THE STRUCTURE AMD PROBLEMS OF MANAGEMENT OF THE AJAOKUTA STEEL COMPANY.

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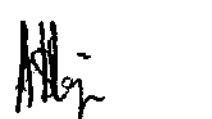
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THESIS SUBMITTED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF PUBLIC ADMINISTRATION

MARCH 1984-

DECLARATION

I TALIB SALIHU RAJI hereby declare that this thesis is my own work and has not been submitted in any form for another degree or diploma at any other University or Institution. Information derived from the published or unpublished work of others has been acknowledged in the text.



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APPROVAL

THE STRUCTURE AND PROBLEMS OF MANAGEMENT OF
THE AJAOKUTA STEEL COMPANY.

This Thesis has been read and approved as meeting the requirements of the Department of Public Administration, Institute of Administration, Ahmadu Bello University, Zaria for the award of the Degree of Master of Public Administration.

Research Project Advisor

Head of Department

External Examiner

D E D I C A T I O N

Dedicated to

My Mother

MERIYAMOH ONYECHE (Late)

My Wife

REKIAT A. RAJI

My Children

Muh'd Mustafa
Hanatu
Hauwa
Halimatu
Muh'd Shehu
Muh'd Bashir
Hadiza.

QUOTATIONS

"About the first thing we do to identify people today is to find out the principal organisation of which they are members".

- CHESTER I. BERNARD.

"Effective performance in the public service is a much-to-be desired end because of what it contributes to certain other values. The essential ultimate values of management in the public service are satisfactory service, responsible performance, good management".

- JOHN D. MILLET.

ACKNOWLEDGEMENT

The study has been made possible through the co-operation of many people and institutions to whom I owe a depth of gratitude.

They include:- The authorities of Ahmadu Bello University especially the Institute of Education which allowed me some time off my work to undertake the study; my supervisor Professor P.C. Daudu whose scholarly criticisms, pieces of advice and suggestions have resulted in this final product; the Head of Department Dr. Ibrahim Abdulsalami for his versatile and enlightened discussions; the management and staff of the Ajaokuta Steel Company Limited and the management and staff of the Steel Rolling Mills of Jos and Katsina for allowing me access to official records and for their kind co-operation.

I do sincerely thank my dear wife Rekiat and darling children Mustafa, Hanatu, Hauwa, Halima, Muh'd Shehu, Muh'd Bashir and Hadiza who patiently bore the pains of my absence and other inconveniences throughout the period of the study.

I am also grateful to Mr. Christopher Ugwoke, who spent a considerable part of his valuable time for the typing of the thesis. The same gratitude goes to a host of other people too many to mention here, who have helped in one way or the other to make this study a success.

Finally, I am most grateful to Almighty God for granting me the wisdom and good health for a successful completion of the course.

ABSTRACT

The subject matter of the study is concerned with the structure and problems of management of the Ajaokuta Steel Company Limited (ASCL). The ASCL was established under the National Steel Council Decree No. 60 of 18th September 1979. Ajaokuta Steel Complex is the largest of the five steel plants established in Nigeria, It is an integrated steel plant designed to produce steel based on the traditional blast furnace.

When the plant becomes operational the manpower required will amount to 30,000 making it one of the biggest organisation in the country. Organisation related to systematic arrangement of persons and materials to achieve a desired goal. Management is also a process of getting activities completed with and through other people. Proper structural arrangement in an organisation can be used to identify and describe the role performance needed for the attainment of management objectives. Organisation objectives must accord with existing social and cultural norms of the society.

The analyses of the data were done using frequencies and simple percentages. The major points analysed included, the role of the company, the functions of management, the present structure of the ASCL, the various principles of organisation and the problems of management.

Five major departments exist in the ASCL namely Production; Technical; Commercial; Finance and Accounts; and Administration. Each department is headed by a Deputy General Manager (DGM). The overall management head of the ASCL is the General Manager/Chief Executive. There is a Board of Directors empowered to formulate policies for the company.

The major management problems of the company include:

(a) Manpower

(b) Finance

(c) Accommodation

(d) Discipline.

Some of the recommendations include the review of the present structure to ensure good management; accelerated housing programme should be carried out to ensure adequate accommodation for workers; the Federal Government should provide bhe Company with sufficient and continuous funds to enable it execute the planned programmes.

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ABBREVIATIONS

N.S.C.	Nigerian Steel Council.
N.S.D.A.	Nigerian Steel Development Authority
A.S.C.L.	Ajaokuta Steel Company Limited
U.S.A.	United States of America
U.S.S.R.	United Soviet Socialist Republic
S.A.I.L.	Steel Authority of India Lt.
G.M.	General Manager
D.G.M.	Deputy General Manager
A.G.M.	Assistant General Manager
T.P.E.	Tiajpromexport.

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CHAPTER I

1.01 INTRODUCTION

At present, Nigeria is experiencing an economic crisis which is mainly as a result of the oil glut in the world market. Another logical factor is the mismanagement of public funds by politicians and government functionaries.

Nigeria depends largely on foreign exchange she earns from her sale of crude oil for the purpose of executing her development projects. Due to world-wide oil glut, there is a sharp fall in demand for Nigeria crude oil and other oil producing countries. As a result there is a crash of the oil market and Nigeria and other producing countries are now facing very serious financial crisis.

Nigeria is one of the major oil suppliers to America and other European countries. Therefore the Nigerian economy is mostly tied up with America and European countries. In other words Nigeria's economic survival depends largely on continuous healthy economy of America and other European countries.

If Nigeria wants to develop, she should re-order her priorities, unnecessary importation of luxurious items from overseas countries should be stopped so as to save the meagre foreign exchange we have left. This is the time we should rely on what we can produce locally.

Nigeria's future lies in the accelerated development of agriculture not only to feed her rapidly growing population but also to diversify the country's export base.

Iron and steel would play a very important role. In the development of Agriculture, development of Iron and Steel should go along side by side.
Available statistics indicate that Nigeria's demand for steel had increased astronomically over the past years as a result of the increase in development of industries, construction and manufacturing activities.

> "Steel importation in Nigeria grew from a modest value of 150,000 tonnes in 1960 to substantial figure of 2,200,000 tonnes in 1977.
>
> The forecast for 1985, 1990, and 1995 are 4.5 million tonnes, 6.3 million tonnes and 8.50 million tonnes respectively.
>
> In 1970 steel importation was 613,907 tonnes valued at ₦76 million, in 1975, 1.026 million valued at ₦326 million and in 1977, 2.16 million tonnes costing ₦432.6 million.
>
> In 1985, the country will require 4.5 million tonnes of which 1.7 million tonnes for long products, 1.5 million tonnes for flats, 1.34 tonnes for pipe and tubes and others.
>
> For 1990, a total of 6.4 million tonnes of steel will be demanded of which 2.3 million tonnes are for long and 2.1 million tonnes for flats and 1.82 million tonnes for tubes and others".(1)

---

1. THE HOTLINE, JAN 28 - FEB 3, 1983

These statistics highlights the urgent need for the establishment of steel plant in the country for the production of long and flat products.

At the moment, there are five steel plants under construction and/or commissioned in different parts of the country under the steel development programme of the Federal Government of Nigeria.

These are the Ajaokuta Steel Complex, the Delta Direct Reduction Steel Complex, and the Inland Rolling Mills at Oshogbo, Jos, and Katsina.

Five government wholly-owned steel companies were incorporated for the management and control of these plants. Thus we have the Ajaokuta Steel Company for the Ajaokuta Steel Project; the Delta Steel Company for the Delta Steel Plant and three companies for the Inland Rolling Mills at Oshogbo, Jos and Katsina.

In a special extra edition, National Concord commented that:

> "The five steel plants will provide employment for a total of about 30,000 Nigerians when they become fully operational. In addition, such auxiliary projects as ore mining and Metallurgical Training Institute at Onitsha and the Metallurgical Research Institute in Jos will provide 1,000 jobs each.
>
> It is estimated that the number of Nigerians to be employed in the steel project and related projects would reach 100,000 by the end of the decade".

---

2. National Concord, Friday JAN 29, 1982.

Steel is not just the most important vehicle for industrial and technological advancement, but also has its political and defence implication.
The economic advancement of any nation is now being measured in terms of the amount of steel that country produces and consumes.

Available information indicates that the most powerful nations of the world today economically, politically and militarily are the greatest producers and consumers of steel e.g. Russia, Germany, America and Japan.

It also shows that the industrialised countries of the world have achieved a per capita production of steel of about 500-900 kg and consumption figure of 400-600 kg as against Nigeria's per capita production of 1 kg and consumption of under 40 kg.

From the early days of Nigerian independence successive governments have been pursuing an aggressive policy of industrialization. In particular, the steel industry has been recognised as the cornerstone of such a programme. Besides paving the way for the much needed transfer of technology from the advanced countries, this industry will enable Nigeria to have tremendous foreign exchange savings through import substitution and these savings can be used not only to develop the related supply and consuming industries but also to provide a suitable infrastructure and to

achieve a meaningful utilisation of the country's natural resources.

Without steel, there can be no basic industries. In the transportation industry, the reliance on steel is enormous.

On land transport, bicycles, autocycles, lorries, trailers, tankers, railways rolling stock and wagons are made from steel. So is steel required for the manufacture of water transportation equipment.

The importance of steel in the construction industry is no less important. Steel products are essential for construction in homes, offices, factories, hospitals, bridges, dams etc.

In the petroleum industry the drilling rigs, pipes, tubes, refinery plants and containers for marketing are largely made of steel. The generators ranging from Thermal Power Plants to Hydro-power Plants, Distribution power, Tubes, Steel Cellars are made of steel.

In national defence, military hardwares including guns, artileries, tanks, naval boats and all other modern weapons cannot be manufactured without steel.

The present global recession has caused unprecedented level of unemployment and soaring prices of food. The development of iron and steel industry will reduce the unemployment level in Nigeria since the five steel plants will provide over 30,000 Nigerians with jobs.

The Ajaokuta Steel Complex is the largest of all

the steel plants. It is estimated that the manpower requirements for the construction will be 25,000 at peak and for operation will be 9,000 at peak.

1.02 STATEMENT OF THE PROBLEM

(i) Specifically this study seeks to answer the following questions.

(a) What type of structural arrangement is the Ajaokuta Steel Company Operating?

(b) What style of management is the Company Operating?

(c) How does the structure of the organisation influence the management of the company?

(d) What is the relationship between the management and Boards of Directors on one hand and the Ministry of Steel Development on the other?

(ii) The study also tried to examine the present structure in the organisation of the Ajaokuta Steel Company and to determine how the structure of the organization influences the style of management and

(iii) to make recommendation for its improvement.

1.03 BASIC ASSUMPTIONS

Many Nigerians are aware of the obvious advantages in relation to industrial development and the laying of a sound foundation for technological growth. In this study it shall be assumed that:

(a) Steel development is one of the priorities of the

Federal Government.

(b) The organisational structure is so designed to meet the objectives of an accelerated steel development of the Federal Government.

1.04 HYPOTHESIS

The study is based on the following hypothesis:

(a) The more bureaucratic in nature an organisation is, the less is achieved in terms of its objectives.

(b) When the structure of an organisation changes, the management style will be affected.

1.05 SIGNIFICANCE OF THE STUDY

It is hoped that the study will point out the merits and demerits of the present structure of the Ajaokuta Steel Company, and in the end offer suggestions for its improvement. This, in effect, may influence the management style being adopted by the company.

It is hoped that the study will help policy makers in Government to be aware of the problems being posed by ill-defined responsibilities and functions of the various levels of authority especially in area such as policy decision and execution of policies.

In addition the outcome of this study will be of use to government parastatals and companies as to the need for setting up appropriate organisation structure which ensure the right span of staff control, adequate

and well defined responsibility and corresponding authority and the need for delegation of functions to subordinate supervisors in the interest of good staff discipline and effective management.

The findings of the research might be a source of information to students of public administration and a modest contribution to this field of learning especially as there had never been any work of this nature on this specific topic.

1.06 DEFINITION OF TERMS

(a) Organisation: Organisation relates to the systematic arrangement of persons and materials involved in the accomplishment of a common task so as to secure the desired objective with the least friction and maximum satisfaction for all concerned.

(b) Organisation Structure: relates to a pattern of inter-related posts connected by line of delegated authority.

(c) Delegation: This is where the leaders at various levels give authority to their subordinates to make operational decisions.

(d) Hierarchy: Hierarchy signifies a graded level of organisation into successive steps or layers.

(e) Span of Control: The span of staff control is how a supervisor relates to the number of people whose work is supervised.

(f) Parastatals: In the public interest, Government set up bodies wholly owned or financed by it; such organisations are usually set up outside the civil service and are referred to as parastatals, corporations, companies or boards.

1.07 CHRONOLOGICAL DEVELOPMENT OF THE AJAOKUTA STEEL COMPANY

The Federal Government of Nigeria began to show interest in the establishment of an iron and steel industry in Nigeria as far back as the year 1958. As a first step, various market studies were carried out. The studies were initially directed towards the feasibility of establishing rolling mills but because of the growing awareness of the availability of iron ore deposits in Agbaja, Udi and other areas emphasis later shifted to establishing an integrated steel plants. The availability of coal in the country and the steps being taken then to construct a hydro-electric dam at Kainji further re-inforced the economic feasibility of establishing an integrated iron and steel plant.

"However, the development in other parts of the world of new reduction processes of steel-making which did not depend on the use of cooking coal seemed at that time to be more attractive proposition especially as there was no commercial deposits of cokeable coal in Nigeria".[3]

---

3. General Information on Ajaokuta Steel Project, May, 1981.

Thus, between 1960 and 1967, the Federal Government invited and received a number of proposals from foreign firms including those from the U.K., U.S., West Germany and Canada, most of these being on the feasibility of establishing steel complexes based on the direct reduction processes.

