principal engages in changing behaviour, rules and approaches so that the self-interested rational choices of the agents coincide with what the principal desires.

In the arena of organisational environment, incentives such as free accommodation, medical services, meals and transportation among others, are provided by the principal to the agents.

In the context of the employment contract, individual contracts form a major method of restructuring incentives, by connecting as closely as is optimal the information available

about employee performance and the compensation for that performance. Because of the differences in the quantity and quality of information available about the performance of individual employees, the ability of employees to manipulate evaluation methods, the structural details of individual contact vary widely including such mechanisms as “piece rates”, share options, discretionary bonuses, promotions, profit sharing, efficiency, wages, deferred compensation and so on (Pendergast, 1999).

In essence, what the agency theory depicts is the economic rationality of man, seeking gains and benefits for himself against the interest of the other partner (be it principal or agent). It opines that no one will manage other persons business better than the owner but due to the inability of the owners (principals) to manage by themselves due to inadequate knowledge, experience and availability of time, they hire agents who are lacking in ownership but are wealthy in knowledge of the business. This serves as an opportunity for the agents (in this case the federal civil servants) to amass wealth through inflated renovation cost, medical trips, vehicle fuelling and maintenance among other things. Since, the theory depicts the operation of a game theory, the principal has to change pattern to win the game and thus, the top- down approach to policy implementation and in this casemonetisation policy comes into effect. With it, the government is expected to reduce cost of governance and raise enough money for capital projects.

Explaining monetization policy implementation in relation to the principal-agent theory takes us to the top-down approach to the policy implementation framework. Here, the excesses of the agents (civil servants) necessitate the actions of the principals. The principals thus, formulate the policy and structured the implementation strategies, command, control and evaluate the agents’ role in putting the structure implementation plan into practice.

Monetization policy implementation therefore, follows the top-down approach to policy studies where the political and top bureaucrats formulate and structure the implementation plans to suit the intent of the principals. If the top- down approach is to be successful, and in this case, monetization policy implementation, the outcome will surely be reduction in the cost of governance and in this case, the Federal Ministries of Education and Health.

2.4.2 Public Choice Theory

The public choice theory could be seen as a witty effort to employ economic theory in the analysis of political or at least administrative behaviour in an organisation. It is often used to explain how political decision-making results in outcomes that conflict with the preferences of the general public. The theory is a subset of Positive Political Theory that models voters, politicians, and bureaucrats as mainly self-interested. In particular, it studies public servants and their interactions in the social system either as such or under alternative constitutional rules. These can be represented in a number of ways, including standard constrained utility maximization, game theory, or decision making. The theory is also rooted in positive analysis ("what is") and also, often used for normative purposes ("what ought to be"), to identify a problem or suggest how a system could be improved by changes in political and administrative systems.

It is associated and accredited to Knut Wicksell (1896), which treated government as political exchange, a quid pro quo, in formulating a benefit principle linking taxes and expenditure. However, the modern public choice theory has been dated back to the work of Duncan Black, who is seen by some scholars as the founding father of Public Choice Theory

(Musgrave and Peacock, 1958). The theory repudiates the belief that government aims to maximize the welfare of the people distinct from the characterisations of economic agents such as those in businesses. Thus, economic rationality in public organisations is a permanent feature of the public servants.

Buchanan and Tullock (1962) coauthored The *"Calculus of Consent"*: *Logical Foundations of Constitutional Democracy*, considered one of the landmarks in Public Choice Theory. In particular, the Preface describes the book as "about the *political organization*" of a free society. But, its methodology, conceptual apparatus, and analytics "are derived, essentially, from the discipline that has as its subject, the *economic* organization of such a society". The book focuses on positive economic analysis as to the development of constitutional democracy but in an ethical context of consent. The consent takes the form of a compensation principle like Pareto Efficiency for making a policy change and unanimity or at least no opposition as a point of departure for social choice.

The public choice theory therefore, depicts government as made up of officials who besides pursuing the public interest, might act to benefit themselves. The central theme of the public choice theory is built based on the economic rationality of man. Men seek to maximise benefits for their selfish interest. In the parlance of government business and to be specific public bureaucracy, bureaucrats or public servants pursue not only the social welfare of the public but also their parochial interest. Thus, the theory depicts public servants as self-seeking, self-serving, self-centred and self-satisfying government officials.

Since every worker is self-satisfying being, and only wants to get prominence over the welfare of the public which government seeks to achieve, an institutional checks on the

conduct of the worker becomes necessary. Thus, monetisation policy comes to be the remedy for the excesses of workers in the organisation. One cannot also dispute the fact that government itself is self-centred and self-seeking. Individual political actors in government always claim that the paramount target of their government is the welfare of the public. In serving the public through policy making and implementation, they seek to sell their party, receive accolades and use such for political gains during election campaigns

In conclusion, Public Choice Theory extends the explanation of economic rationality to the political and administrative spheres, explains the real behaviour of public servants and suggests possible ways to community decisions that will ensure Pareto optimality. Its methodological dualism makes it an enduring futuristic foundation for understanding of complex human behaviour in organisations. However, some scholars like Green and Shapiro (1994), Lars Udehn (1996) and Charles and Gerrit (2005) have criticised the theory on the basis of its unanimity postulations of public servants' behaviours, individualism and lack of empirical basis.

The relevance of public choice theory to monetization policy implementation is in its ability to depict and explain the common traits of the civil servants and their political masters which is embedded in their innate disposition of economic rationality. Here, both the top government officials: political heads and top bureaucrats and other downers (civil servants responsible for implementation) are governed by self-interest as against general common interest. In this case, successful policy implementation is only the outcome of a synthesis of top-down/bottom-up approach where both actors are bound to gain out of the policy implementation.

2.4.3 New Public Management

The new publicmanagement (NPM) emerges to replace the traditional model of public management during the 1980s and 1990s in response to the inadequacies of the traditional model (Hughes, 2003). In the words of Rosenbloom and Kravchuk (2002) NPM "starts from the premise that traditional, bureaucratically organized public administration is "broke" and "broken" and consequently the public has lost faith in government". The new public management reforms are geared towards improving the quality of public services, saving public expenditure, increasing the efficacy of governmental operations and making policy implementation effective. It was first practiced in Europe, specifically, beginning with the Thatcher reform and then later spread to other parts of the world.

The new publicmanagement approach has no specific unanimously identified principles for universal application. It thus, varies from place to place and time to time. This can be vividly seen in the perspectives of its various exponents, for example, Hood (1991) identified seven principles of new publicmanagement which are: Hands on professional management in the public sector, explicit standard and measurement of performance (Performance indicators), greater emphasis on output control, Shift to the disaggregation of units, a shift to greater competition, a stress on private sector styles of management practice, stress on greater discipline and parsimony in resource use.

Similarly, identifying the most important philosophy of NPM, Hays and Kearney (1997) discovered five core principles of new publicmanagement which are:

i. Downsizing- reducing the size and scope of government

ii. Managerialism- using business protocols in government

iii. Decentralisation- moving decision making closer to the service recipients

iv. Debureaucratisation- restructuring government to emphasise result rather than processes

v. Privatisation

Furthermore, Kolthoff et al (2006) in their article the "ethics of New Public Management, is integrity at stake?", identified two basic principles of New Public Management which were anchored on the adoption of industrial production engineering techniques, similar to Taylor principle and the market principles of competition, frugality and efficiency to the public sector administration.

From the foregoing discussion, it is obvious that the new public management approach is nothing but set of principles, concept and ideas put forward by scholars and practitioners to improve the structure and functions of the public sector, to ensure efficiency, effectiveness and judicious resource utilisation. Hakulinen, et al (2011), believes that the concept and content of NPM are broader and the conversation on the role of NPM as a global phenomenon has increased. Thus, the definition is considered to vary between countries and public administrative institutions.

The new publicmanagement principles are inherently present in virtually all ramification of the monetisation policy. The mission of the policy towards cutting budget has been manifested in the disengagement of drivers, domestic servants and messengers who were hitherto on the payroll of the government. Also, the auctioning of motor vehicles and sales of government residential accommodation was implemented based on the market principle of competition through the adoption of the highest bidder takes it. Emphasis is also made to reduce waste and efficiently utilise resources (develop culture frugality in the use of public resources by public officials). This has led to restriction on the use of telephones and other utility factors in the ministries.

In general, monetisation policy is a product of new publicmanagement which is geared towards cost reduction. Most of the principles of NPM Identified are the inherent features of the monetisation policy and the mission is so clear as it is concerned with the cost of governance.From the perspective of policy studies, monetization policy implementation reflects the top-down approach where the civil servants are expected to implement policy content out of the structured implementation plan designed by the policy makers.

2.5.0 Theoretical Framework

2.5.1 New Public Management

Having examined the three fundamental theoretical explanations of the monetization policy and their inherent short comings, the New Public Management theory (NPM) is therefore seen as the most perfect match to the explanation of monetization policy in the Federal Ministries of Education and Heath. The choice of the NPM to explain monetization policy was necessitated by the inherent innate attributes of the monetization policy that perfectly fit into the NPM. For example, cost concerned is the fundamental issue in both monetization policy and the NPM. In addition, division of labour, leaner and meaner government and resource efficiency were some of the unifying factors of the two interrelated concepts. However, the explanatory model (five core principles of new publicmanagement) of Hays and Kearney (1997) formed the basis of our analysis. These are:

i. Downsizing- reducing the size and scope of government

ii. Managerialism- using business protocols in government

iii. Decentralisation- moving decision making closer to the service recipients

iv. Debureaucratisation- restructuring government to emphasise result rather than processes

iv. Privatization

2.5.2 Application of New Public Management Theory

Downsizing (reducing the size and scope of government)

Of course, one of the fundamental causes of high cost of governance in the ministries of education and health as well in the whole Nigeria is the size of their working force (both active and dormant staff). Prior to the monetisation policy, the active staff was augmented by another set of passive staff being paid by the government. These are the domestic servants and private drivers attached to the top bureaucrats. This set of staff in addition to messengers and cleaners constituted part of the staff strength of the ministries. With the coming of monetisation, a large chunk of these staff will be disengaged thus, reducing the size of the government.

In terms of scope of functions performed by the ministries prior to the monetistion policy, certain measures were put in place to reduce the scope of intervention of the ministries. The National Housing Scheme and Loan, National Health Insurance Scheme and poverty alleviation programme among others have reduced the functional scope of the ministries like that of settling medical bills, provision of accommodation and its settlement, provision of meals, payment for domestic servant and drivers, among other. Thus, monetisation policy reform has one of its objectives in downsizing of staff and their functional scope.

Managerialism- using business protocols in government

Explaining monetisation under managerialism takes us to the work of Pollitt (1998) who is seen as the pundit of the theory. Managerialism which Pollitt considers more as an ideology than a theory has four basic assumptions: Existing public sector organisations are

outmoded and in need of reform; a body of proven management ideas and techniques are available to guide the reform process; it is self- evident that efficiency will flow from the application of such techniques and that greater efficiency and flexibility are desirable in themselves and it is progressive to define the citizens who interact with public sector organisations as consumers and customers.

From the above, it is clearly seen that managerialism arises from the need for a reform due to ineffectiveness and inefficiency in the system coupled with increasing cost have necessitated the monetisation policy. Also, effective management of human and material resources can be obtained through the abolishing of reduction in cost through frugality in the use of state resources and the downsizing of staff which is reflected in the entrenchment of domestic servants and drivers. Furthermore, by products of monetisation like the health insurance and housing scheme provide a better way of management of public resources. The make reduce or take off the burden of such provisions by ministries, thereby enhancing effectiveness, efficiency and flexibility in the system.

Decentralisation- moving decision making closer to the service recipients

Decentralisation can be seen in the way the monetisation policy pave way to the establishment of some agencies that will carry out some of the functions performed by the ministries. Accommodation for example was provided by the respective ministries through the personnel department but now taken care of by the national house insurance scheme and housing loans. Motor vehicle loan is provided to take off the responsibility of transport provision and relief the recurrent spending of the ministries.

Therefore, provision of residential accommodation, domestic servants, motor vehicle, meals, furniture, and utilities among others by different agencies have made it possible for the reduction of centrality in authority and have made private decision making closer to recipient. This has made it possible for the operation of market principles as explained by the forces of demand and supply.

Debureaucratisation- restructuring government to emphasize result rather than processes

Monetisation has really helped in restructuring government emphasis on result rather than processes through the reduction in delays associated with the centralised authority and its central focus which is reduction in cost of governance. The use of limited resource to prosecute public works andthe need for effectiveness hasbeen the preoccupation of the monetisation policy reform agenda in the Federal Ministries of Education and Health.

In conclusion, the New Public Management principles of Hays and Kearney (1997) have been seen as more generalized principles that can vividly explain the monetisation policy implementation in the Federal Ministries of Education and Health. This has been employed to explain the monetisation policy implementation where it has been discovered that the policy is nothing but the product of the winds of NPM that is geared towards making the public organisations and in this case the Ministries of Education and Health productive in efficient ways.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methodology adopted in the study. It discusses the research design, population and sample size of the study, sampling technique and procedures, sources of data collection, methods of data analysis as well as instruments of data collection. It further advances the rationale and justifies the use of the aforementioned tools in the conduct of this research dissertation work.

3.2 Research Design

The research design used for the purpose of this research work is the survey research method. It focuses on population or the universe in which data collected from the said population are used for intensive study and analysis. Also it enables a researcher to take a sample from a subset of population or universe. The tool of survey research used is the questionnaire. The used of the tool is later justified in the section.

Therefore, for the purpose of this research, samples were carefully selected to represent the characteristics of the population and the sample sizes were chosen using appropriate tools as seen later in the chapter. This provides us with the opportunity to generalise the findings of the study for the whole population or universe.

This research therefore, is designed to investigate the effects of monetisation policyon the cost of governance in the Ministries of Education and Health. Thus, reference is made to administrative costs (personnel overhead costs and the entire remuneration packages of the domestic servants, drivers and messengers retrenched) incurred in the Ministries of Education

and Health since costs of governance is premised on recurrent expenditure. To achieve this, variables relating to monetization of fringe benefits such as government provision of housing and their maintenance costs, purchase of vehicles, their fuelling and maintenance costs, government provision of meals or its subsidy are investigated. Costs of the transportation and entertainment allowance were also investigated. Costs of medical trips are investigated as to determine their effects on government recurrent expenditure.

Also the effects of monetisationpolicyon discipline of personnel in the use of public utility are investigated to ascertain its effects on waste and mismanagement. A three points Likert Scale ordinal level measurement of, agreed, undecided and disagreed is used.

In all, the dependent variable with regards to this research is Cost of Governance (high personnel cost) and the independent variable is Monetisation Policy.

3.3 Population and Sample Size of the Study

The population of this study consists of the all staff of the Ministries of Education and Health working with the parent ministries. This includes those on, administrative, executive, technical and clerical cadre. The current population size of the staff of the two ministries was adopted as the basis of analysis throughout the research work. The population size as obtained from the Federal Ministries of Education and Health is stood at 2300 (1270 from the Ministry Education and 1030 from the Ministry of Health) from the two parent ministries. The population size is obtained through the summation of all the administrative staff of the ministries.

In determining the sample size of the staff population for the study, Yamane's (1967; 886) formula was used. The formula for the calculation of the sample size is thus:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N = Total population

e = Level of significance (95%)

It is worth noting, that researches in social and environmental sciences assumed 95% as confidence level while the remaining 5% is the level of significance which was subjected to the test of the critical value or tabulated value.

Substituting the N with the obtained population size, we have the following:

$$n = \frac{2300}{1+2300\ (0.05)^2}$$

$$n = \frac{2300}{1 + 2300\ (0.0025)}$$

$$n = \frac{2300}{1 + 6.2}$$

$$n = \frac{2300}{7.2}$$

n = 319.44

The sample size for the study will be 319.44 staff representing 13.89% of the total population of 2300. To take the sample size for each ministry, the following calculations are made:

Ministry of Health: $\frac{13.89}{100} \times 1030 = 143$

Ministry of Education: $\frac{13.89}{100} \times 1270 = 176$

Thus, our sample size of the population using the Yamane's formula is 319, where 143 respondents are taken from the Ministry of Health and 176 are taken from the Ministry of Education.

3.4 Sampling Frame/Sampling Technique

The sampling frame for this study covers the entire staff of the Federal Ministries (core civil servants) excluding those in Parastatals and Agencies. This is because they all constitute the machinery for the running of government institutions. The trimming of the size by the exclusion of personnel cost incurred in the Parastatals and Agencies is to enable the researcher investigate the problems at hand using a relatively manageable population. Also, the differential nature and operational pattern of Parastatals and Agencies even within the given ministries make the exclusion imperative.

In drawing samples from the population of staff of the two selected ministries probability sampling technique was used. The stratified random sampling technique was employed in the case of questionnaires.

3.5.0 Sources of Data Collection

For the purpose of this study, data were collected from both primary and secondary sources.

3.5.1 Primary Source of Data

For the purpose of this study, the primary data refers to the data collected from the field by the researcher which have not been already stored for him in a codified record book. The following instruments for primary data are utilized for the study.

Questionnaire

The questionnaire comprises of both open ended and close ended questions for easy coding, tabulation and subsequent analysis. The questionnaire which was developed by the researcher for the purpose of gathering information for this study is divided into two sections: Section A contains the personal data of the respondents such as gender, age, marital status, grade level and number of years in service while section two is related to questions which were aimed at investigating the research questions.

Administration of Questionnaire

For the purpose of this research,two sets of questionnaires were administered to the staff of both Ministries of Education and Health. The staff refers are the 'core civil servants' who work with the parent ministries. The justification for the choice is that, cost of governance is premised on the cost of staff maintenance and the starting point of the monetisation policy and its implementation in Nigeria was on the core service.

For the both staff, the totals of 319 questionnaires wereadministered to elicit information in regards to monetisationpolicyand cost of governance. The questions in the questionnaire were both in structured and unstructured form. This was to give the researcher the opportunity to extract as much as possible the information available to the respondents.

3.5.2 Secondary Data

For the purpose of this research, secondary data were also used. The study makes use of available records and published materials with the Ministries of Education and Health. Data from publications, scholarly articles and academic journals wereutilised. Materials from the internet are efficiently utilised while records of budgetary allocation and their breakdown retrieved from the Budget Office of the Federation (Appropriation Acts), National Bureau of

Statistics and Central Bank of Nigeria (CBN Annual reports) formed parts of the secondary data source.

3.6.0 Method of Data Analysis

This study uses both qualitative and quantitative methods of data analysis where the data collected is subjected to both descriptive and inferential statistical analysis. The descriptive tools used includes: simple percentages, tabulation and mean score (arithmetic mean) in analysing and interpreting the data collected.

Inferential statistical tools adopted are both the Multiple Regression analysis and Chi-Square test.

3.6.1 Chi-Square 'X^2' Distribution

The chi square (x^2) is a non- parametric tool used to determine whether the observed frequencies of a given phenomenon differ significantly from the frequencies which might be expected according to an assumed hypothesis (Anyadike, ibid). It is on this note that the chi square will be adopted for hypothesis three. The researcher used the computer package of SPSS for the computation of the Chi Square.

3.6.2 Decision Rule for Chi Square 'X^2'

The decision rule in using the chi square **'X^2'** for testing hypothesis is as follows:

Accept the null hypothesis (Ho) if **'X^2'** calculated value is less than **'X^2'** tabulated value (critical value) and reject the alternative hypothesis (Hi).

However, if **'X^2'** calculated value is greater than **'X^2'** tabulated (critical value) value then reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi).

3.6.3 Multiple Regressions

The multiple regression tools are developed by Pearson in 1908 and are used to learn the relationship between two or more independent variables (predictors) and a dependent variable (criterion).