The efforts of the government did not yield any positive results because they were based on the use of the iron deposits of Agbaja and Udi which were later found to be unsuitable for direct reduction.

In 1967, a team of Soviet experts arrived in Nigeria to conduct a feasibility study on the establishment of an iron and steel plant, as a follow-up in a technical/economic cooperation agreement between the governments of Nigeria and the USSR. In their report they recommended the use of the blast furnace process of iron making. The report also pointed out that the known iron ore deposits in the country were of poor quality and recommended that further geological survey be conducted to see if better ores could be found. The Federal Military Government accepted the recommendation to carry out further geological survey as recommended in the report.

In 1968, Soviet geological experts came to Nigeria and after a general geological investigation reported that there were high prospects for finding richer ore and coal deposits.

Consequently, in 1970 a contract was signed with Tiajprom-export of the USSR under which they agreed to provide specialists and equipment to carry out further geological surveys in order to determine the quality of the deposits of iron ore and coal resources that could be used for the proposed iron and Steel Industry.

The Soviet specialists and the Authority's Exploration Division worked extensively over a large area of the country exploring for deposits of iron ore, coking coal, limestone, dolomite, refactory clays etc.

Areas of the country explored in detail included Birnin Gwari and Ayaba in Kaduna State for iron ore deposits and Afuze in Bendel State for coking coal, but without success. Eventually in 1973, good iron ore deposits were found at Itakpe, Ajabanoko and Shokoshoko all in the region around Okene, Kabba and Lokoja.

Coking coal deposits at Lafia/Obi were also investigated in detail but the quality of the coal was impaired by high ash and sulphur content. The deposits were also found to occur in seams difficult to mine. Other material discovered to be suitable for utilization included Jakura marble, Ubo marble, Mfamosing limestone, Barium dolomite, Osara dolomite, Onibode/Oshiele factory clays.

While intensive exploration was going on in the field, NSDA worked on various process schemes and

feasibility studies for establishing steel plants in Nigeria including direct reduction processes to be based on high grade iron ore and on the locally available natural gas. These were based on market studies on the demand for steel in Nigeria.

The NSDA, at the same time, embarked on short and long term training of staff in overseas countries on the technology of iron and steel.

The Soviet Company Tiajprom-export was commissioned in 1973 to carry out a Preliminary Project Report (PPR) on the iron and steel industry in Nigeria. The report, which was submitted in 1974, studied alternative production schemes based on both local and imported raw materials and was later discussed and accepted in 1975.

It was agreed that the blast furnace plant should utilise Itakpe iron ore concentrate, with a blend of local and imported coals to produce only long products (long products are the types of iron and steel products used in the construction industry such as medium and light sections, steel structures and bars, wire rods etc) and Ajaokuta was chosen as the site of the plant.

The Detailed Project Report (DPR) was commissioned in 1976 for the designing of the plant. The report was submitted in September 1977 by the TPE and after a series of discussions resulting in several modifications NSDA accepted it in 1978. The DPR specified broadly the

layout, the composition and requirements of the plant, and a tentative master schedule.

Ajaokuta Steel Plant was designed to produce 1.3m tonnes per year of the cast steel at the first stage with immediate expansion to 2.6m tonnes per year and later to 5.2m tonnes per year.

The plant was to be composed of the following major units:

1. Raw material preparation plant with sintering plant.
2. Coke oven and by-product plant.
3. Blast furnace plant.
4. Steel-making complex.
5. Rolling mills - The auxilliary units would include:
6. Lime Plant.
7. Dolomite Plant.
8. Refractory shops.
9. Repair shops.
10. Thermal Power Plant and Turbe Blower Station (TPP-TBS).
11. Oxygen Plant.

The signing of global contract between the NSDA and Tiajpromexport on July 13, 1979 signified the beginning of the project execution. The contract covers the preparation of working drawings, supply of all equipments, structures and materials, the execution of all erection works and the training of personnel.

At the time of signing of the major contract the corresponding civil works contracts could not be awarded owing to the high prices being quoted by some contractors.

However, the Shagari administration, under the leadership of Mamman Ali Makele, was able to overcome the difficulties and to award the contracts valued at ₦830 million to three civil engineering contractors namely, Julius Berger, Fougerolle, and Dumez. The civil works contractors cover all ordinary civil works to be executed at the steel plant.

The signing of the civil works contract necessitated a meeting between TPE, Julius Berger, Fougerolle, Dumez and ASCL to agree on a working schedule (master schedule). This meeting resulted in the signing of the detailed master schedule in January 1981 for the execution of works by all the contractors.

Pan African Consultancy Services Limited, in association with MECON has been appointed as the project management consultants for Ajaokuta Steel Plant Project.

The project at Ajaokuta will cover a site area of about 800 hectares. It will require a total of 65 km of standard railway guage within the plant itself. The Ajaokuta Steel Company is located on the west bank of River Niger in Okene Local Government Area of Kwara State of Nigeria.

On this area will be built five shops (plants) each of which is about the size of a standard factory with numerous auxilliary units. The natural ground level at the site was undulating and sloped considerably towards the Niger.

This therefore involved site levelling, strengthening a po rtion of the River Niger, the building of a river port and flood canals, and the construction of an erection base.

1.08 RESEARCH METHODOLOGY

(i) Instruments

There were two instruments used in the study. The main instrument used was a twenty item questionnaire titled "Question for the Ajaokuta Steel Company Officials (See Appendix). The second instrument was an interview with the Company Secretary and or the Chief Executive.

(ii) Population

The study dealt with the General Manager and Company Secretary, and all heads of divisions. Included in the study were officials of the steel company.

(iii) Sampling

The sampling procedure for this research was based on the random sampling because of the following reasons.

(a) that all elements in the population have an equal and independent chance of being included.

(b) It serves as a foundation upon which all types of random sample are based.

(c) It is the easiest to apply of all probability sampling plans. It is the most simple type of random sampling to understand.

(d) The amount of sampling error associated with any given sample drawn can easily be computed.

Using this procedure, one hundred questionnaires were administered in the course of the study. Seventy three of these were returned.

(iv) Procedure

Before the researcher was able to conduct the personal interview and administer the questionnaires, which have been extensively used in this research he collected a letter of introduction from the Department of Public Administration, Ahmadu Bello University to G.M. of ASCL.

The G.M. then minuted the letter to the Company Secretary asking him to introduce the researcher to all heads and sub-heads of departments and sections and directed that necessary information should be provided to the researcher.

The G.M. and the Company Secretary gave the researcher an appointment on their own for oral interviews which was conducted at the appointed time. The outcome of the interview was rewarding.

Questionnaires were also used in obtaining data for the study. These were given to officials using the random sampling method.

(v) Treatment of the Data

The responses on the main instrument were collated in their frequencies. Simple percentages were used as a method of data analysis. In addition the researcher examined the present structure and management problems by description and synthesis. This was done using the various literature and opinions of the officials concerned.

CHAPTER II

ORGANISATIONAL STRUCTURE AND MANAGEMENT (A REVIEW)

In this review of literature, a discussion will be made on what organisation is, and what different writers have said about organization. The organization structure and the various types of structures will be reviewed in depth. Management and related concepts such as responsibility, authority and accountability will also be discussed. Finally a review will be made of modern management in Nigeria and how the local culture has affected its success.

2:01 WHAT IS AN ORGANISATION

Organisation means the act of putting things in working order. Organisation does relate to the systematic arrangement of persons and materials involved in the accomplishment of a common task so as to secure the desired satisfaction for all concerned. But if we look deeper into the essential nature of this activity, we would see that organisation is not entirely a mechanistic process like that of engineering but that it has a human element also. It has to devise a pattern of relationships between human beings and not between inanimate objects which can be set up, or set in, in any way irrespective of the feelings of these objects. So, while primarily the term refers to structure

and structuring of jobs or posts in a collective body it also involves a human problem.

Different writers have highlighted different aspects of organisation. According to John D. Mooney "Organisation is the form of every human association for the attainment of a common purpose".[1]
For L.D. White, "Organisation is the arrangement of personnel for facilitating the accomplishment of some agreed purpose through allocation of functions and responsibilities".[2] According to Millward "Organisation structure is a pattern of interrelated posts connected by line of delegated authority".[3]
According to Prof. Pfiffner, "Organisation consist of the relationship of individual to individuals and of groups which are so related as to bring about an orderly division of labour".[4]
Morstein Marx defines it as "the structure developed for carrying out the tasks entrusted to the chief executive and his administrative subordinates in government".[5]

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1. J.D. Mooney: The Principle of Organisation 1947 p.1.
2. L.D. White: Introduction to the Study of Public Administration. 1957. p.25.
3. Millward: An approach to Management. N.Y. 1953, p.30.
4. J.M. Pfiffner: Public Administration. N.Y. 1960, p.26.
5. M.F. Marx: Elements of Public Administration, N.Y. Prentice Hall, 1952 p.10.

For Herbert Simon et al, organisation means, "a planned system of cooperative efforts in which each participant has a recognised role to play and duties and tasks to perform".[6]

As can be seen from above, various authors view organisation from different angles. But from whichever angle one looks at it, the basic fact is that organisation involves tasks to be done and people to do the tasks. There is that interdependence between people positions and functions to be performed in order to achieve a determined overall corporate objectives.

It is within this connotation that Harold Koontz et al see organisation as

> "the grouping of activities necessary to attain objectives, the assignment of each grouping to a manager with authority necessary to supervise it, and the provision for coordination horizontally and vertically in the enterprises structure.
>
> An organisational structure should be designed to clarify the environment so that everyone knows who is to do what and who is responsible for what results, to remove obstacles to performance caused by confusion and uncertainty of assignment and to furnish a decision making communications network reflecting and supporting enterprises objectives".(7)

In the same line of thought Geeding D.W. et al, maintained that "managerial functions of organising is the process of establishing relationship among available organisation resources so that their structure

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6. Simon, Smithburg, and Thompson: Public Administration N.Y.

7. Koontz H., O'Donnel C, Weihrich H: Management New York, McGraw-Hill 1981 p330.

facilitates accomplishing organisation objectives".[8] Put in a nutshell therefore organisation implies a formalised intentional structure of roles.

In any given situation, there are various forms of organisation. Most authorities in the fields of management distinguished two forms of organisation. (1) Formal and (2) Informal organisations.

1. Formal Organisation

An organisation is formal when the activities of people are consciously co-ordinated toward a given objective. In other words, an organisation is formal when persons are:-

(a) able to communicate with one another;
(b) willing to act;
(c) share a purpose.

2. Informal Organisation

Informal organisation arises out of the needs, feelings and interactions of people. In other words it is the relationship that exist between people in the work place but not appearing on an organisation chart.

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8. Geeding D.W., Klekamp R.C; Thierauf R.J. Management Principles and Practices, A contingency and Questionnaire Approach. New York, John Willey and Sons 1977, p 328.

2.02 ORGANISATIONAL STRUCTURE

The word structure simply means the way something is put together. From this perspective therefore organisational structure means the way organisation is organised. Structure is however a key concept and it is the result of deliberate decision. The structure of an organisation is the arrangement of people, tasks and objectives. Manager organises by devising structural arrangements that they believe to be best for themselves. Although the determination of the type of structure to be used by an organisation is the responsibility of top management, it should however be noted that all managers may influence the structure within their sphere of authority. Structures therefore once established becomes a framework that can either constrain or facilitate the actions of the manager. Structure once established tend to be relatively permanent within an environment, with continuous gradual change or modifications. They could have major changes occuring at strategic times depending on the changing circumstances of the environment or the change or the philosophy of the enterprise. That is to say, changes in the structure of an organisation could be gradual or rapid depending on the circumstances. A point to note however is that whatever organisational structure management decides to use, improvement on such structures is always possible and it could be at any time that the need arises.

The advantages which management derive from the structure of an organisation depend on the design of an appropriate structural system. A good organisation structure however provides management with efficiency in decisionsand actions. The hierarchy of levels, the division of work into logical groupings and overlay of rules, and procedures provide for efficient discharge of duties and provide a forum for the workers to work as a team towards the achievement of the desired organisational goal. In fact McFarland is of the view that "concern for efficiency in organisation was a central element of Max Weber's theory of bureaucracy".[9]

Another advantage which an organisation derives from an appropriate organisational structure is the establishment of formal system of communication. With good organisational structure commands, delegations of authority, instructions and administration of information needed can easily flow from top to the bottom. Each worker in the organisation knows who he reports to and where to take instructions from. In addition, lateral and horizontal method of communication is also possible with good organisational structure.

One other advantage of organisational structure is that it provides job satisfaction to the workers thereby

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9. McFarland S.E. Management Foundations and Practices New York, McMillan Publishing Co., In 1979 p.278.

bringing about the achivement of both individual goals and the organisational goals. It is from this point of view that McFarland observed that

> "organisation may be viewed as a transitional system whose members both give to the organisation and receive from it. Members of organisations are aware of what they give and what they get. Thus the organisation is a means of achieving both individual and organisational goals. Satisfaction derives from the extent to which these goals are achieved".(10)

Just like any given issue, there are two sides to it. Organisational structures by their design have got some inherent disadvantages.

One of the disadvantages of organisational structure is that there is no structure that is suitable for all organisations. Different organisations have different structures quite different from each other. Thus although the aim of two companies might be to make profit whatever the mode of their operation but they just have to get different organisational structures to suit their products and resources. Organisational structure by its nature pose a problem. McFarland concluded that "designing an organisational structure to maximise efficiency is not the same as designing one for job satisfaction, and if both characteristics are wanted in some degree in the same organisation, organisation design becomes a matter of reaching

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10. McFarland D.E. Ibid p.276.

appropriate compromises".[11]

Another disadvantage of organisational structure is that there is no universal, ideal organisation pattern. So far as it is yet known, there is no certain criteria for evaluating organisational structures. In whatever way organisation are designed, structural deficiencies are inevitable. Some are poorly designed while others continue to change according to the changing trends of the economic environment in which they are designed. Moreso interdependences are inevitable in organisational variables.

2.03 TYPES OF ORGANISATIONAL STRUCTURE

Although it is often said that good organisational structure does not guarantee good performance, it should be noted however that poor structure can affect the work of good managers. In designing Structure, therefore it is better to develop the organisational structure that enhance performance of not only the top management but that of the lower level supervisors.

Basically organisational structure focuses on two tasks,

1. the differentiation of work
2. the combination of work functions into meaningful jobs.

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11. McFarland D.E. Ibid p.279.

It is therefore the responsibility of top management to develop a structure that will provide effective relationship of work and positions so that interpersonal relationships, job satisfaction, communication and leaderships are properly enhanced. The top management should know that organisational structure are composed of three relationships which are established between people at work place, the functions to be performed and the physical factors of the environments. The relationships are:- responsibility, authority and accountability.

Different organisational structures have been used since the inception of the development of the scientific school of management. Different generations of managers have developed new organisational structures to suit problems peculiar to the environment in which they lived.

TYPES

1. Functional Structure

This is the earliest form of organisational structure and it was pioneered by Frederick W. Taylor. The functional organisational structure is simply the grouping of activities with the functions of the enterprise. It embodies what the particular organisation actually do. It is from this perspective that Litterer J.A. observed that "organising by function separates work on the basis of steps, processes,

or activities that go into the end result".[12]

The functional form of organisation is widely used by small and medium sized organisations. Any organisation whether engineering, marketing or manufacturing can use the functional structure. In a manufacturing company for example, department of finance, production, marketing and engineering are logical units based on functions related to the company's primary purpose of making and selling its products. In fact, the functional type of organisational structure only group activities according to the functions to be performed. The functional manager incharge of each functional area has an authority over the subordinates that are within his functional unit.

The most important advantage of functional structure is that it is a logical and time-proven method. It clearly identifies and assigns responsibility for the key functions necessary for the organisations survival.

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12. Litterer J.A: An Introduction to Management New York, John Willey and Sons 1978 p.150.

Structure of Functional Organisation
(Manufacturing Company)

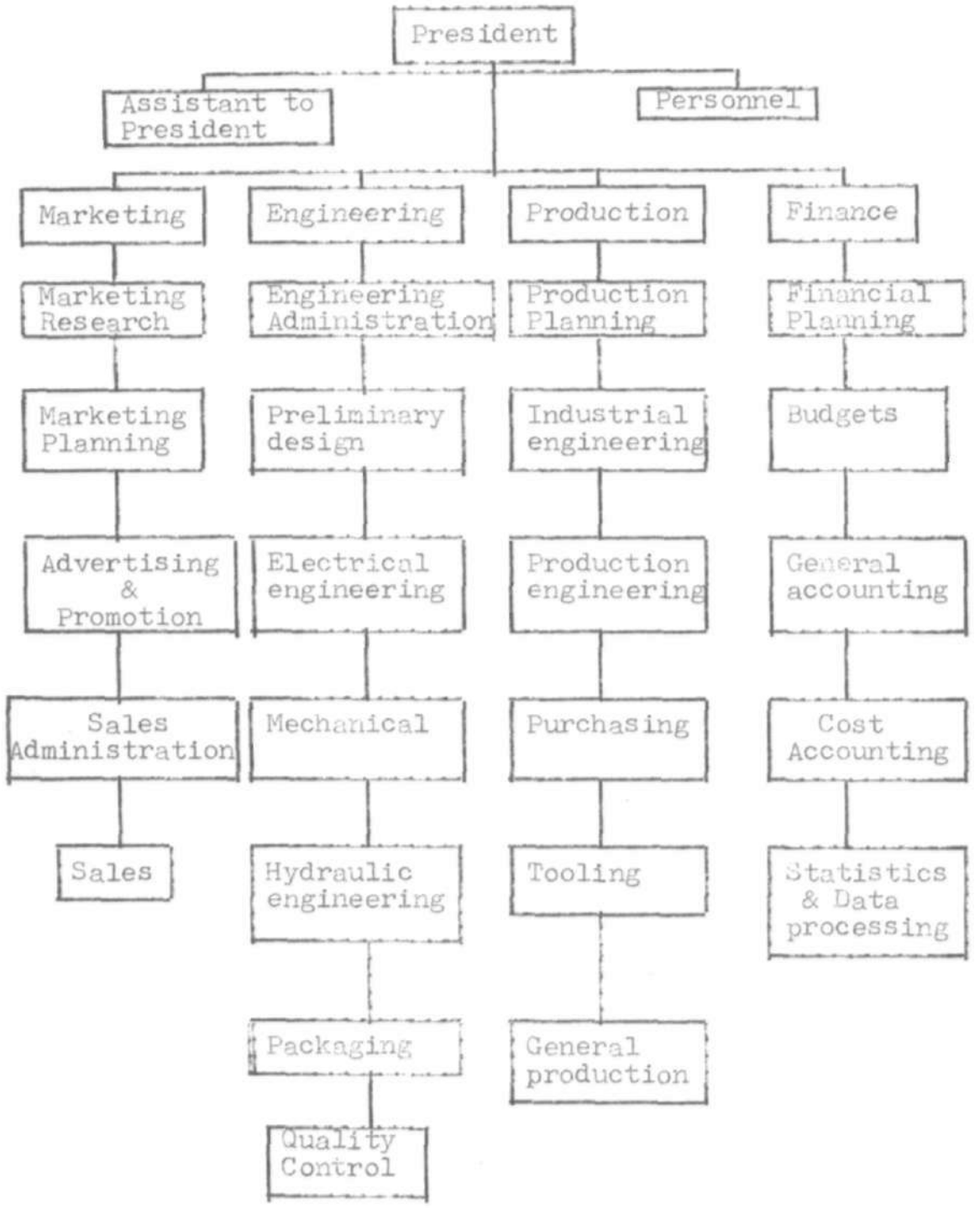


Figure 1

Source: Koontz et al Management 7th edition McGraw Hill p.361.

Another advantage is that it follows the principles of occupational specialisation. The functional staff specialist has the command authority and he is not merely the adviser. In other words the specialist feels that he is contributing more to the organisation since he has authority. Put simply then, functional structure has the advantage of line control from the top. That is to say, it allows a relatively small group of officers to maintain line control over operations without much duplication.

One other advantage of the functional structure is that it simplifies training. It permits people doing similar work and facing similar problems to give each other social and emotional support.

Although the functional structure has got very important advantages, it should be realised that it is not devoid of any shortcomings.

One of the demerits of the functional structure is that managers of subsidiaries normally have to report to more than one person. That is, lower level personnels are subject to double accountability.

Another disadvantage of the structure is that it encourages organisational sub-optimization. People in the organisation are more concerned with their unit rather than with the overall product. When this happens the overall organisation suffers.

2. Line Structure

From the historical point of view the line organisational structure is the oldest and the simplest form. In this structure, authority which is simply centralised flows from the chief executive down the line to the subordinates. It has no specialists or advisers. In its rudimentary form, the chief executive does all the planning and establishes the policies and is in charge of all the operations.

This type of organisational structure is usually used by small enterprises. However as the business increases in its operations and scope, it is customary to get assistance. But the pioneer usually maintains the role of overseeing all the functional areas of the business.

From what has been said so far, one can see that the line structure consists of the direct relationship that connect the positions and tasks of each other with those above and below.

The most important advantage of the line structure is that it is simple. That is, in terms of responsibility, authority and accountability - the entire process is clear cut. Dutities are more precisely defined and relationships are well understood by organisation members.

Line Organisational Structure

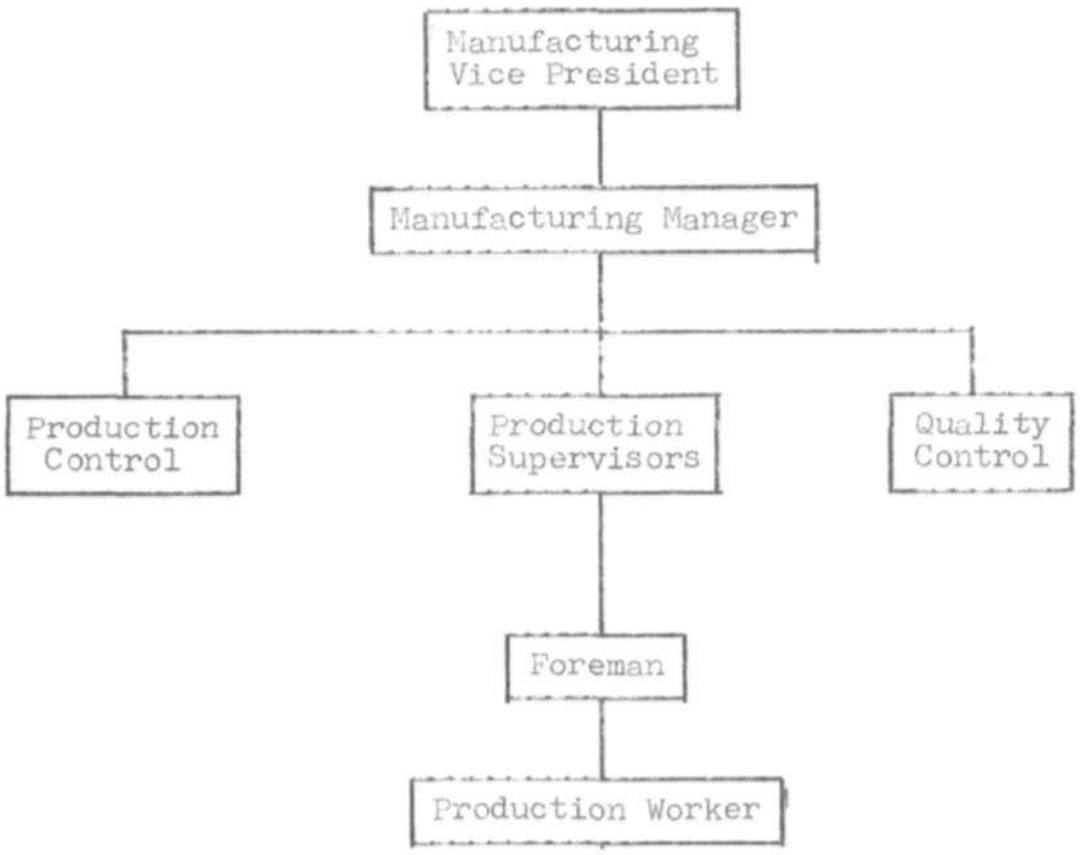


Figure 2.

Source: Thierauf R.J. Klekamp R.C. Geeding D.W. Management Principles and Practices New York John Willey & Sons 1977, p.350.

Another advantage of this type of structure is that there is speed in decision making. This is so because since there are fewer people to consult when problems arise, the answer can be obtained quickly. There will be no bureaucratic red tapism in the process of decision making.

Added to this is that the line structure is relatively cheap. Its cost is usually low because it has few executives. Moreso there is flexibility in putting policies into practice.

In addition, another advantage of the line structure is that it is easy to maintain discipline. This is so because control can be established without undue difficulty.

One of the greatest limitations of the line structure is that only relatively small firms can utilise it effectively. It becomes ineffective when a firm increase in size and complexity.

Another disadvantage is that it does not provide for replacement of the executive. There is no training of the subordinates. The passing away of the chief executive may probably lead to the liquidation of the company.

The line structure provides for extreme centralization of authority and this generally retards the development of other personnel of the enterprise.

Generally speaking in a line structure, the growth or expansion of a company creates other problems. This is so because as it expands the number of subordinates increases. This in turn leads to clogged channels of communications, with all the evils attendant on delay, misunderstanding and non-reception of information.

3. Line and Staff Structure

As a company grows in size and complexity it soon becomes obvious that a simple line type of organisation is not sufficient for effective operation of the business. The staff concept separates certain functions and these functions are given to staff specialists. Staff structure thus supplements line activities. The staff position is separate from the line but subordinates to its authority.

The line and staff organisation is mostly used by sales companies. Mostly, the staff positions are separated from line positions for purposes of reaping the benefits of specialisation. i.e. economy and efficiency of operation.

Professor McFarland distinguishes between two principal forms of line and staff structure. He calls them (1) the staff assistant and

(2) the staff specialist.

The staff assistant is usually not a specialist. Such an assistant performs in the name of the superior, without formal authority to command.

The staff specialist is the common structure. It is a modification of line structure and exist always in combination with it.

Looking at it in the same direction, Geeding D.W. et al maintains that "with the staff organisational structure, there are general staff and specialised staff".[13]

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13. Geeding D.W. Op.cit p.354.