The general form for a multiple regression analysis is given in the form below:

$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \mu$…… (1)

Where: Y = dependent variable (cost of governance)

$\beta 0$ = equation constant

$\beta 1$, $\beta 2$ = coefficients of explanatory variables

X1 X2 = independent or explanatory variables (monetization policy)

μ = error term

CHAPTER FOUR

MONETISATION POLICY AND ORGANISATIONAL FRAMEWORKS OF THE FEDERAL MINISTRIES OF EDUCATION AND HEALTH

4.0 Introduction

As part of the swinging waves of global reform agenda towards economic rationality, the Obasanjo'sreform came up with the monetization policy. The policy aims at minimizing costs, motivating civil servants and developing culture of prudence typical of the temporary trend in the global best practices. This section therefore, examines the rational for monetization policy, its objectives, components and administration (implementation).

4.1 Monetisation Profile in Nigeria

Monetisation policy has it deep roots from the colonial service where senior official who were mainly white enjoy host of fringe benefits. They provided their expatriate staff, i. e to the white civil service administrators who were ruling the natives with free housing, free transportation, free slaves, e.tc (Pere, 2010). The posts independence era, witnesses the Nigerianisation of the civil service as well as proliferation or expansion in size. For instances, at independence, the size of Nigerian civil service was pegged at 60,000 staff, by 1978, it rose to 187,000, by 1984, it stood at 302,000 and creation of states at different periods (1967, 1973, 1993) compounded such problem (Ayenbe, 2008). The persistent abuse of fringe benefits and the unnecessary expansion of civil service have significantly raised the cost of governance which in turn calls for reforms (monetisation inclusive).

Monetisation policy reinvigorates during the Obasanjo's led administration, when he inaugurated the committee on the monetisation of fringe benefits in the public sector under the chairmanship of Chief U. J. Ekaete, secretary to the government of the federation on

November 11, 2002. The committee submitted its reports and the federal government through a circular reference No SGF/19/S47/C1/11/371 dated June 27, 2003 adopted the implementation of the monetisation policy in the federal civil service. The policy was to commence on July 1, 2003. However, in December 9, 2003, President Obasanjo through a letter, a reference No. press/36-1 and addressed to the head of service of the federation, amended certain provision in the circular and gave the commencement date of the policy as October 1, 2003. Contrary to this, the policy did not take off until June 2004. And as confirmed by the head of service of the federation, the policy in the meantime was restricted to the core civil service. By core civil service, it meant the ministries excluding the parastatals, commissions, boards and agencies (Stephen, 2011). However, these exceptions have already been abrogated and now the core Civil Service, Parastatals, Commissions, Boards and Agencies are all affected by the monetisation policy.

In order to ensure a more efficient allocation of amenities for public officers, government approved the monetisation of fringe benefits in line with the provision of certain political, public and judicial office holders (salaries, allowances, etc.) Act, 2002.(Shala, 2006: opcit)

However, the monetisation policy excludes the president, the vice president, the senate president, the speaker and deputy speaker house of representatives and the chief justice of the federation who are to enjoy public provision of cars and other fringe benefits that are not monetised to them, according to the policy.

The following are fringe monetised benefits which were previously provided in kind by the federal government:

1. Residential accommodation
2. Furniture
3. Utility: such as electricity, water and telephone
4. Domestic servants
5. Motor vehicles
6. Provision of drivers
7. Fuelling/maintenance of transport
8. Medical treatment
9. Leave grant
10. Meal subsidy and entertainment

The monetised fringe benefits are calculated in relation to ones' basic salary. The following are the breakdown of such monetised benefits in the federal civil service.

Table 4.1 Structure of Monetised Fringe Benefits for Federal Civil Servants

S/No	Types of Allowance	Grade Level	Rate Per Annum
1	Accommodation	01-06 07-14 15 and Above	50% 60% 75%
2	Transportation	01-17	25%
3	Meal Subsidy	01-06 07-10 12-14 15-17 Perm Sect, etc	#6,000 #8,400 #9600 #10, 800 #16,200
4	Utility	01-16 17 And Above	15% 20%
5	Domestic Servant	15 16 17	1 GL 3 Step8 2 GL 3 Step 8 3 GL 3 Step 8
6	Leave Grant	01 and Above	10%
7	Medical	01 and Above	10% to be paid to NHIS
8	Furniture Allowance	01-06 07 and Above	NIL200% In 5years (i.e 40%)
9	Vehicle Loan	01-05 06-07 08 and Above	100% 150% 200%
10	Driver	17 and Above	1 GL3 Step 8

NB: Vehicle loan is to be facilitated through the bank on a single digit interest rate repayment capability in accordance with financial regulation

Source: National Economic Empowerment and Development Strategy 'NEEDS'(March, 2004:52) in Abdullahi, *Nigerian Journal of Administrative Studies,* Vol 4, No 3,- July, 2006.

Residential Accommodation:

Prior to the monetization policy, only about 25% of civil servants were occupying government-owned quarters and government-rented quarters, while the remaining were paid rent allowances for their accommodation. However, under current monetization exercise, residential accommodation provision should be monetized at 100% of Annual Basic Salary as residential accommodation allowance that should be paid enbloc to enable an officer to pay for accommodation of his choice. In that regard, every single civil servant in the federal civil service will provide his own accommodation, but will be paid between 50% and 75% of his annual basic salary as accommodation allowance, depending on seniority level.

In order to avoid exerting undue strain on present occupants of Federal Government quarters and to fund the monetization of residential accommodation effectively, in the first year of the monetization exercise, current occupants of Government-owned quarters would pay 100% of their accommodation allowance as rent for the quarters they occupy. Also government residential quarters across the country would be sold off by public auction at the end of the first year of commencement of the monetization programme with their present occupiers being given the first option to purchase the houses but at the price of the highest bidder.

The civil servant who buys his quarter is expected to pay 10% of the cost of the house as initial payment in order to owe the house In addition to the owner-occupier right, Government would provide sites and service schemes in satellite towns nationwide in order to assist public servants, who would prefer to build their own houses, acquire land.

Furniture Allowance:

The payment of 300% of Annual Basic Salary is recommended as furniture allowance in line with the provision of the "Certain Political, Public and Judicial Office Holders (Salaries

and Allowances etc) Act, 2002". However, considering the likely problem to be faced in paying huge furniture allowance of 300% of annual basic salary enbloc, this allowance would be paid annually at the rate of 75%, which amounts to 300% in four years. Currently, government has ceased bearing responsibility for furnishing and repairs for these quarters even when they are not monetized. Government in lieu of that has decided to pay senior officers furniture allowance amounting to 200 per cent of their annual basic salary for every five-year period, while an 15 enhanced utility allowance at the rate of 15-20 per cent annual basic salaries has been introduced to enable officers' pay for their utility bills.

Domestic Servant Allowance:

This allowance has already been monetized for public servants. The provision of the Act is recommended to be retained for political office holders. The provisions for domestic servant allowances will be as follows: GL. 15: 1 domestic servant -Nl19, 586 per annum; GL. 16 and 17- 2 domestic servants - N239,172 per annum; Permanent Secretary and above 3 domestic servants -N358,704 per annum; and Political office holders 75% of annual basic salary.

Vehicles:

Under the immediate past arrangement, government provided chauffeur-driven vehicles for its top officials, numerous utility vehicles for carrying out government activities and staff buses for conveyance of staff to and from offices. The government carried out the fuel and maintenances of such vehicles. Besides, government had car loan facilities at minimal interest rate of 3% for senior officers to buy their own cars. The contemporary monetization policy will remove those incentives, no government official will be chauffeur-driven in government vehicles, and car loans will not be granted by government to senior

officers, rather such loans can be obtain from financial institutions. In place of that, all the civil servants will be paid 25% of annual basic salary as vehicle allowance. The most senior officers – Permanent Secretaries and Directors – will be paid an allowance to enable them hire their own drivers. The staff buses that convey junior staff to work will continue to be operated, but at the expenses of users. That is, public servants have to fuel and maintain the buses by themselves. It is believed such kind of measure will reduce the numbers of utility and project vehicles of the various establishments.

The excess vehicles in government pool will be sold at 50% discount to the civil servants and members of the public at pre-determined ratio. Serving officers who benefit from the purchase will have a choice of either paying cash or having the cost deducted from their salaries over a period of three years. Drivers who will be laid off because of this exercise have been allocated 30% of the excess vehicles to be purchased while their retirement packages will be paid promptly. For the successful monetization of this service, Government will ensure the strict adherence to the following rules:

- That no new vehicles would be purchased by all Ministries Extra-Ministerial departments.Officers currently entitled to Government vehicles would return them to the Presidency for disposal or pooling in the CVU as may be appropriate.
- Each Ministry/ Agency would be allowed a specific number, approved by government, of utility vehicles, including buses for essential office services (out-of station duty tours and meetings). No Ministry/ Agency will exceed the number or approved the purchase of vehicle without the prior notification and

approval of the President.

- A Committee is to be set up to handle the issue of disposal of vehicles. In disposing the excess vehicles, an entitled officer would be allowed to purchase one car for personal use at approved discounted value.
- Where there is the need to purchase new vehicles by any Ministry, Extra ministerial Department or Agency, a request shall be made to Mr. President for approval.
- Provision of drivers to entitled officers would be monetized as from GL 17 and above -1 driver -N119, 586 per annum. The allowance will be the same with the current provision for domestic servants, i.e., total emolument of an officer on grade level 3step 8. Service-wide staff buses will be pooled under the management of the Office of the Head of the Civil Service of the Federation. Staff who utilise the facility will be made to pay at a rate equivalent to their transport allowance and funds so generated would be used for the maintenance and fuelling of the vehicles. This facility will be progressively withdrawn when the public transport service improves.
- In addition to above, Government and the private sector will assist in the provision of urban mass transit at commercialized rates. On the fate of excess drivers in the system as a result of the new policy, the following steps are recommended:

Those with relevant and adequate qualifications would be retained and redeployed appropriately. Depending on the need, others will be deployed to drive staff buses under the

office of the Head of the Civil Service of the Federation.Those that will not be deployable will be rationalized but to be assisted by the National Poverty Eradication Programme under KEKE NAPEP programme.Fuelling/Maintenance and Transport In line with current economic realities, 30% of annual basic salary as provided for in the "Certain Political, Public and Judicial Office Holders (salaries and allowances etc.) Act 2002" is recommended as Fuelling/Maintenance and Transport Allowance.