Line and Staff Organisational Structure

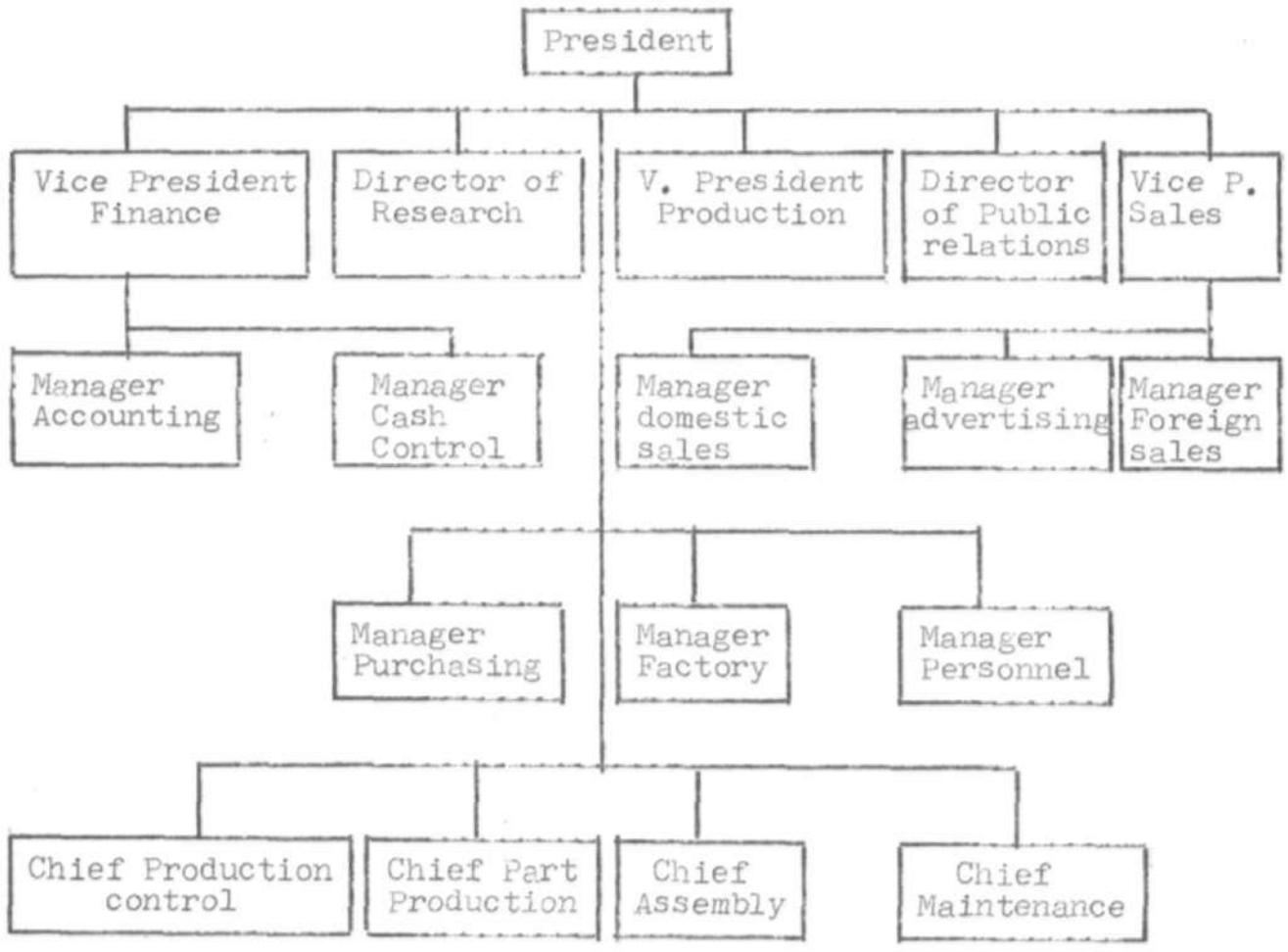


Figure 3.

Source: Koontz H. et al Management. McGraw-Hills Inc. N.Y. 1981 p.398.

In a typical line and staff structure as depicted above, the assistant staff (general staff) are found primarily at the upper levels of the organisational structure while specialised staff are found throughout the organisation. Their basic function is to provide expert information and recommendations. Line managers have the

final or veto powers over the actions of staff groups.

One of the advantages of the line and staff structure is that it utilizes the value specialisation. Specialisation encourages efficiency and increases output.

Another advantage of this structure is that it helps to achieve organisation - wide consistencies in activities that affect the entire organisation such as personnel policies.

Although the line and staff structure have got the above advantages, it should be noted that one of its disadvantages is that the increased number and complexity of organisational relationships may cause problems. An increase in general and specialised staff can confuse line personnel because specialists now execute portions of functions that have been extracted from the existing chain of command. To avoid this confusion, it is the responsibility of management to ensure that line personnel know how the staff and specialist members fit into the organisation.

When the line and staff structure takes off after sometimes there is the tendency for the specialists and staff personnel to overstep their bounds as far as authority over subordinates is concerned. This situation arises because in this type of structure the head of the specialised activity is a line officer in some situations and staff officer in others.

Another disadvantage of this type of structure is that it tends to be costly. The hiring of a staff specialist often requires the establishment of a department which in itself is costly.

Added to this is the fact that in a line and staff structure operations are slow. This is so because when a problem arises, it is often sent to the staff to study and make recommendations. This process at times slow down operations of the enterprise.

4. Committee Structure

According to Geeding et al a committee can be defined "as a group of organisational personnel who discuss and develop solutions to problems. A committee may be granted authority to make or recommend decisions or it may serve merely in an advisory capacity".[14]

Usually committees are used by large organisations. In business, at the highest level the board of directors is a committee. An ideal committee should consist five members. Examples of committees are executive committee or finance committee.

One important point to note however is that committee structure differs from ad-hoc committee which are temporary and are created for specific reasons. As soon as the task before the ad-hoc committee is finalised it is dissolved. "In the case

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14. Geeding D.W. Ibid. p.360.

of committee structure managers are assigned to a permanent committee of the organisation with authority for action and decisions in assigned areas".[15]

The greatest advantage of committee structure is that it helps to put talented and experienced executives to work on major problems that might appear too complex for a single leader to handle. The idea that two heads are better than one is greatly enhanced by the committee structure.

Committees are also useful in that they help to co-ordinate plans as well as facilitating their execution. Committees help the personnel of the organisation to have a deeper knowledge of the plans of the organisation and allows its members to contribute valuable suggestions for improving the plans.

One of the disadvantages of the committee structure is that very crucial issues might not be taken seriously. Often people view things in different ways and to reach a consensus of an issue may take difficult dimensions.

In addition, the committee structure can result in delayed actions. Much time is often wasted for the committee to study issues and arrive at conclusions.

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15. McFarland Op.cit. p.313.

Committee Structure

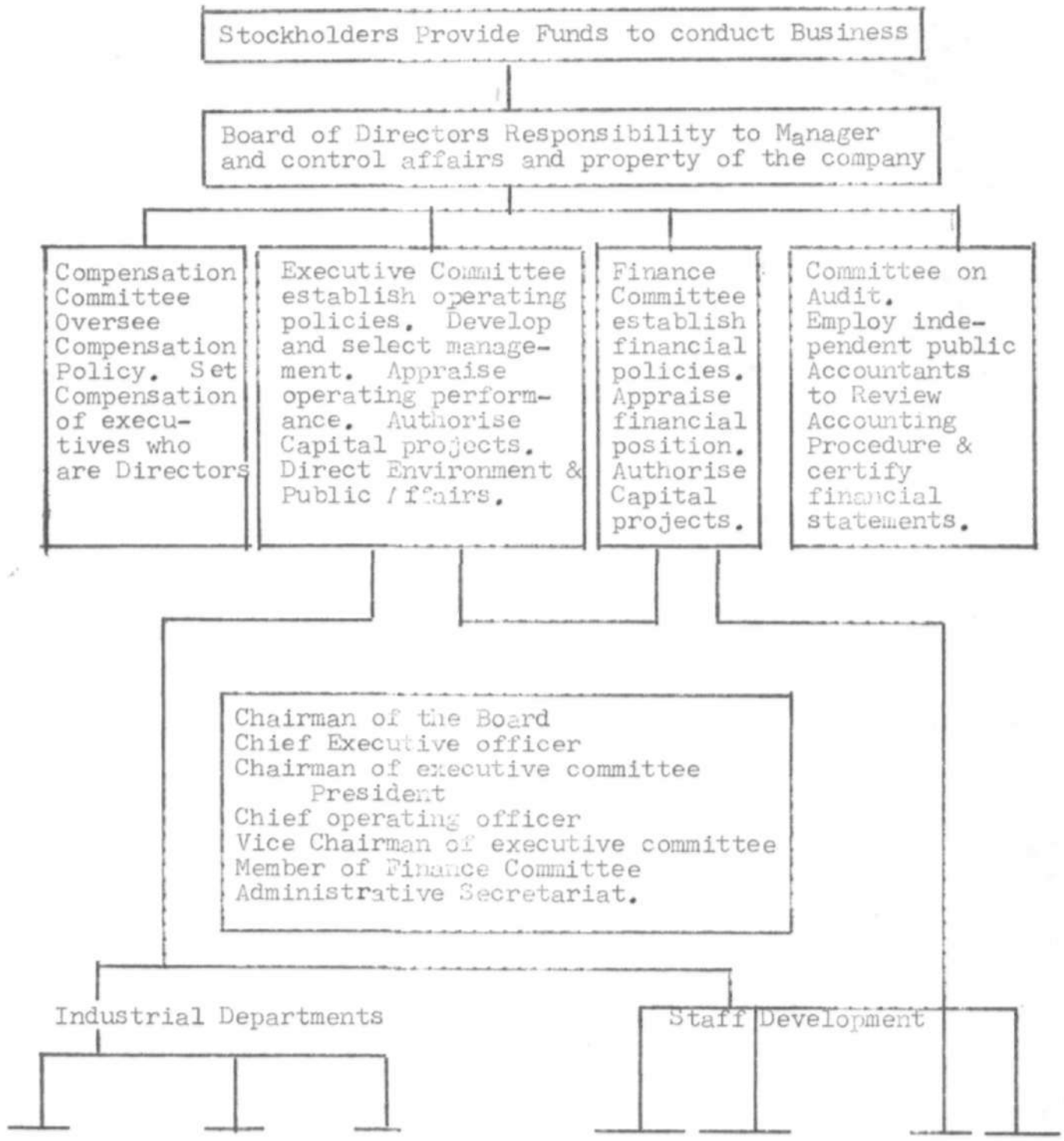


Figure 4.

Source: Geeding D.W. Klekamp R.C. Thierauf R.J. Management Principles and Practices, A Contingency and Questionnaire Approach. N.Y. John Willey and Sons 1977.

At times indecision arises over an issue and this could lead to a break-down of group action.

Another limitation of the committee structure is that it is often difficult to hold members accountable for the actions of the group. In fact when mistakes are made it is often difficult if not impossible to pin-point as to who is at fault when the group has reached a conscious agreement.

5. Project Structure

A project simply means plan or a scheme. Geeding D.W. stated that "the project structure is a complex structure that facilitates the co-ordination and integration of many project activities".[16] In this structure, although the regular functional departments do the work, the project officer is responsible for the completion of the project.

This type of structure is found in systems such as aerospace industry where project teams are brought together for specific space and weapon system.

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16. Geeding D.W. Op.cit p.362.

Project Structure

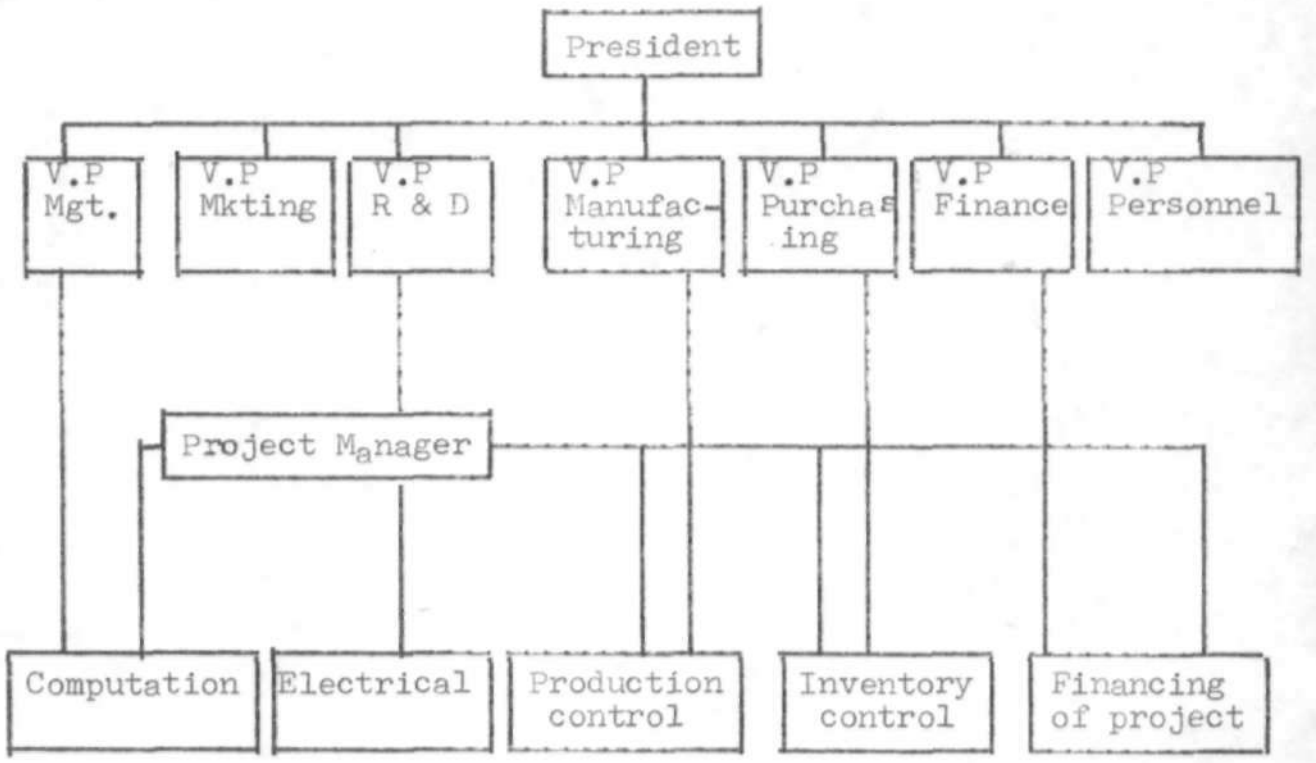


Figure 5.

Source: Geeding D.W. et al Management Principles and Practice N.Y. John Willey & Sons 1977 p.363.

One of the advantages of this type of structure is that it is an effective way of producing highly complex product systems. This is so because project members are chosen on the basis of their ability in the light of the goal to be accomplished.

Another advantage of the project structure is that it facilitates organisational harmony and at the same time get the outside world involved. This is so because in this structure the project manager specified what is to be done when

it is to be completed and how much of the available resources are needed while the functional managers decide who in their units will do the work and how it will be done. Looking at the information of the project manager and functional manager therefore, one can say that organisational harmony is enhanced.

A limitation of this structure is that conflict can arise between the project manager and the existing heads of departments. This is so because in the cause of daily operations there will be overlapping of authority and delegation.

A second limitation however is in the area of frustration and unnecessary rivalry among the workers. This is so because both the project manager and the existing unit manager are responsible and accountable for their specific tasks; operative personnel performing these joint tasks are accountable to more than one manager. This can bring about unnecessary rivalry, confusion, and frustration among the operating personnel.

6. Matrix Structure

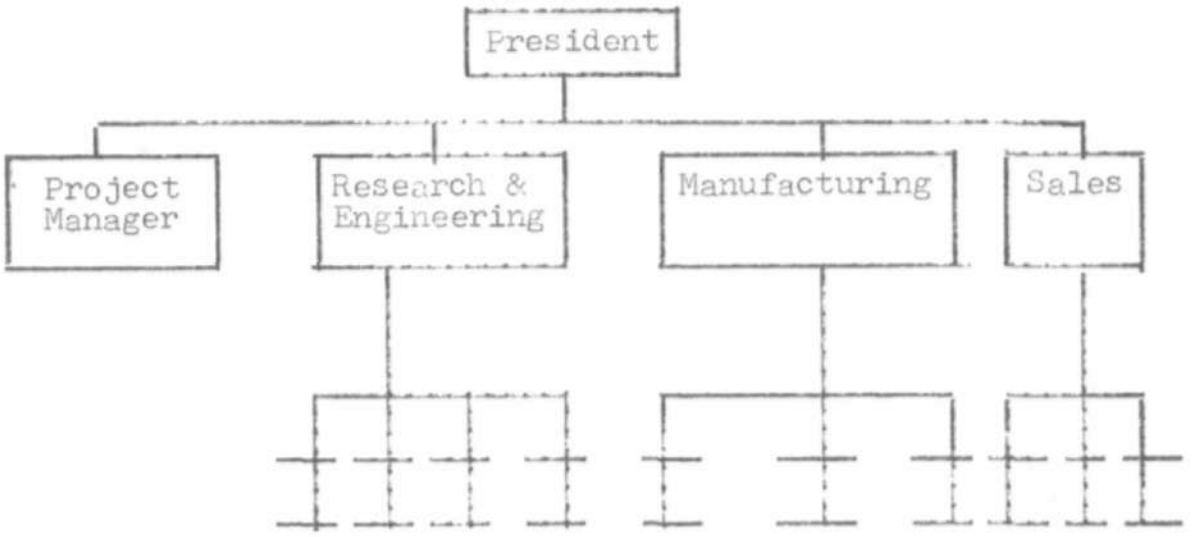
This structure is also referred to as the Grid structure. The Matrix structure is simply a structure that combines functional and products forms of departmentalization in the same organisational structure. It arises when the organisation need rapid

technological developments and close co-ordination of effort on getting a product out especially in a competitive environment.

With this form of organisation, there still exist simultaneously two forms of authority - functional authority and product authority. The two lines of authority interact. Litterer refers to "the co-existence of these two forms of authority as dual authority".[17]

Matrix Organisation

Product and Functional Authority



- - - - Product Authority
_____ Functional authority

Figure 6.

Source: Litter J.A. An Introduction to Management N.Y. J.W & Sons 1978 p.181.

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17. Litterer J.A. An Introduction to Management New York, John Willey & Sons 1978 p.161.

The Matrix organisation can be of various forms depending on the philosophy of the company. In other words, the pure form of matrix organisational structure can be modified in a number of ways. For example, it can be given more of a product orientation by having the main functional manager responsible for aiding technical development across the various departments. It is from this point of view that Litterer J.A. concluded that "the matrix form of organisation is a flexible alternative that combines the best of both the product and the functional organisation".[18]

Original matrix organisational structure was used by the defence industry. Later on the aerospace industries and engineering companies used it. In recent years however, the business world has started using it extensively. Litterer J.A. gave such companies like Frocter and Gamble, Libby, General Electric Motors, Boeing as examples in the business world. From the international business point of view, Robock S.H. et al concluded that "this structure is an effort to gain the benefits of more than one of the global structures and requires a move away from the traditional hierarchy of power and unity of command management principles to more of a balance of power and the sharing of responsibility".[19]

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18. Litterer J.A. Ibid p.164.

19. Robock S.H, Simmonds K, Zwick J. International Business and Multinational Enterprises Homewood, Illinois, Richard D. Irwin, Inc. 1977.

From the description of the matrix organisational structure, one can realise that it is a structure that requires interpersonal skill in communication, negotiation, motivation and leadership. Managers in this type of organisation will need to have ability to deal with complex situations at the same time have to be flexible in the handling of the operational affairs of the company.

Matrix Organisation in Engineering Firm

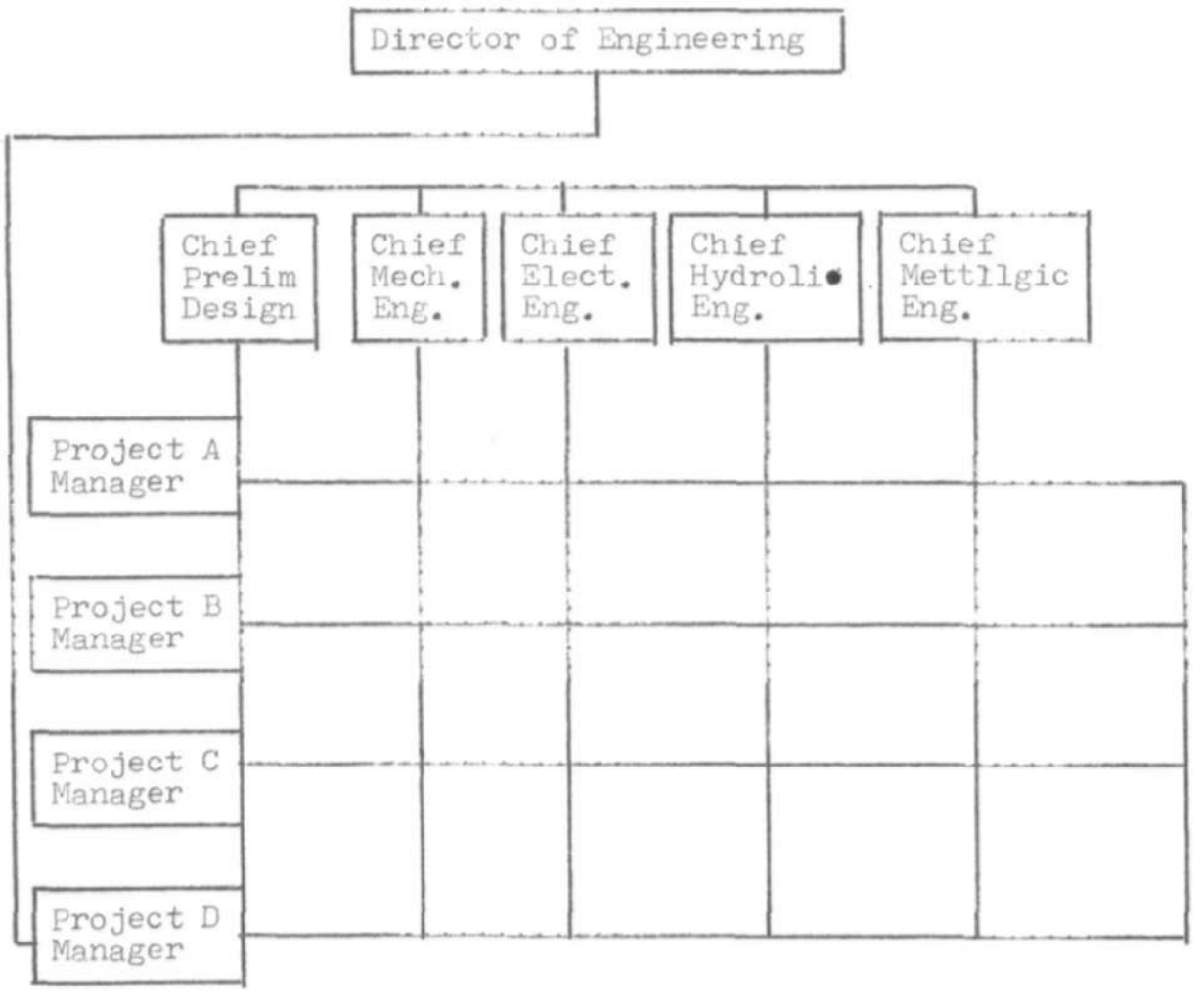


Figure 7.

Source: Koontz H, O'Donnel C, Weihrich E. Management 7th edition New York McGraw Hill 1981 p.378,

Apart from the normal two dimensions matrix organisation of product and functional authority there are the third and fourth dimensional matrix organisational structure.

In the case of the third dimension of a matrix organisation the idea is to superimpose over the product and functional departments a marketing manager as well as a branch manager. The main task of the marketing manager is to find out various markets that a company's product might fit into so that many opportunities for profitable expansion could be made.

In some instances, it has been discovered that the three dimensional matrix structures are not enough to meet the demands of specialised responsibility. Koontz et al maintained that the Dow-Corning Corporation is a typical example of a company that has used the four dimensional matrix structure. In the case of this company, what it did was in addition to the normal matrix was to overlay the matrix with business managers and geographical area managers. For each of its ten business areas the company maintains a full-time business manager and a special business board.

> "the business managers are those who are put incharge of an area of the business. The business boards are usually made up of representatives from research, marketing, manufacturing, cost and economic evaluation specialist. Top executive assign responsibility to every position on the multidimensional matrix and attribute much of the success of this complex system to the use of a company-wide programme of managing by objective".(20)

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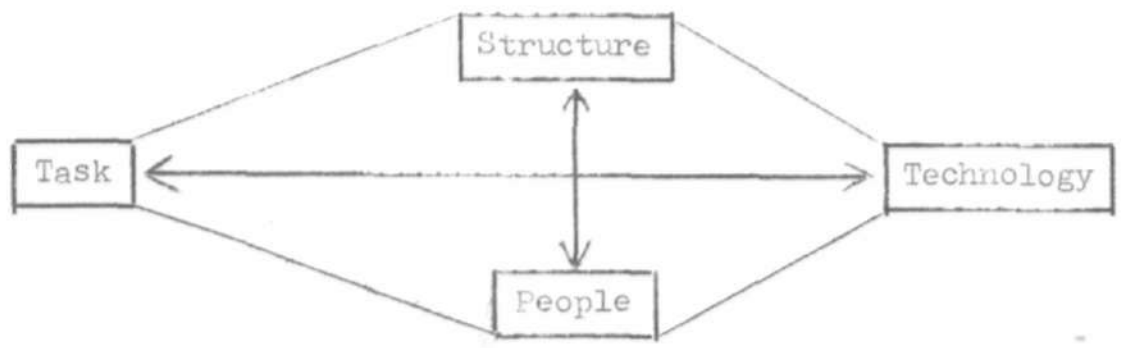
20. Koontz H. et al Op.cit p.384.

One of the merits of the matrix structure is that it enables projects to be completed at the right time with correct specifications. The combination of the functional and product authority make it possible and try to avoid being placed in difficult situation.

The most important disadvantage of the matrix organisational structure is that it is often difficult for top management to know whose fault it is and where the difficulties really lie in case something happens. And since responsibility cannot be traced it means that the structure cannot help management to know where to make corrections on time.

2.04 CHOOSING THE BEST ORGANISATIONAL STRUCTURE

The various types of structures discussed above are the typical bureaucratic structures which can be found in one way or the other in almost all establishments. The basic fact which one can gather from an established organisation is that any organisation consists of four sectors as suggested by Leavitt. These are tasks, technology, structure and people.



McFarland looking at the concept of organisation and in the same line with Leavitt concluded that

> "each of these sectors covers a broad category of elements with which managers work in designing and utilizing organisational structure. He went further to add that many difficulties that occur in organisations can be traced to the failure of managers to understand the inter-relationships among the four components, so that a change in one sector is treated in isolation as though it had no effects on the others".(21)

The choice of good structure will therefore depend on the best combination of these sectors of the organisation. As at now, one cannot say with any degree of certainty which structure is best. It depends on what the management put forward as its philosophy that will actually guide the choice of the structure to use.

Of course it is often said that good people can make an ambiguous structure work, but one should remember that they can certainly work better where roles are clarified. Looking at the advantages and disadvantages of the various structures enumerated above, one can safely conclude that there is no one best type of organisational structure that is suitable for all organisations and for all situations. The determination of the best structure will depend on the complexity of the organisation, level of technological development and the general business environment of that establishment.