Medical Allowances:

The provision in the Public Service Rules, Chapter 9, Section 09203, has been prone to abuse and sharp practices, particularly, with the Submission of fake bills as claims to government. Before now, civil servants and their immediate families (nuclear) enjoyed medical treatment at government expense, mainly at government hospitals and staff clinics. Whatever, expenses they incur in the course of treatment is refunded for by the government. Government, therefore, under the monetization policy is proposing the payment of 10% of an officer's annual basic salary as medical allowance. However, special cases requiring government intervention would be considered on the basis of reasonable consideration and merit.

Meal Subsidy:

The allowance had already been monetized through the provision in the Circulars Nos. SWC.04/S. I/Vol. IV /991, dated 5th May, 2000 and SWC.04/S.1/Vol. IV /136, dated l5th, May, 2000, issued by the National Salaries, Incomes and Wages Commission as follows: GL. 01 to 06 - N6, 000 per annum; GL. 07 to 10 – N8, 400 per annum; GL. 12 to 14 - N9, 600 per annum; GL.15 to 17 - N10, 800 per annum; Permanent Secretary -.N16, 200 per annum; and Head of Service –N 16,200 per annum.

Entertainment Allowance:

The allowance for civil servants had already been monetized through the provision in the Circulars Nos. SWC./04/S.Vol. IV/991, dated 5th May,. 2000 and SWC.04/S.1/Vol IV /136, dated 15th May, 2000, issued by the National Salaries, Incomes and Wages Commission. The Act stipulates 10% of annual basic salary for Political office holders as follows:

GL. 15 -N8, 400 per annum

GL.16 to 17 - N9, 600 per annum

Permanent Secretary - N27, 000 per annum

Head of Civil Service -N27, 000 per annum and

Political office holders 10% of their annual basic salary

The cost of monetizing allowances being recommended is to be arrived at using step 8 of each grade level in line with existing practice. It is expected that during the first year, the cost of monetization of these allowances will be quite substantial but by the third and fourth years, the savings made would have positively impacted glaringly on the economy. These amenities include residential accommodation, transport facilities, medical services, andsuch electricitywater and telephone.

In more specific terms, monetization of facilities, such as housing, furniture and vehicles will reduce capital cost, maintenance and running costs. It is also hoped that rent will come down, as public servants who make up over 80% of the tenants, especially in Abuja and Lagos, will have little money to offer to the landlords. It will also promote the observance of maintenance culture and discipline in the use of public utilities since the individuals will now have to pay for such services, which hitherto were paid for by government. In addition, the monetization

of medical treatment will go a long way in curbing submission of spurious bills and delays in processing refund of medical bills. As it is expected, the exercise involves huge amount for the reform implementation, N60 billion has been estimated for the federal agencies and Parastatals, who will as from October, 2005 start receiving salaries with monetized benefits (The Guardian, Sunday September 4, 2005, p.1).

The merits of monetization include efficiency in resource allocation, equity in the provision of amenities and encouragement of public service to own personal houses. It also enables public servants to plan for a more comfortable post service life. Furthermore, it minimizes waste, misuse and abuse of public facilities. For these reasons, the concept of monetization has gained worldwide acceptance.

4.2 Objectives of Monetisation Policy in Nigeria

Virtually, public sectors reforms since the collapse of the soviet unions in the early 1990s tilt towards free market economy. Most of their core value obsession is reduction in costs, efficient resource allocation, leaner and meaner government and corporate administration. Monetisation policy is not far from these options. Shala, (2006) identifies the following policy objectives of monetization policy:

- To minimise waste, misuse and abuse of public facilities,
- To reduce cost of running government machinery,
- To reduce the huge rent cost burden on government,
- To encourage public servants to own personal houses,
- To promote the observance of maintenance culture and discipline in the use of public utilities,

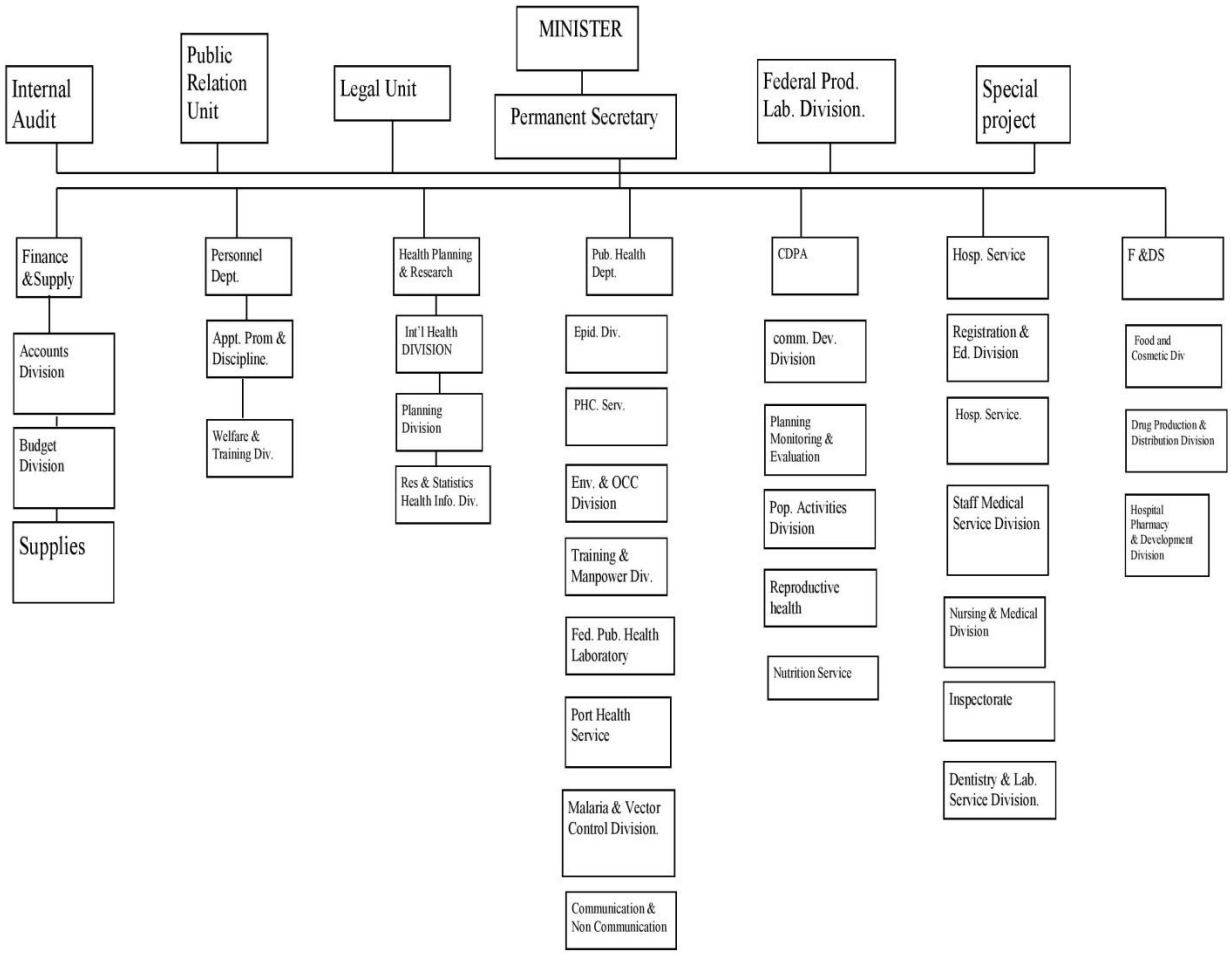
- To enable government prosecute more capital projects in the overall public interests.

A key to the realisation of the aforementioned objectives are summed up in the words of Tukur (2003),

> *….if well implemented it will minimize waste, misuse and abuse of public facilities and etc. Now if the public servants will be opportune own the houses then that will beneficial, but the auction is going to be made such that the highest bidder will be considered and hence private individuals will benefit from the accommodation and workers will be worse off, and the multiplier effect will be reduction in productivity, late coming and etc. This is so because it has been observed that proximity to working place is a significant factor that contributed to workers' productivity. Monetization of facilities is also expected to reduce capital cost, maintenance and running cost, it will also promote observance of maintenance culture and discipline in the use of public utilities since individuals will pay such services, in addition it will curb submission of spurious medical bills and if that is done there will be a lot of savings and that will enable government to undertake more capital projects for development purposes.*

It is not gainsaying that no matter how good a policy is, if not implemented in the right way will definitely end up in garbage and the efforts go in futility. Right policies need right places and right time to deliver to their optimality. One can further argue that such scenario needs inputs from within; that is the cooperation of the civil servants in the respective ministries. Therefore, studying monetization policy implementation from the perspective and roles of civil servant is a good start for a clear understanding of the success of the policy since its inception.

FEDERAL MINISTRY OF HEALTH



Areas of Statutory Responsibilities and Functions

a) ensure the development of national health policy and issue guidelines for its implementation;

b) ensure the implementation of national health policy;

c) collaborate with national health departments in other countries and international agencies;

d) promote adherence to norms and standards for the training of human resources for health;

e) ensure the continuous monitoring, evaluation and analysis of health status and performance of the functions of all aspects of the National Health System;

f) co-ordinate health and medical services delivery during national disasters;

g) participate in inter-sectoral and inter-ministerial collaboration;

h) conduct and facilitate health systems research in the planning, evaluation and management of health services;

i) ensure the provision of tertiary and specialized hospital services;

j) ensure and promote the provision of Quarantine and Port Health Services;

k) determine the minimum data required to monitor the status and use of the resources;

l) promote availability of good quality, safe and affordable essential drugs, medical commodities, hygienic food and water; and

m) issue guidelines and ensure the continuous monitoring, analysis and good use of drugs and poisons including medicines and medical devices.

n) prepare strategic, medium term health and human resources plans annually for the exercise of its powers and the performance of its duties;

o) ensure that the national health plans shall form the basis of—

i. the annual budget as required by the Federal Ministry of Finance; and

ii. other governmental planning exercises as may be required by any other law;

p) ensure that the national health plans shall comply with national health policy.

q) shall where necessary provide to State Ministries of Health—

i. technical assistance in the development of state health policies and plans;

ii. commodities and technical materials, including methodologies, policies and standards for use in programme implementation including monitoring and evaluation; and

iii. other technical assistance as may be necessary.

Departments

1. Health Planning Research and Statistics
2. Public Health
3. Family Health
4. Human Resources
5. Finance and Account
6. Hospital Services
7. Food and Drugs Services
8. Procurement

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

In this chapter, the data collected are presented and analyzed while the outcomes of the research are ascertained in form of the major findings. The instruments of data collection used are in respect of the three hypotheses stated in the research.

The first section deals with the profile and demographic characteristic of the respondents, the second section relates to the first hypothesis which shows relationship between housing, official vehicles, furniture and medical trips (capital maintenance) and cost of governance. The third section deals with maintenance culture and discipline in the use of public utilities and cost of governance, the forth section relates to downsizing of staff (drivers, domestic servants and messengers) and cost of governance in the two federal ministries of education and health.

Furthermore, the chapter presented the operation as well as the application of statistical tools of Chi-Square (X^2) distribution and Multiple Regressions analysis to test the related hypotheses. Apart from the test of hypotheses, the chapter also contains discussions of the major findings derived from the data obtained and hypotheses tested.

5.2 Data Presentation

Rate of Returns/Responses of Questionnaire

The representative sample size of this research work was 319 staff respondents which was arrived at using the population size obtained from the two ministries while adopting the Yamane's formulae. Stratified random sampling was utilized where questionnaires were administered.

Table5.1 Computation of Rate of Returns/Response

Ministry	**No. of Questionnaire Administered**	**No. of Questionnaire Return**	**No. of Questionnaire Duly Completed**
Education	176	158	146
Health	143	127	116
Total	319	285	262

Source: Research survey 2015

From table 5.1 above, 319 questionnaires were administered to the respondents from the ministries of education and health out of which, 285(158 from the Ministry of Education and 127 from Health Ministry) were returned given 89% rate of returns. Out of the 285 questionnaire returned, 262 (146 from the ministry of education and 116 from health ministry) were dully completed given 82% rate of response of the staff respondents.

The calculation of the rate of return and responses of questionnaires as captured from the above table is as follows:

Calculation of respondents' rate of return (%)

$$= \frac{\text{Total No of Questionnaire Returned}}{\text{Total No of Questionnaire Administered}} \times \frac{100}{1}$$

$$= \frac{285}{319} \times \frac{100}{1} = 89\%$$

Rate of response (%)

$$= \frac{\text{Total No of questionnaire duly completed}}{\text{Total No of questionnaire administered}} \times \frac{100}{1}$$

$$= \frac{262}{319} \times \frac{100}{1} = 82\%$$

Having determined the working figure and percentage, the figure will be considered as the total number of questionnaire returned throughout the data presentation, analysis and test of hypotheses.

5.3 SECTION ONE: BIO DATA

Table 5.2 Sex Distribution

Here, sex is introduced to determine gender spread of the respondents and organizations' affirmative action in the Federal Ministries of Education and Health

Ministry	Education	Health	Grand Total	Percentage (%)
Male	96	46	142	54%
Female	86	34	120	46%
Total	182	80	262	100%

Source: Research Survey, 2015

The above table shows the sex distribution of our respondents with the ministry of education having 96 male respondents while the health ministry having 46 male respondents; the two have 54% of the total respondent's population. The female respondents for the two ministries are 86 and 80 for the ministries of education and health representing 46% of the total respondents. By implication, the spread of sex distribution will enable the researcher to aggregate comprehensively the responses of respondents without any bias to any gender.

Table 5.3 Staff Category

Staff spread is important to ascertain the opinion of our respondents across all cadres and ranks in the service.

Ministry	Education	Health	Grand Total	Percentage (%)
Senior	98	72	170	65%
Junior	48	44	92	35%
Total	146	116	262	100%

Source: Research Survey, 2015

The staff category was introduced to ascertain the number of senior and junior staff among our respondents. Here, 98 and 72 respondents were obtained as the dispositions of senior staff from the ministry of education and health respectively; thus, representing 65% of the total respondents. 48 and 44 respondents from the ministries of education and health respectively constitute the junior staff dispositions of our respondents; thus, representing 35% of the total respondents. By implication, the staff composition of our respondents will make it possible for us to gather the opinions of staff from all categories.

Table 5.4 Years of Service

Service year is introduced to ascertain how conversant our respondents are with the monetization policy and its implementation. This is important because absence of staff from certain years of service could render the research unattainable.

Ministry	Education	Health	Grand Total	Percentage (%)
5 Years and Below	20	32	52	20%
5-10 Years	35	31	66	25%
10 years and above	91	53	144	55%
Total	146	116	262	100%

Source: Research Survey, 2015

When the respondents were asked on the years of service, 52 respondents from the two ministries were in the service for 5 years and below, representing 20% of the total respondents. 66 respondents representing 25% of the respondents' population spent between 5 to 10 years in service while 144 respondents representing 55% of the total respondents were in the service for over 10 years. These respondent dispositions will clearly enable the researcher to illicit concrete information with regards to the issue at hand. This is, because almost 80% of the population witnessed the early take off of the policy and as such must have seen the real issue, its pros and cons.

Table 5.5 Marital Status

Ministry	Education	Health	Grand Total	Percentage (%)
Married	112	85	197	75%
Single	34	31	65	25%
Total	146	116	262	100%

Source: Research Survey, 2015

112 and 85 respondents from the ministries of education and health respectively, summing 197, representing 75% of the total respondents are married while 65 respondents

from the two ministries representing 25% of the total population were single. The marital status of our respondents will help to the press the need for accommodation, furniture and other benefits as contained in the kind provisions in the pre-monetisation era.

5.4.0 Data Presentation onHypothesis One

Ho_1: Maintenance Culture andDiscipline in theUsedof Public UtilitiesHave No Significant Effects on the Cost of Governance in the Ministries of Education and Health

5.4.1 Do you agree with the claim that monetization policy has brought maintenance culture and discipline in the use of public utilities in your ministry?

Table 5.6Monetisation Policy and Maintenance Culture and Discipline

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	82	91	173	66%
Disagree	41	13	54	21%
Undecided	23	12	35	13%
Total	146	116	262	100%

Source: Research Survey, 2015

When respondents were asked to make choices of options in the questionnaires on whether monetization policy has brought maintenance culture and discipline in the use of public utilities in their ministries, 82 and 91 respectively from the ministries of education and health totaling 173 and representing 66% of the total respondents agree while 41 and 13 respondents respectively from the two ministries totaling 54 and representing 21% of the total respondents disagree. 23 and 12 respondents from both ministries took a rational ground and

opined: undecided totaling 35 and representing 13% of the total respondents. This, by implication shows that the vast majority of less than 66% believed it has brought maintenance culture.

5.4.2 How can you rate the use of public utilities like electricity, telephone and pipe borne water after the introduction of monetization policy?

Table 5.7Use of Public Utilities and Monetisation

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Higher	16	8	24	9%
Lower	102	96	198	76%
Undecided	28	12	40	15%
Total	146	116	262	100%

Source: Research Survey, 2015

The above table shows that 24 respondents representing 9% of the total respondents believe that public utilities consumption were higher in monetization period against 198 respondents representing 76% who opined that there is lower consumption of public utilities in the monetization era. However, 40 respondents were undecided. By implication, there is a great decline in the use of public utilities in the monetization era.

5.4.3 Do you agree with the claim that public servants have developed the culture of frugality in the use of public utilities in the monetization policy era?

Table 5.8Frugality and Monetization

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	106	92	198	76%
Disagree	29	14	43	16%
Undecided	11	10	21	8%
Total	146	116	262	100%

Source: Research Survey, 2015

When respondents were asked to agree or otherwise whether monetization policy has helped them in developing culture of frugality in the use of public utilities, 198 respondents representing 76% agree it has done that, while 43 respondents representing 16% of the total respondents disagree, signifying it has not. 21 respondents who represent 8% of the total respondents remained undecided. This implies that the vast majority agree with the notion that monetization policy has developed the culture of frugality in public servants.

5.4.4 Do you agree with the notion that monetization policy has brought positive change in the perception of workers towards efficient management of public utilities such as pipe borne water, telephone and electricity?

Table 5.9Monetisation Policy and Efficient Resource Management

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	76	87	163	62%
Disagree	41	16	57	22%
Undecided	29	13	42	16%
Total	146	116	262	100%

Source: Research Survey, 2015

Here respondents were asked if they observe any positive change in the perception of workers towards efficient management of public utilities such as pipe borne water, telephone

and electricity and their response were: 163 respondents representing 62% of the total respondents agreed, signifying their fate that monetization has changed the worker perception towards efficiency. 57 respondents representing 22% believe it has not changed workers perception towards efficient resource use while 42 respondents representing 16% remained undecided. This shows that the greater part of our respondents' perception agree that judicious resource used is achieved due to monetization policy.

5.4.5 Do you agree with the notion that so much resources have been saved due to the money conscious spirit of monetization policy?

Table 5.10 Cost Reductions and Monetization Policy

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	63	73	136	52%
Disagree	55	31	86	33%
Undecided	28	12	40	15%
Total	146	116	262	100%

Source: Research Survey, 2015

When respondents were asked to agree whether so much resource have been saved due to money conscious spirit of monetization policy, 136 respondents representing 52% agree while 86 respondents representing 33% disagree. 40 respondents representing 15% were undecided. This means that above half of the respondents believes money conscious spirit of monetization policy has saved more for the government.

5.5.0 Data Presentation Related to Hypothesis Two

H_{02}: Reduction in Capital Maintenance and Running Costs HaveNo Significant Effects on the Cost of Governance in the Federal Ministry of Education and Health.