It is important to note that over time both

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21. McFarland D.E. Op.cit p.298.

organisation and individuals in the organisation do change. Organisational change alters prescribed structured relationships and roles assigned to members. Individual change is behavioral and it is determined by the characteristics of members such as their personality, needs, skills, values and beliefs. Since no organisation is static it is also difficult to point at the best structure in any given situation. A structure that is suitable for an organisation today may not be by the next year. Thus, it is safe to conclude that there is no one best organisational structure and to borrow from a research conducted by Koontz et al, a lady concludes that "if one is to choose the one best method it is like going to a candy store and seeing many kinds from which to choose but not knowing which one to pick".[22]

The best organisational structure therefore depend on the historical background of the company, the expansion, volume of business, level of technological development, and socio-economic environment of the business enterprise.

Robock S.H. et al, looking at the choice of organisational structure from the international marketing point of view has enumerated certain variables that can help to choose an organisational form that best fits the needs of a given firm in a given

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22. Koontz H. et al Op.cit p.385.

set of circumstances.

Some of these variables include:

"1. The relative importance in the present and future of foreign and domestic markets as perceived by top management.

2. The nature of the firm's business and its product strategy.

3. The management traits and management philosophy of the firm.

4. The historical background of a firm and its evolutionary stage in international operations.

5. The availability of and willingness to invest in internally experienced management personnel.

6. The capacity of an enterprise to adjust to major organisational changes".(23)

So far it is very difficult to have any standard requirement that will determine the choice of organisational pattern. The above variables could however help management to decide on which structure to choose at any given situation.

In a situation of a lesser developed country like Nigeria, the choice of an organisational structure will depend on certain variables as suggested above. In this regard, therefore it is the observation of the researcher that first and foremost for any business to succeed, the organisation must fit well into its environment. The environment in which an organisation exist can be looked at as having the following component

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23. Robock H.S: Op.cit p.442.

parts.

a. The market

b. Its production operations

c. The environment of Science and Engineering

d. The Government policies.

Each of these component parts of the total environment imposes its own unique demands on the organisation and its members.

Management in organisation adapt to their particular environment in two basis ways:

a. by developing an appropriate organisational structure

b. by developing an appropriate social system.

The development of an appropriate organisational structure will have to take into consideration the variables as suggested by Robock et al, while that of an appropriate social system will take cognisance of purpose and needs of the organisation.

Management should know that units within organisations differ from each other. The more clearly sub-units are differentiated, and the more adequately they match the characteristics of their environment, the more likely management will have a successful organisation.

2.05 MANAGEMENT

The term management is variously used to indicate the whole system of administration or organisation or the person or body of persons wielding the administrative authority in the organisation. Management is a complementary term of organisation which denotes the anatomy of administration, it signifies the physiology of administration. One represents the static or structural aspect of administration while the other represents its dynamic aspect. Without organisation, management does not come into existence and without management organisation remains stagnant. Hence the study of organisation becomes meaningful only if we follow it up by the study of management, its nature, its objectives and processes.

Management is a process of achieving a desired goal. The basic concern of administration is the achievement of the desired goal in the most effective way. This effective fulfilment of the desired goal depends upon two factors, namely the effective organisation of men and resources and the effective management or direction of the organisation. Organisation is the apparatus of administration, while management is the running of it. In the words of John D. Millet

> "public administration is an instrument for exercise of political power. Administrative organisation is the formalised structure for exercising certain powers of government and management is the group of persons and the process by which organisation is animated to

reach the known goal".[24]

Seckler Hudson in his book Organisation and Management relates the two terms in this way. "In this volume organisation will be regarded as the division and unification of effort toward some goal or policy. Management will be regarded as the collective utilization of human resources and material in an effort to reach the known goal".[25]

Management is the process of directing and facilitating the work of people organised in formal groups to achieve a desired goal. As a system of relationship it may be defined as 'a system of authority and responsibility in administrative efforts'. In government service it must necessarily function within the limits of purpose and procedure fixed by the political process of the government. In a democratic society, management should observe the traditions, basic trends and even the ritual of that society. Within these limitations, it is the mechanism which exercises the authority and accepts responsibility for carrying on certain specified activities. In a large-scale organisation, this structure is formalised into a hierarchical pattern. It is found

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24. John D. Millet: Management of Public Service McGraw Hill. N.Y. 1954 p.7.

25. Seckler-Hudson: Organisation and Management (Theory and Practice) America University Press Washington D.C 1957. p.28.

in the administrative process at many different levels of authority and responsibility in varying degrees of elaboration. At the top level management generally called top management is found in a small elite of persons called managers, directors etc.

Management has three main characteristics. These are:

1. Universality of management process,
2. Management as a team work,
3. Management as a profession.

(1) By universality of the management process is meant that the essential functions of management are common to all administrative organisations, whether public or private and whether large-scale or small-scale. Management is a skill or technique which can be transferred from one field of administration to another. It is on this belief that senior executives and administrators are transferred from public administration to private enterprises and vice-versa.

(2) The second characteristic of management is that it is a collective activity. It is not an individual affair. In the words of Henry Fayol, "it is neither an exclusive previlege or a particular responsibility of the head or senior members of business, it is an activity spread like all other corporate".[26] It exists in the entire organisation with

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26. Henry Fayol: General and Industrial Management p.8.

only this difference that at the top level of administrative hierarchy, its degree is higher than that at the middle and lower levels.

(3) Thirdly, management has been viewed as a profession. It is a calling in which one professes to have acquired specialised knowledge which is used either in instructing, guiding or advising others. If management is a skill of getting things done, then it can be professionalised.

Management is a collective endeavour and embraces two essential elements namely authority and responsibility. Authority is the basis of management. The term authority has three connotations in this respect. First the legal and final sources of authority which set its scope and limitation. Second is the status in organisation i.e. the hierarchical level and thirdly authority is considered in terms of human relationships - the wisdom of judgement or personal influence.

As an administrative process authority involves three steps:

(1) The making of decisions;

(2) The communication of the decision by various media and in various terms to those whose actions are to be affected or directed;

(3) The execution of the decision in varying degrees of confirmation with the original intent. Thus authority is manifested as a process which influences

the action of those persons who make up the organisational structure and even the clientele of the administrative agency.

The second element of management process is that of responsibility. Unless authority is punctuated with responsibility, it may turn into reckless despotism. Therefore, management is accountable for use of its authority. This accountability has three main aspects namely political responsibility, institutional responsibility, and professional responsibility.

By political responsibility is meant that the management is under the political direction of the representative of the people and even where the ministerial aim is far away from the civil servants, they have to be responsive to the needs and desires of the people whom they are called to serve.

Secondly the management is institutionally responsible to the department or agency whose members they are. In unusual circumstances, it may happen that the management is required to liquidate the work of the agency it has been managing. Some activities of the government do from time to time outlive their need and come to an end. But in most circumstances continuining nature.

Thirdly, the management being a profession, the persons in the management owe a certain responsibility to their profession. No doubt management of public

service is not as well-knit a profession as for instance, a legal or a medical profession. Yet it has acquired the main characteristics of a profession and it has developed definite code of professional ethics.

2.06 MANAGEMENT IN NIGERIA

Concerning modern management generally, we know this is foreign to Nigeria and therefore irrelevant to the local culture. There is a Nigerian culture which is different from the foreign culture that produces modern management. It is therefore important to adapt the foreign system to the local culture because of its efficiency and acceptability.

The argument is that the inefficiency and ineffectiveness in modern management in Nigeria result from the inability of workers to understand the purpose of the foreign system. By 'Nigerianising' the management style, workers resistance to foreign system can be broken.

According to Onyemelukwe, "the restiveness in the whole body of African labour arises chiefly from the application of methods out of tune with the culture of the people".[27]

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27. C.C. Onyemelukwe: Men and Management in Contemporary Africa. 1973, p.15.

There is serious incompatibility between modern wage employment and traditional values. The question usually asked is that if traditional values are good, should it be blended with foreign management or that if traditional values are bad is it an obstacle to foreign management?

Also Adeogun believes that "expectation of behaviour in bureaucratic setting sometimes clash with the culture based predisposition of the actor. The public administration has internalised norms which are alien to him. The mind of burcaucrats is meshing togther of the different cultures whose values are far apart".[28]

It is believed that culture is not the only factor that affect modern management in Nigerian society. The British who colonised us held the view that the native condition was the consequence of natural idleness. They believe that social and geographical factors are obstacles to hardwork. For example that hot weather affects hardwork.

According to G. Myrdal, in an inquiry into the 'poverty of Nations' (Asian Drama) states that "the bulk of the labour force is embedded in a climatic social, cultural and institutional matrix tending to perpetuate low labour utilization level and resist rapid adaptation to new ways of working methods.

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28. Adeogun, A. A. The Cultural Context of Administrative Behaviour in Nigeria with particular Reference to Bauchi and Kaduna States. Zaria: Ahmadu Bello University, August 1980 (Ph.D Thesis).

Onyemelukwe sees lack of initiative as a definite characteristics of the average African worker. This he says is partly due to poor education but to a large extent to a cultural factor. He says that the worker has low powers of concentration and difficulty of thinking abstractly.

A writer taking 'Western Nigeria' as a case study declares:

> "The ecological constraints and administrative rationality included:
>
> 1. Primarily loyalties preventing effectively neutral bureaucracy.
>
> 2. Deference to authority originating from the authoritarian pattern of child rearing in Yoruba society which encourages irrational and arbitrary decisions.
>
> 3. The relatively static view of the world which makes for institutional inertia".(29)

This is the result of the traditional type of education which is limited in goals because it is geared to meeting the basic needs of the child with its restricted environment. Traditional education is conservative and conformity oriented in that it does not train the child to challenge or change those aspects that are considered unprogressive within the system. There is much emphasis on the respect for elders and those who are in authority.

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29. Journal Administrative Series Vol.3 p.15 UNIFE.

The pluralist school of thought believes that certain cultures are inherent to attitude to work which make it easier to introduce modern management. For example that the Japanese success has resulted from their culture.

Wilber (ed) "The Political Economy of Developed and Underdeveloped" wrote that the Meiji government could count on the allegiance of the present population long accustomed to national unity and discipline and undisturbed by longing for equality and affluence which have appeared in the new nations.

The Japanese worker expects to remain worker all his life. He doesn't expect to resign. He is a permanent member of the organisation. His salary is based on his age - that is the older he is the higher the salary.

The major aspect of culture in African society is the extended family which dilutes initiative. The nuclei family in industrial society is conducive to individualsim, enterpreneurship and achievement and initiative.

Modern management in Nigeria has to blend into the local culture. The individual as he matures has to unlearn ineffective and irrelevant responses. According to Onyemelukwe, a member of the Nigeria society has a common basic personality which is determined in the society by the traditional child rearing practices and family values. There is the face

to face or personalised methods of communication.

Organisation objectives must accord with existing social and cultural norms of the society. African culture is characterised by emphasis in family blood relatives, group kins folk held together by common origins helping others in time of sickness and failure. Position in the home is determined by age and great value placed on human life.

The African manager is in a position of a village chief expected to be a source of help to his subjects in his organisation. But in traditional African society everybody was a worker and there was no manager, no individual wealth but collective wealth.

CHAPTER III

THE EVOLUTION OF THE STRUCTURE OF THE AJAOKUTA STEEL COMPANY LIMITED

The Federal Government of Nigeria began to show interest in the establishment of an iron and steel industry as far back as the year 1958. As a first step, efforts were initially directed towards the feasibility of establishing an integrated steel plant.

In the pursuance of a policy in the steel sector, Decree No.19 of 14th April 1971 was promulgated setting up the Nigerian Steel Development Authority (NSDA). The Authority was charged with the responsibility for planning, construction and operation of steel plants in the country. In addition, it was to carry out related investigations including geological surveys, market studies and metallurgical research.

The Federal Government on September 18th 1979 promulgated another Decree, the National Steel Council Decree No.60 dissolving the Nigerian Steel Authority (NSDA). The Decree provided for the formation of the Ajaokuta Steel Company Limited (ASCL) as well as five other steel companies namely:

(a) Delta Steel Company Limited
(b) Katsina Steel Company Limited
(c) Jos Steel Company Limited
(d) Oshogbo Steel Company Limited
(e) Associated Ores Mining Company Limited.

Following the Decree No.60 of 1979 under the Military Government, the functions of the steel council were specified as follows:

"(a) Central planning for steel industry;

(b) research and development for steel industry, including research and development of the technology and other aspects of iron and steel production and the utilization of the products and by-products of iron and steel plants;

(c) Co-ordination of exploration for iron ore, cooking coal, limestone, dolomite, refractory clay and other minerals related to iron and steel production in co-operation with the Federal Ministry of Mines and power, the Nigerian Coal Corporation, and the Nigerian Mining Corporation;

(d) training of Nigerians in all aspects of the iron and steel industry and related fields and the development of senior Nigerian management staff and trainees in steel plants and other sectors of the industry;

(e) research into the development and manufacture of equipment to be used for the purpose of and in relation to basic engineering in the steel industry;

(f) the establishment of facilities and the carrying out of tests and operations for ascertaining and improving the qualities and performance of the materials and processes for iron and steel production including iron and steel products;

(g) advising the Federal Government on the establishment in Nigeria by that Government of additional iron and steel plants and generally on the formation of policies relating to the development of iron and steel industry and related industries in Nigeria;

(h) assisting the steel plants in fixing the prices of their finished products and in purchasing raw materials required by them for steel production and this purpose, the collection of information on the supply and demand situation and comparative pricing of iron and steel products as between Nigeria and other countries; and

(i) carrying on such other activities as may be conducive to the discharge of the functions vested in the council under a pursuant to this Decree".(1)

3.01 THE STRUCTURE OF THE AJAOKUTA STEEL COMPANY LIMITED

The structure of the Ajaokuta Steel Company Limited (ASCL) is divided into two parts - the Board and the Management. While the structure of the board has remained constant, that of management has changed since the inception of the company. The Decree setting up the company provides for a Board which shall be headed by

(i) A chairman who shall be appointed by the President or Head of State on the recommendations of the Minister in charge of steel.

(ii) Other members shall be representatives of each of the following ministries:

Industries,

Economic Development,

Mines and Power, and

Finance.

(iii) The General Manager of the Company, and

(iv) Four other members to be appointed by the Minister to represent the general public interest.

Thus a chart showing the structure of the Board of Directors is shown in the diagram below.

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1. National Steel Council Decree No.60 Supplement to official Gazette No.44 volume 66 20th September 1979.

Structure of the Board of Directors of ASCL

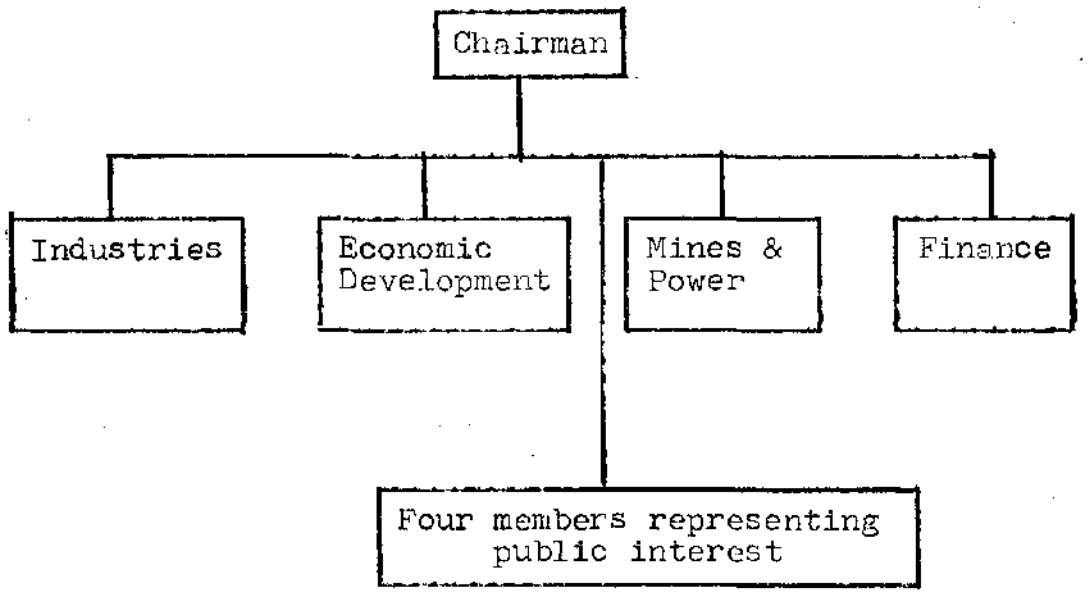


Figure 8.

Source: Designed by the researcher.

(a) The Organisational Structure of ASCL (dd)

The organisational structure of the company from the time of its establishment by Decree No.60 till 10th November 1980 is shown below. This consist of an overall General Manager. Below him are a Deputy General Manager and five Assistant General Managers that head the following departments.

(a) Administration
(b) Technical Services
(c) Finance
(d) Commercial
(e) Real Estate Development (RED).

Below the AGM's are managers.

Organisation structure before November 1983

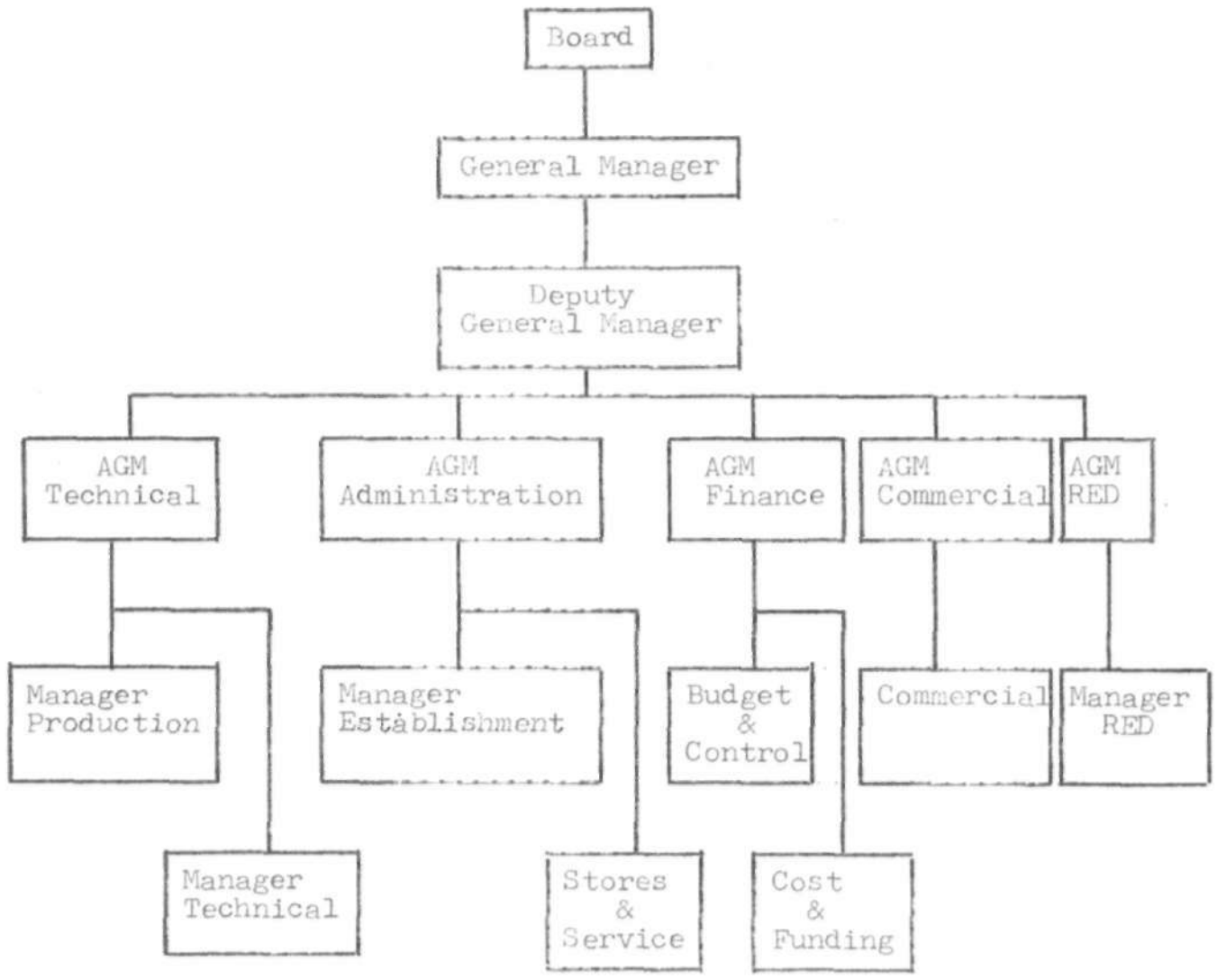


Figure 9.

Source: Information provided by the Public Relations office of the ASCL. Chart designed by the researcher.

It should be noted however that the old structure as shown in the chart above provided for only one Deputy General Manager.

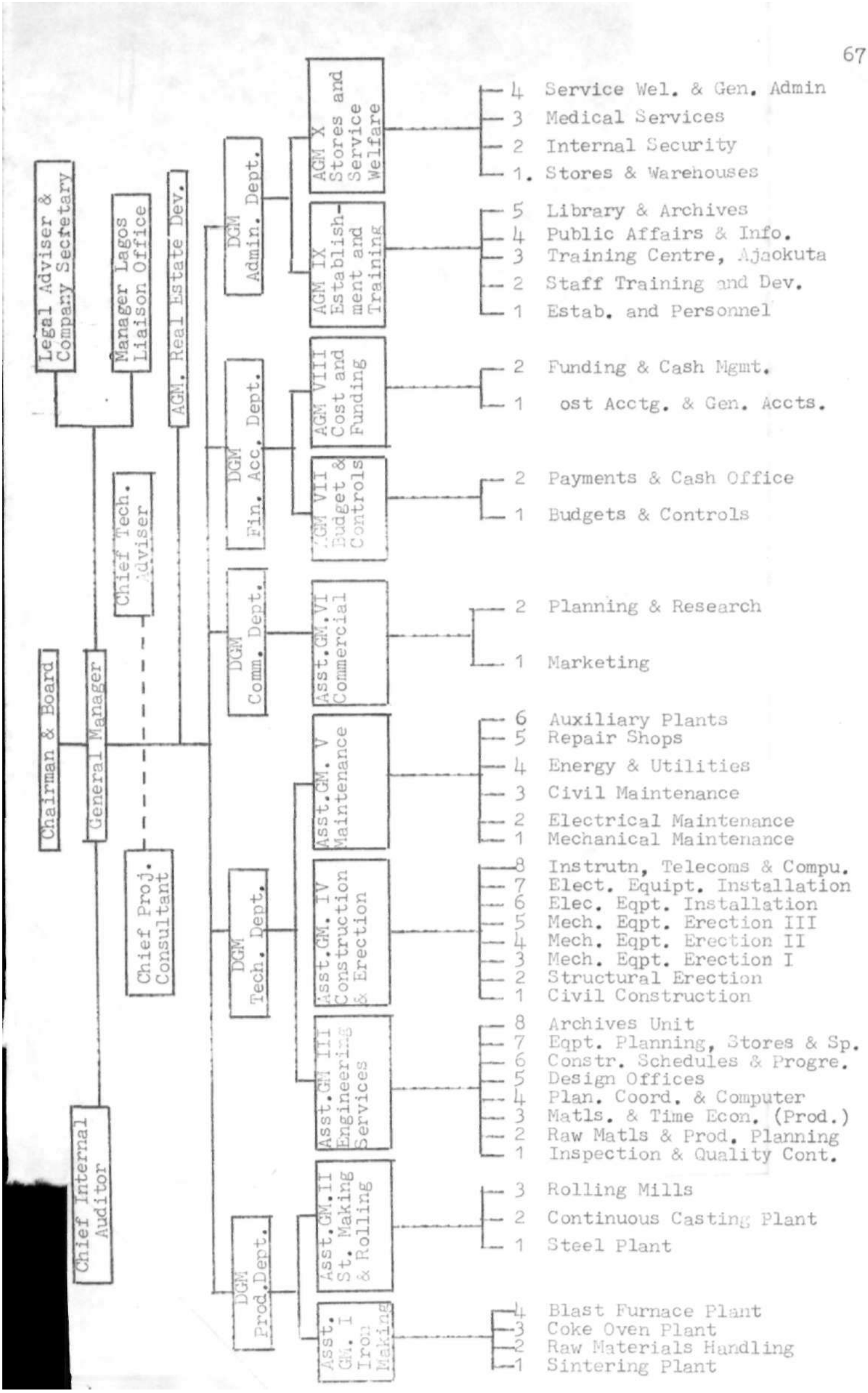
(b) The New Organisational Structure

The new organisational structure which the Ajaokuta Steel Company Limited (ASCL) is operating at present is shown in the chart below.

In this structure, there are five departments consisting of Production, Commercial, Technical, Finance and Accounts and Administrative. Each department is headed by a Deputy General Manager (DGM). Under these departments are ten sub-departments or sections. Each of this is headed by an Assistant General Manager (AGM).

It should be noted that with the new structure, there are five Deputy General Managers (DGM) (instead of one in case of the old structure) who now heads the various departments instead of AGMs. There is also a new department of Production taking the place of Real Estate Development which is now moved to the General Manager's office.

There are under the production department Iron making; Steel making and Rolling section. For the Technical department there are Engineering services; Construction and Erection; and Maintenance sections. Under Commercial, it has only one section called


Chairman & Board
General Manager
Chief Internal Auditor
Chief Tech. Adviser
Manager Lagos Liaison Office
Legal Adviser & Company Secretary
Chief Proj. Consultant
AGM. Real Estate Dev.
DGM Admin. Dept.
AGM X Stores and Service Welfare
4 Service Wel. & Gen. Admin
3 Medical Services
2 Internal Security
1. Stores & Warehouses
AGM IX Establish-ment and Training
5 Library & Archives
4 Public Affairs & Info.
3 Training Centre, Ajaokuta
2 Staff Training and Dev.
1 Estab. and Personnel
DGM Fin. Acc. Dept.
AGM VIII Cost and Funding
2 Funding & Cash Mgmt.
1 ost Acctg. & Gen. Accts.
AGM VII Budget & Controls
2 Payments & Cash Office
1 Budgets & Controls
DGM Comm. Dept.
Asst.GM.VI Commercial
2 Planning & Research
1 Marketing
DGM Tech. Dept.
Asst.GM. V Maintenance
6 Auxiliary Plants
5 Repair Shops
4 Energy & Utilities
3 Civil Maintenance
2 Electrical Maintenance
1 Mechanical Maintenance
Asst.GM. IV Construction & Erection
8 Instrutn, Telecoms & Compu.
7 Elect. Equipt. Installation
6 Elec. Eqpt. Installation
5 Mech. Eqpt. Erection III
4 Mech. Eqpt. Erection II
3 Mech. Eqpt. Erection I
2 Structural Erection
1 Civil Construction
Asst.GM III Engineering Services
8 Archives Unit
7 Eqpt. Planning, Stores & Sp.
6 Constr. Schedules & Progre.
5 Design Offices
4 Plan. Coord. & Computer
3 Matls. & Time Econ. (Prod.)
2 Raw Matls & Prod. Planning
1 Inspection & Quality Cont.
DGM Prod.Dept.
Asst.GM.II St. Making & Rolling
3 Rolling Mills
2 Continuous Casting Plant
1 Steel Plant
Asst. GM. I Iron Making
4 Blast Furnace Plant
3 Coke Oven Plant
2 Raw Materials Handling
1 Sintering Plant

Commercial also. For Finance and Accounts department, there are Budget and Controls; and Cost and Funding sections. The Administrative department has the Establishment and Training; Stores and Services Welfare sections.