5.5.1 Have you observed any increase in the number of official motor vehicle used by the staff of your ministries?

Table 5.11 Reduction in the Number of Motor Vehicle Bought by the Ministries

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Yes	69	58	127	49%
No	38	32	70	27%
Undecided	39	26	65	24%
Total	146	116	262	100%

Source: Research Survey, 2015

When the respondents were asked to affirm or denounce the claim that there are still increasing purchase of official motor vehicle in their respective ministries, 127 respondents representing 49% of the total respondents answered yes signifying increasing purchase by their ministries while 70 respondents representing 27% say no, implying there is declining purchase of official motor vehicle for staff. 65 respondents representing 24% responded undecided.

5.5.2 How can you compare the number of vehicles own by your ministry over the years to period before monetization?

Table 5.12 Ownership of Motor Vehicle in the Post Monetisation Policy Era

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Increasing	40	37	77	30%
Decreasing	85	68	153	58%
Undecided	21	11	32	12%
Total	146	116	262	100%

Source: Research Survey, 2015

When respondents were asked to make a brief comparison of their experiences in terms increasing or other wise of the number of official vehicles own by their respective ministries, 77 respondents representing 30% of the total respondents believe it is increasing while 153 respondents representing 58% of the total respondents believe there is a decrease in the ownership of official vehicles by their respective ministries. 32 respondents representing 12% remained undecided.

5.5.3 There are claims that your ministry issues their staff accommodation and some of your colleagues live in government houses and the houses are renovated by the government even in recent years. Do you agree with such claim?

Table 5.13 Staff Quarters Renovation and Cost of Governance

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	52	15	67	25%
Disagree	51	92	143	55%
Undecided	43	9	52	20%
Total	146	116	262	100%

Source: Research Survey, 2015

When the respondents were asked to agree, disagree or undecided in respect of ownership of residential accommodation (and its issuance to staff) and its renovation by their ministries, 67 respondents agreed representing 25% of the total respondents while 143 respondents representing 55% of the total respondents disagree; 52 respondents representing 20% remained undecided. By implication, these figures clearly points out some loopholes in the monetization policy implementation.

5.5.4 It is on record that your ministry sold some of the houses they owned to their workers but there are still many houses owned by the ministry, in your opinion, do you agree that the number of houses sold are less than the number left with the ministry?

Table 5.14 Number of Houses Owned in Relation to Those Privatised

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	65	42	107	41%
Disagree	55	63	118	45%
Undecided	26	11	37	14%
Total	146	116	262	100%

Source: Research Survey, 2015

When the respondents were asked to agree or otherwise on the number of houses sold in relation to the current number of houses owned by their respective ministries, 107 representing 41% of the total respondents agree that the number of houses sold are less than the numberowned by their respective ministries, while 118 respondents representing 45% of the total respondents disagree. 37 respondents representing 14%

5.5.5 It is believed that prior to monetization period, house furniture is provided by the ministry, do you agree that up to now some staff still enjoy such benefit in kind in this cost reduction era?

Table 5.15Monetisation Policyand Provision of Furniture in Kind

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Agree	21	12	33	13%
Disagree	86	93	179	68%
Undecided	39	11	50	19%
Total	146	116	262	100%

Source: Research Survey, 2015

When asked if still workers enjoy furniture provision in kind in the monetization era, 33 respondents representing 13% of the total respondents believes they still enjoy it while 179 respondents representing 68% believe no one is being provided with and 50 respondents representing 19% were undecided. To this effect is believe, though, vast majority of public servants are not receiving the kind provision but a relative number do enjoy such privilege which implied absence of full implementation of the policy.

5.5.6 How often do you or your bosses travel abroad for routine medical check-ups?

Table 5.16Monetisation Policy and Medical Trips

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Too Often	15	9	24	9%
Not Often	128	101	229	87%
Undecided	3	6	9	4%
Total	146	116	262	100%

Source: Research Survey, 2015

Here the respondents were asked to ascertain how often staff of their respective ministries go on medical trips and their responses are: 24 respondents representing 9% of the total respondents opined that staff of their respective ministries go on medical check-up too often while 229 representing 87% of the total respondents say not often do they observe staff of their respective going on medical trips. 9 respondents representing 4% of the total respondents remained undecided.

5.6.0 Data Presentation Related to HypothesisThree

$H_{0:}$Downsizing of Staff (drivers, messengers and domestic servants) Has No Significant Effects on the Cost of Governance in the Federal Ministries of Education and Health?

5.6.1 Have you observed any reduction in the number of messengers, domestic servants and drivers after the introduction of monetization policy?

Table 5.17 Reduction in the Number of Messengers, Domestic Servants and Drivers and Monetization Policy

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Yes	136	109	245	94%
No	0	2	2	1%
Undecided	10	5	15	5%
Total	146	116	262	100%

Source: Research Survey, 2015

When respondents were asked if they observed any reduction in the number of messengers, domestic servants and drivers after the introduction of monetization policy, 245 respondents representing 94% of the total respondents believe there is reduction in of such category of staff. 2 respondents representing 1% of the total respondents could not see any reduction of such staff mentioned while 15 respondents representing 5% of the total respondents remain undecided.

5.6.2 With the policy of disengagement of domestic servants, drivers and messengers, do you agree that, it has reduced the salary burden of your ministry?

Table 5.18 Staff Disengagement and Salary Reduction

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Yes	102	87	189	72%
No	31	22	53	20%
Undecided	13	7	20	8%
Total	146	116	262	100%

Source: Research Survey, 2015

Here, respondents were asked whether in their opinion agree disengagement of domestic servants, drivers and messengers reduced the salary burden of their ministries and their responses are: 189 respondents representing 72% of the total respondents say yes, implying, it has reduced the salary burden. 53 respondents representing 20% of the total respondents say no, implying it has not reduced salary burden of their ministries while 20 respondents representing 8% of the total respondents were undecided.

5.6.3 Do you know or heard of domestic servants, personal drivers and messengers being on the pay roll of government over the years in the monetization era?

Table 5.19 Domestic Servants, Drivers and Messengers on Payroll

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Yes	17	33	50	19%
No	119	64	183	70%
Undecided	10	19	29	11%
Total	146	116	262	100%

Source: Research Survey, 2015

When the respondents were asked if they ever heard of domestic servants, personal drivers and messengers being on the pay roll of government over the years in the monetization era, 50 respondents representing 19% say yes they heard of such occurrence while 183 representing 70% of the total respondents say they have not heard of such thing happening. 29 respondents representing 11% remain undecided.

5.6.4 In the take-off of monetization policy, domestic servants were disengaged and so many drivers were released from service but there are claims that in your ministry, in recent years, staff buses are bought, and this has led to the employment of drivers. It is true?

Table 5.20 New Buses and Employment New Drivers

OPTIONS	FM(Education)	FM(Health)	Grand Total	Percentage (%)
Yes	19	14	33	12%
No	126	88	214	82%
Undecided	1	14	15	5%
Total	146	116	262	100%

Source: Research Survey, 2015

The above table shows that 33 respondents representing 12% of the total respondents opined that drivers were employed in the monetisation era, signifying absence of total compliance to the policy implementation. 214 respondents representing 82 % of the total respondents believe no drivers were employed by their respective ministries while 15 respondents representing 6% of the total respondents remained undecided.

5.7.1 Test of Hypotheses.

5.7.2 Test of Hypothesis One

The null hypothesis (H_0) tested states that,maintenance culture and discipline in the use of public utilities (by civil servants) have no significant effects on the Cost of Governance in the Federal Ministries of Education and Health. The independent variable isMaintenance Culture and Discipline in the Use of Public Utilities while the dependent variable is the cost of governance. The study intends to see how independent variable affects the dependent variable, as such; linear regression from SPSS 20 is used where table 5.6 is cross tabulated with table 5.8 for independent variable and dependent variable respectively.

Table 5.21aVariables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Maintainance Culture and Discipline (Independent Variable)[b]	.	Enter

a. Dependent Variable: Cost of Governance (Dependent Variable)

b. All requested variables entered.

Table 5.21bLinear Regression Result (Model Summary) BetweenMaintenance Culture and Discipline in the Use of Public Utilities and Cost of Governance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.869[a]	.755	.754	.30620	.128

a. Predictors: (Constant), Maintenance Culture and Discipline (Independent Variable)

b. Dependent Variable: Cost of Governance (Dependent Variable)

Table 5.21cANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.047	1	75.047	800.434	.000[b]
	Residual	24.377	260	.094		
	Total	99.424	261			

a. Dependent Variable: Cost of Governance (Dependent Variable)

b. Predictors: (Constant), Maintenance Culture and Discipline (Independent Variable)

Source: SPPS Version 20.0 Output, (2015).

The result in table 5.21a,5.21b and 5.21cabove showed that monetisation policy has increased maintenance culture and discipline in the use of public utilities which has reduced the cost of governance with about 75.4% (Adjusted R Square: r = 0.754). This implies that the remaining 24.5% could be accounted by other factors other than the monetisation policy implementation. It also shows a strong relationship between the monetisation policy implementation and cost of governance (r^2= 0.754). The F = 800.434 indicating the fitness of the model while Durbin-Watson statistics is 0.128indicating absence of serial auto-correlation and fitness of the model.

Table 5.22Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.304	.121		10.812	.000	1.067	1.542		
	Maintenance Culture and Discipline (Independent Variable)	.745	.026	.869	28.292	.000	.693	.797	1.000	1.000

a. Dependent Variable: Cost of Governance (Dependent Variable)

The table above 5.22 (coefficients) shows the overall result of the tested hypothesis. The model contributes about 75.4%of the impact of Monetization Policy Implementation on Cost of Governance in the Federal Ministry of Education and Health.The hypothesis which states that maintenance culture and discipline in the use of public utilities have not reduced the cost of governance in the federal ministry of education and health is significant at 1% level

(P = 0.000) with a positive relationship (Beta = 0.869) which shows that the P value is less than the level of significant.

The study therefore rejected the null hypotheses and concluded that maintenance culture and discipline in the use of public utilities have significant effects on the Cost of Governance in the Federal Ministries of Education and Health. This further implies that monetization policy has reduced the Cost of Governance in the Federal Ministries of Education and Health. By extension, the result shows that monetization policy has reduced the cost of governance in the federal ministries, parastatals and agencies. This further means that costs related to fringe benefits have significantly reduced due to the monetization policy.

The secondary obtained shows that the cost related to public utilities over the years have been on decline, for example, in 2011 the federal ministry of health headquarters spent about#40.9 million on utilities. This is about 7.2% of the #5.69 billion recurrent expenditures. This further decline as the same ministry spent about #30.9 million (6.7% of the budgeted #4.6 billion) in 2012,#33.7 million in 2014 (2.2% of the #15.4 recurrent expenditure) and #29.1 million in 2015 respectively. The 2015 ministry of education headquarters has a provision of #27.1 million as against the #56.1 million provided in the 2014 budget (Appropriation Acts, 2011, 2012, 2014 and 2015)

Despite the above data showing decline in the use and provision of public utilities, a further strict implementation of monetization will ensure further reduction as some of these utilities are not separable to the residential accommodation which continue to drain from the yearly recurrent expenditure.

5.7.3 Test of Hypothesis Two

Ho_2: Reduction in capital maintenance and running costs have no significant effects on the cost of governance in the Federal Ministries of Education and Health?

Table 5.23aVariables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Reduction in Capital Maintenance and Running Cost (Independent Variable)[b]	.	Enter

a. Dependent Variable: Cost of Governance (Dependent Variable)

b. All requested variables entered.

Table 5.23bModel Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.736[a]	.541	.540	.38003	.072

a. Predictors: (Constant), Reduction in Capital Maintenance and Running Costs (Independent Variable)

b. Dependent Variable: Cost of Governance (Dependent Variable)

Table 5.23cANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	44.346	1	44.346	307.055	.000[b]
	Residual	37.551	260	.144		
	Total	81.897	261			

a. Dependent Variable: Cost of Governance (Dependent Variable)

b. Predictors: (Constant), Reduction in Capital Maintenance and Running Cost (Independent Variable)

The result in table 5.23a, 5.23b and 5.23c above showed that Reduction in Capital Maintenanceand Running Cost have significant effects on the cost of governance with the

capacity to reduce with about 54% (Adjusted R Square: r = 0.540). This implies that the remaining 46% could be accounted by factors other than the monetisation policy. It also shows a strong relationship between the monetisation policy (Reduction in Capital Maintenance and Running Cost) and cost of governance (r^2= 0.540). The F = 307.055 indicating the fitness of the model while Durbin-Watson statistics is 0.072indicating absence of serial auto-correlation and fitness of the model.

Table 5.24Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.396	.147		9.515	.000	1.107	1.685		
	Reduction in Capital Maintenance and Running Cost (Independent Variable)	.595	.034	.736	17.523	.000	.528	.662	1.000	1.000

a. Dependent Variable: Cost of Governance (Dependent Variable)

The table above shows the overall result of the tested hypothesis. The model contributes about 75.4%of the effects of Monetization Policy on Cost of Governance in the Federal Ministry of Education and Health. The hypothesis which states thatReduction in Capital Maintainance and Running Cost have no significant effects on the Cost of Governance in the Federal Ministry of Education and Health is significant at 1% level (P = 0.000) with a

positive relationship (Beta = 0.736) which shows that the P value is less than the level of significant.

The study therefore rejected the null hypotheses and concluded that Reduction in Capital Maintainance and Running Costs have significant effects on the Cost of Governance in the Federal Ministries of Education and Health. This further implies that monetization policy has reduced the Cost of Governance in the Federal Ministries of Education and Health. By extension, the result shows that monetization policy has reduced the cost of governance in the federal ministries, parastatals and agencies. This further means that costs related to fringe benefits have significantly reduced due to the policy implementation.

The secondary data obtained further proves the correlation between capital maintenance and running costs vis-à-vis cost of governance. For example, in 2015, provision formaintenance of motor vehicle / transport equipment in the ministry of education headquarters stood at #26.5 million as against #29.5 provided in 2014. Also, maintenance of office building / residential quarters in 2015 stood at #11.7 million as against #14.8 million provided in 2014. Motor vehicle fuel cost #23.5 million in 2015 as against #26.6 million provided in 2014 while meal and refreshment costs #1.2 million as against #5.2 million provided in 2014 (Appropriation Acts, 2014 and 2015)

A more glaring figure came in 2011, where the ministry of health budgeted#47.9 million for maintenance of office building / residential quarters. However, this declined in 2012 where the estimated figure stood at #36.2 million. It further declined to #21.7million and #16.9 million in 2014 and 2015 respectively. Maintenance of motor vehicle fuel in the ministry of health headquarters stood at#14.3 million in 2011 but further declined to#10.8

million 2012 and #10.3 in 2014. Foreign trips stood at #111.6 million in 2011 but declined to #67.5 million in 2012 and #7.8 million in 2015 (Appropriation Acts 2011, 2012, 2014, 2015).

From the above secondary data, it is clear, that there exist loopholes in the monetization policy implementation and a further strict adherence could lead to a sustainable reduction in the cost of governance. For example, full privatization of the residential Quarters will monetary value to the government as well as cut the maintenance cost. Abolishing of medical trips and maintenance as well as fueling of motor vehicle will go a long way in cutting costs.

5.7.4 Test of Hypothesis Three

Ho_3: Downsizing of Staff (Drivers and Domestic Servants) has not Reduced the Cost of Governance in the Federal Ministries of Education and Health?

Table 5.25aCase Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Cost of Governance (Dependent Variable) * Downsizing of Staff (Independent Variable)	262	100.0%	0	0.0%	262	100.0%

Table 5.25bCost of Governance (Dependent Variable) * Downsizing of Staff (Independent Variable) CrossTabulation

			Downsizing of Staff (Independent Variable)			Total
			Undecided	No	Yes	
Cost of Governance (Dependent Variable)	Undecided	Count	15	2	3	20
		Expected Count	1.1	.2	18.7	20.0
	No	Count	0	0	53	53
		Expected Count	3.0	.4	49.6	53.0
	Yes	Count	0	0	189	189
		Expected Count	10.8	1.4	176.7	189.0
Total		Count	15	2	245	262
		Expected Count	15.0	2.0	245.0	262.0

Table 5.25cChi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	95% Confidence Interval		Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	219.973[a]	4	.000	.000[b]	.000	.011			
Likelihood Ratio	108.958	4	.000	.000[b]	.000	.011			
Fisher's Exact Test	102.150			.000[b]	.000	.011			
Linear-by-Linear Association	124.517[c]	1	.000	.000[b]	.000	.011	.000[b]	.000	.011
N of Valid Cases	262								

a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .15.
b. Based on 262 sampled tables with starting seed 2000000.
c. The standardized statistic is 11.159.

From the chi-square output on table 5.25a, b, c, above, hypothesis testing procedures are as follows:

Chi-square calculated value is the Pearson Chi-Square value which is = 219.973

Degree of freedom (df) = 4

Level of significance (α) = 0.05.

Critical or tabulated value atdf4 and α value of 0.05 = 9.488

Decision Rule

3.6.4 Decision Rule for Chi Square 'X^2'

The decision rule in using the chi square **'X^2'** for testing hypothesis is as follows:

1. Accept the null hypothesis (Ho) if **'X^2'** calculated value is less than **'X^2'** tabulated value (critical value) and reject the alternative hypothesis (H_1).
2. However, if **'X^2'** calculated value is greater than **'X^2'** tabulated (critical value) value then reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi).

Comparison

Comparing the Chi-Square calculated value of 219.973with chi-square critical (tabulated) value of 9.488 it could be seen clearly that the X^2 calculated value is greater than the X^2 tabulated value and as such the null hypothesis (H_0) is rejected in favour of the alternate hypothesis (H_1).

Conclusion

From the above figures and results obtained, it is crystally clear that the chi - square calculated value is greater than chi square critical value and by implication this mean we reject the null hypothesis and accept the alternate. Accepting the alternate hypothesis means downsizing of staff (drivers and domestic servants) has significant effects on the cost of governance in the Federal Ministries of Education and Health. This further implies monetization policy has reduced the costs incurred on fringe benefits of the aforementioned ministries. The results can further be extended to other ministries, departments and agencies since the monetization policy is applicable to them.

5.7.5 Summary of Major Findings:

The research found out that costs related to public utilities have significantly reduced and this has reduced the recurrent expenditure (expenditure on fringe benefits).

1. Reduction in maintenance cost of housing and kind provision of furniture and medical trips have reduced the cost related to fringe benefits of the ministries.
2. Reductive the size of work particularly removing many drivers and almost all domestic servants from the payroll of the government have reduced the cost of governance in the federal ministries of education and health..
3. The research found out that costs related to public utilities have significantly reduced and this has reduced the recurrent expenditure (expenditure on fringe benefits).

   Other Findings:

4. The increasing rise in recurrent expenditure is not as a result of absence of monetization policy even though the implementation has not been absolute as shown in the data obtained. So the research has found that there more to high cost of governance in the ministries than cost related to fringe benefits.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presented the summary of study and conclusions reached on the bases of the hypotheses tested. Recommendations were also proffered on the bases of the findings in chapter five.

6.2 Summary

High cost of governance has been the preoccupation of modern day public service. This emanated from the successes enjoyed by private sector organisations including large bureaucracies. Since the late 20th century, public organisations particularly in Europe and America felt the need of extensive reform of the public sector and started massive reforms of the sector to ensure cost efficiency. This however, led to the Thatcher reform, American agricultural reforms and the structural adjustment reforms in Nigeria, all in the 1980s.

The fall of socialism in the former soviet unions in the 1990s and the push for the market economy by the western bloc led to the proliferation of the market or money conscious reforms globally. In Nigeria for example, we had the 2004 public service reforms. The reforms focus on the restructuring of the public service through SERVICOM, Due Process, performance management and the most glaring of all, the monetisation policy.

Monetization policy otherwise known as monetization of fringe benefits was introduced due to excessive mismanagement of resources through unwarranted medical trips,

abuse of public vehicles, inflated rental and maintenance costs of housing, excessive abused of public utilities and furniture allowances among others. It is also parts of its mandates to cut the cost of governance which is reflected in the waste caused by abuse of kind provision of fringe benefits as contained in the recurrent expenditure.

However, over the years, despite the implementation of the policy, the recurrent expenditure continued to rise. This prompted the research to ascertain the effects of monetization policy on the cost of governance in the Federal Ministries of Education and Health. To begin the investigations, three hypotheses were postulated to reflect the cardinal factors representing the monetization policy. These factors were pegged against the cost of governance which was heavily represented by the cost incurred on provision fringe benefits to the public servants according to the proponents of the reform. The three hypotheses postulated areMaintenance Culture and Discipline in the use of Public Utilities (by civil servants) have nosignificant effectson (reduced)the cost of governance in the Federal Ministries of Education and Health, Reduction in Capital Maintenance and Running Costs have no significant effectson (reduced) the Cost of Governance in the Federal Ministries of Education and Health and Downsizing of Staff (drivers and domestic servants) has no significanteffects on (reduced)the Cost of Governance in the Federal Ministries of Education and Health.

The study utilized the survey research as its research design, where samples were drawn from the finite population of 2300 of the both ministries. The sample size as calculated using the Yamane's formulae is 319 while the working figure ascertained through the rate of returns and questionnaires duly and correctly filled stood as 262. The data were primarily and secondarily sourced through questionnaires and interview. Both open and closed ended questionnaires were used. Lastly, simple percentage was used for data analysis while the Chi

Square and Multiple Regressions were used to test the hypotheses.

The research founds that monetization policy has reduced the cost of governance in the ministries of education and health. This was shown in the three hypotheses tested where maintenance culture and discipline in the use of public utilities; capital maintenance and running cost as well as downsizing of staff represented the monetization policy. The huge spending on fringe benefits like furniture allowances, housing rents, renovation of accommodation, medical trips, domestic servants, public utilities have significantly reduced while others have been abolished. However, full implementation of the policy has not been discovered as responses of respondents indicated the absence of total implementation. Counter circulars were also witnessed which rendered some parts of the policy ineffective.

6.3 Conclusion

The research study, using the result obtained from the three hypotheses, concludes that maintenance culture and discipline in the use of public utilities has reduced the cost of governance, capital maintenance and running cost have reduced the cost of governance and downsizing of staff has reduced the cost of governance. This further implies that monetization policy implementation has reduced the cost of governance in the federal ministries of education and health.

6.4 Recommendations

From the research findings, the following recommendations are made:

1. That full implementation of monetization policy should be enhanced through effective monitoring of ministerial budgets by the organs of governments and other civil organisations.
2. The study recommended the extension of the policy to parastatals and agencies as well as introduction of the scientific approach to public utilities utilisation so as to curb implementation gap.
3. There should be a census of all the housing units of the ministries, departments and agencies and such houses should be contracted out for commercialization or privatization to ensure full implementation.
4. The purchase ofofficial vehicles for both senior officials and mass buses for other workers should be abolished. This will ensure the absence of further employment of drivers and the layout or proper placement of the remaining ones.
5. A monitoring unit for policy implementation should be established, utilizing staff of the same ministry who report directly to the permanent secretary who will serve as the head of the monitoring unit.
6. There should also be a maximum limit of public utility utilization. This can be obtained through scientific collection of data for every day's work in all departments of the ministries.

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APPENDIX I

QUESTIONNAIRE FOR STAFF RESPONDENTS

c/o

Department of Public Administration,

Faculty of Administration,

Ahmadu Bello University,

Zaria.

3th May, 2014.

Dear Respondent,

I am an MSc student in the Department of Public Administration, Ahmadu Bello University, Zaria, undertaking a research on the topic "**Monetisation Policy Implementation and the Costs of Governance in the Federal Ministries of Education and Health**".

I will be grateful if you can fill the attached questionnaire. Please be rest assured that all information provided by you would be used purely for academic purpose and shall be treated with absolute confidentiality.

Thanks for anticipated cooperation.

Yours faithfully,

Signed.

Aminu Muhammad

QUESTIONNAIRE

Section one: Bio Data

Sex: Male ☐ Female ☐

Staff Category: Junior ☐ Senior ☐

Ministry: Education ☐ Health ☐

Residential Home: Private ☐ Government Owned ☐

Years in Service: Below 5 Years ☐ Above 5 Years ☐

10 years and above ☐

Section Two: Questions

1. Do you agree with the claim that monetization policy has brought maintenance culture and discipline in the use of public utilities in your ministry?

   Agree ☐ Disagree ☐ Undecided ☐

2. How can you rate the use of public utilities like electricity, telephone and pipe borne water after the introduction of monetization policy?

   Higher than before ☐ Lower than before ☐ Undecided ☐

3. Do you agree with the claim that public servants have developed the culture of frugality in the use of public utilities in the monetization policy era?

   Agree ☐ Disagree ☐ Undecided ☐

4. SHave you observed any positive change in the perception of workers towards efficient management of public utilities such as pipe borne water, telephone and electricity ☐ ☐

   Yes No ☐ Undecided

5. Do you agree with the notion that so much resources have been saved due to the money conscious spirit of monetization policy?

   Agree ☐ Disagree ☐ Undecided ☐

6. Have you observed any increase in the number of official motor vehicle used by the staff of your ministries?

   Yes ☐ No ☐ Undecided ☐

7. How can you compare the number of vehicles own by your ministry over the years to

period before monetization?

Increasing ☐ Decreasing ☐ Undecided ☐

8. There are claims that your ministry issues their staff accommodation and some of your colleagues live in government houses and the houses are renovated by the government even in recent years. How true is the claim?

   True ☐ False ☐ Undecided ☐

9. It is on record that your ministry sold some of the houses they owned to their workers but there are still many houses owned by the ministry, in your opinion, do you agree that the number of houses sold are less than the number left with the ministry?

   Agree ☐ Disagree ☐ Undecided ☐

10. It is believed that prior to monetization period, house furniture is provided by the ministry, do you still enjoy such benefit in kind?

    Yes ☐ No ☐ Undecided ☐

11. Do you agree that the introduction of monetization policy has reduced the numbers of staff medical trips abroad?

    Agree ☐ Disagree ☐ Undecided ☐

12. How often do you or your bosses travel abroad for routine medical check-ups?

    Too Often ☐ Not Often ☐ Undecided ☐

13. Have you observed any reduction in the number of messengers, domestic servants and drivers after the introduction of monetization policy?

    Yes ☐ No ☐ Undecided ☐

14. With the policy of disengagement of domestic servants, drivers and messengers, do you agree that, it has reduced the salary burden of your ministry?

    Yes ☐ No ☐ Undecided ☐

15. Do you know or heard of domestic servants, personal drivers and messengers being on the pay roll of government over the years in the monetization era?

    Yes ☐ No ☐ Undecided ☐

16. In the take-off of monetization policy, domestic servants were disengaged and so many drivers were released from service but there are claims that in your ministry, in

recent years, staff buses are bought, and this has led to the employment of drivers. It is true?

Yes ☐ No ☐ Undecided ☐

17. In your opinion**,** what are the problems of monetization policy implementation in your ministry?

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18. In your opinion, how can the monetization policy implementation be successful?

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APPENDIX II

Table C: Critical values of the χ^2-distribution.

V	α							
	0.995	0.99	0.975	0.95	0.05	0.025	0.01	0.005
1	0.0^4393	0.0^3157	0.0^3982	0.0^2393	3.841	5.024	6.635	7.879
2	0.0100	0.0201	0.0506	0.103	5.991	7.378	9.210	10.597
3	0.0717	0.115	0.216	0.352	7.815	9.348	11.345	12.838
4	0.207	0.297	0.484	0.711	9.488	11.143	13.277	14.860
5	0.412	0.554	0.831	1.145	11.070	12.832	15.086	16.750
6	0.676	0.872	1.237	1.635	12.592	14.449	16.812	18.548
7	0.989	1.239	1.690	2.167	14.067	16.013	18.475	20.278
8	1.344	1.646	2.180	2.733	15.507	17.535	20.090	21.955
9	1.735	2.088	2.700	3.325	16.919	19.023	21.666	23.589
10	2.156	2.558	3.247	3.940	18.307	20.483	23.209	25.188
11	2.603	3.053	3.816	4.575	19.675	21.920	24.725	26.757
12	3.074	3.571	4.404	5.226	21.026	23.337	26.217	28.300
13	3.565	4.107	5.009	5.892	22.362	24.736	27.688	29.819
14	4.075	4.660	5.629	6.571	23.685	26.119	29.141	31.319
15	4.601	5.229	6.262	7.261	24.996	27.488	30.578	32.801
16	5.142	5.812	6.908	7.962	26.296	28.845	32.000	34.267
17	5.697	6.408	7.564	8.672	27.587	30.191	33.409	35.718
18	6.265	7.015	8.231	9.390	28.869	31.526	34.805	37.156
19	6.844	7.633	8.907	10.117	30.144	32.852	36.191	38.582
20	7.434	8.260	9.591	10.851	31.410	34.170	37.566	39.997
21	8.034	8.897	10.283	11.591	32.671	35.479	38.932	41.401
22	8.643	9.542	10.982	12.338	33.924	36.781	40.289	42.796
23	9.260	10.196	11.689	13.091	35.172	38.076	41.638	44.181
24	9.886	10.856	12.401	13.848	36.415	39.364	42.980	45.558
25	10.520	11.524	13.120	14.611	37.652	40.646	44.314	46.928
26	11.160	12.198	13.844	15.379	38.885	41.923	45.642	48.290
27	11.808	12.879	14.573	16.151	40.113	43.194	46.963	49.645
28	12.461	13.565	15.308	16.928	41.337	44.461	48.278	50.993
29	13.121	14.256	16.047	17.708	42.557	45.722	49.588	52.336
30	13.787	14.953	16.791	18.493	43.773	46.979	50.892	53.672