Under these sections are various units which are headed by managers as shown below.

SECTION		UNIT
a) Iron Making	1.	Sintering plant
	2.	Raw Materials Handling
	3.	Coke Oven Plant
	4.	Blast Furnace Plant
b) Steel Making and Rolling	1.	Steel Plant
	2.	Continuous Casting Plant
	3.	Rolling Mills
c) Engineering Services	1.	Inspection and Quality Control
	2.	Raw Material & Producting Planning
	3.	Material & Time Econ. (Production)
	4.	Planning, Coordination & Computer
	5.	Design offices
	6.	Construction - Schedules & Progress
	7.	Equip-Planning & Stores
	8.	Archives Unit

SECTION	UNIT
d) Construction and Erection	1. Civil Construction 2. Structural Erection 3. Mechanical Equipment Erection I 4. Mechanical Equipment Erection II 5. Mechanical Equipment Erection III 6. Electrical Equipment Installation I 7. Electrical Equipment Installation II 8. Instructions, Telecommunications and Computer.
e) Maintenance	1. Mechanical Maintenance 2. Electrical Maintenance 3. Civil Maintenance 4. Energy and Utilities 5. Repair shops 6. Auxiliary Plants
f) Commercial	1. Marketing 2. Planning and Research
g) Budget & Control	1. Budget & Control 2. Planning and Research
h) Cost and Funding	1. Cost Accounting and General Accounts 2. Funding and Cash Management

SECTION	UNIT
i) Establishment and Training	1. Establishment and Personnel 2. Staff Training and Development 3. Training Centre - Ajaokuta 4. Public Affairs and Information 5. Library and Archives
j) Stores & Service Welfare	1. Stores and Warehouses 2. Internal Security 3. Medical services 4. Service - Welfare and General Administration.

c. Management: Main functional Division of ASCL

1. General Manager/Chief Executive

The General Manager (GM) is the chief executive officer of the company and he is responsible for the execution of policies made by the board and the management of the day to day affairs of the company. As a member of the Board, he acts as a link between the Board and the management staff.

Under the office of the G.M. are

(a) Company Secretary/Legal Adviser: The Company Secretary is responsible for keeping the company's records and conducts its correspondences and performs

such other duties as the company may from time to time direct or require.

(b) Chief Internal Auditor: The chief Internal Auditor pre-audits the overall expenditure of the company. He works closely with Finance/Accounts Department.

(c) Chief Project Consultant: The Project Consultant is responsible for co-ordinating civil works contractors and Tiajprom export.

(d) Chief Technical Adviser: The Chief Technical Adviser is the technical co-ordinator and adviser on technical matters to the G.M.

(e) A.G.M. Real Estate Development: The AGM RED is in-charge of the township planning and the various industrial layout. He works closely with the Construction and Erections sections.

(f) Managers in Lagos, Russia and Indian offices

The Managers liaise between the company and the various Federal Government ministries and parastatals which have direct and indirect connections with the steel industry in case of Lagos and co-ordinate training programme and liaise with foreign contracting firms in case of India and Russia. They represent the interest of the company in these areas.

For the purpose of effective functioning as a corporate body the Ajaokuta Steel Company Limited (ASCL) is divided into five major departments as enumerated above. Each of these departments is charged with specific responsibilities. These departments and their various functions and responsibilities are as follows:

1. Administration

The department of Administration co-ordinates the general Personnel/Administrative functions of the company as a whole. It also has the responsibility for Board, legal matters, housing, passages, information matter and it is additionally charged with managerial and other administrative functions that may be prescribed by the General Manager from time to time. It takes care of all personnel matters, staff welfare, recruitment, wages and fringe benefits. It is charged with additional responsibility of medical services and training and manpower development. The department is headed by a Deputy General Manager (DGM).

2. Production

This department co-ordinates the procurement of iron ore, cooking coal, limestone and dolomite and other minerals related to iron and steel production, It therefore liaise with other ministries and parastatals like the Nigerian Coal Corporation, Nigerian Mining Corporation and Ministry of Mines and Power. The department is responsible for iron and steel making and

also takes the responsibility for carrying out further research into innovation in steel industries and steel technology. The department is under a Deputy General Manager (DGM).

3. Technical Department

The technical department consists of the engineering services, construction and erection and maintenance services. The department handles all development projects. It is also responsible for the maintenance of existing infrastructures. The department is the costodian of the corporation's plants and machinery including heavy earth-moving equipment and takes care of their maintenance. In addition it has the responsibility of civil, and electrical works for the company's property.

4. Commercial

The department is charged with the responsibility of ensuring an effective market strategy and programmes and their economic implications to the operation of the company's products. It is also responsible for carrying out research into the steel market and provide necessary information systems for the company's need in identification, economic and statistical analysis, consumer research, pricing distribution, competition, promotion and advertisement. In addition it is responsible for the purchasing of spare parts and

furnishing of residential quarters.

5. Finance and Accounts

The finance and accounting department is responsible for all financial and investment matters concerning the company's operations. In essence it takes care of such things as revenue and expenditure of the company, salary and wage administration, and fringe benefits of the staff of the company. Specifically the department prepares the budget, annual financial statements and ensures that funds allocated to the organisation as well as those generated from internal sources are expended judiciously. For the purpose of efficiency the department is divided into Budget and Control; and Cost and Funding sections. It is headed by a Deputy General Manager (DGM).

3.02 REASONS FOR CHANGE OF STRUCTURE

Basically, organisational structure focuses on two tasks.

(1) the differentiation of work

(2) the combination of work functions into meaningful jobs.

Whatever organisational structure that a company decides to have, one basic fact is that the structure should be specified in relation to the degree of co-ordination required for interdependent tasks. According to Geeding et al, "basic organisational

structure should be composed of three relationships - responsibility, authority and accountability established between personnel, the functions to be performed and the physical factors of the environment".[2]

A number of reasons can be advanced by different organisations for changing their structures. These changes are brought about by one or a combination of these factors.

1. Emergence of marketing concept. That is organisational structures can be modified as managerial philosophies change from a production-orientation to a marketing-orientation.
"In other words organisations change their structures as marketing becomes identified as a separate total system of business action".[3]

2. An identification of planning as an activity distinct from company operations. That is, when there is an additional process which may require a separate unit, then the organisational structure may change.

3. Organisational change can also occur when there is increase in specialised staff activities. This comes up especially when there is need for supportive functions.

4. Expansion and growth may be another factor that can bring about changes in organisational structure.

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2. Geeding D.W., Thierant R.S., Klekamp R.C. Management Principles and Practices New York John Willey & Son 1977 p.349.

3. Stanten W.J., Buslark R.H. Management of Sales Force Homewood Illinois Richard D. Irwin Inc. 1974 p.80.

However it is the belief of Robock S.H. et al that

"the choice of organisational pattern has generally been determined by such variables as:

1. The relative importance in the present and future of foreign and domestic markets as perceived by top management.

2. The historical background of a firm and its evolutionary stage in international operations.

3. The nature of a firm's business and its product strategy.

4. The management traits and management philosophy of the firm.

5. The availability of and willingness to invest in internationally experienced management personnel.

6. The capacity of an enterprise to adjust to major organisational changes". (4)

In the case of Ajaokuta Steel Company Limited some of the factors enumerated above could be responsible for the changes in the organisational structure. But from informations gathered from members of staff of the company and the address of the Minister of Steel on the new changes in the structure, the following reasons could be advanced as being responsible for the changes.

1. That management should have an effective control and co-ordination of activities.

2. The need to reduce too much concentration of authority on one single officer.

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4. Robock S.H. Simmonds K. Zwich J. International Business and Multinational Enterprises Homewood, Illinois Richard D. Irwin Inc. 1977, p.441-442.

3. To promote efficient and quick decision making process.

4. Political consideration and Federal Character.

In his address to the staff of the company during the formal announcement of the new changes in the structure of the organisation, the then Minister of Steel Development declared that

> "in pursuance of our determination for smooth running of the company, the Government approved an organisational structure which provides sufficient numbers of top management. The post of General Manager, five posts of Deputy General Managers and ten posts of Assistant General Managers were approved. This is to ensure solid management of this gigantic enterprise as well as to create avenues for promotion and career prospects for the entire members of the organisation".(5)

It should be noted however that the type of the structural arrangement of the company is the traditional hierarchical structure where the entire management function is divided into successive units and sub-units, and these units are in a pyramid form and that authority, command and control in the organisation descend from the top downwards, step by step to the bottom.

Some of the limitation in the structural changes

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5. An address by the Hon. Acting Minister for Steel Development to members of staff of the ASCL on Monday 10th Nov. 1980.

that occured in the Ajaokuta Steel Company Limited resulting in the creation of the office of five Deputy General Managers instead of one as in the old structure are as follows:-

relaxation of work,

Personality clashes,

Loss of authority which result in loss of activity. There is the major problem of who takes charge of the authority of the company when the General Manager (G.M) is out on official duties or on leave since each of the DGM's feel they are of equal status. This may result in delayed actions and some vital actions suspended until the G.M comes back.

Apart from these minor problems, the researcher observed that generally the management staff are happier with the new arrangement. This may be as a result of their personal gains since most of them were elevated to higher positions and new status. In short the staff morale was high and they have the feeling that the new changes have made provision for shared responsibilities.

It is also the view of the researcher that the new organisational structure will enhance efficiency. The staff will discharge their duties efficiently and there will be an increase in the performance of their work.

3.03 RELATIONSHIP OF ASCL WITH THE SUPERVISORY MINISTRY AND THE BOARD

The Ajaokuta Steel Company Limited like any public corporate body has a supervisory Ministry which is the Federal Ministry of Steel Development. The Ministry of Steel Development therefore liaises with the Federal Government on behalf of the company and acts as a go between, the corporation and the government. The company's annual budget is passed to the government through the Ministry of Steel Development and it is the same Ministry which informs the company when and how much allocation has been made to it. It is also the responsibility of the Ministry to award capital projects with the recommendation of the Board. The Board itself award contracts within some financial limits. The Board on the other hand is a policy-making organ whose spheres of responsibilities are defined.

The Ministry of Steel Development on behalf of the company has direct relationships with other Ministries which has direct connections with Steel development. These are the Ministries of Finance, Industries and Mines and Power. For example the company through its Ministry has direct connection with the Ministry of Mines and Power which is responsible for the mining of iron ores, dolomite and other minerals for use by the company.

CHAPTER IV

FUNCTIONAL STRUCTURE, MANAGEMENT PROBLEMS AND PROSPECTS OF THE AJAOKUTA STEEL COMPANY LIMITED

In this chapter, the data from the study are analysed and reported. The major points analysed include the various basic principles which affect the functions of a hierarchical organisational structure. These basic principles according to the functional-structural theory of organisation include the principles of hierarchy, unity of command, authority, span of staff control and delegation. Also the management problems of the ASCL are reported here under the following - finance, Manpower, Federal character, Employee attitudes, Management style and others. Finally, a look at the prospects of the company was also recorded.

4.01 ANALYSIS OF DATA

(a) DELEGATION OF DUTIES

One of the important related concepts of organisational structure is delegation. In a well set up organisational structure, authority should be delegated to the subordinate supervisors, in the interest of good staff discipline and effective management. For example Onosode in his report on Presidential Commission on Parastatals said that

> "one of the greatest strengths of management in the private sector is the speed with which decisions are taken, communicated and implemented. This happened because well-defined responsibilities are carried out at specific levels and within the framework of clearly agreed policy. Sufficient authority is then delegated to each level of management, and every manager is held accountable for the results which he achieved under the system".[1]

Delegation of authority hastens the implementation of decisions which in effect affects the quality and cost of a project or programme. Therefore two questions were asked on first the importance of delegating duties and secondly on the criteria used in the process of delegation. Tables A and B below show the reactions of the employees to this concept.

TABLE IA

IMPORTANCE OF DELEGATION OF DUTY

TOTAL NO. OF RESPON-DENTS	CATEGORIES OF RESPONSES	NUMBER OF RESPONSES UNDER EACH CATEGORY	PERCENTAGE %
73	Very Important	55	75.3
	Important	15	20.5
	Not Important	3	40.1
	TOTAL	73	99.9

1. Onosode: Presidential Commission on Parastatals Lagos 1980 p.22..

From the above table it would be seen that seventy-five percent of the officials of ASCL are of the opinion that giving authority to subordinates to carry out delegated functions is very important. 20.5% are of the view that to give such authority to subordinates is important and 4% indicated that it is not important to give authority to them.

Proper delegation of authority and duties will reduce the work load of superior officers and give them more time for management function which is likely to enhance productivity. It would also ensure attainment of goals in the organisation. It would also help their subordinates to grow in their work experience which eventually could lead to their promotion.

However, all participants in the system must realise that delegation as a management tool is not used in isolation. There is no point in delegating responsibility or authority to an individual who is incompetent to operate at the required level. Therefore, delegation will only be successful if the right person has been recruited and given suitable training. Managers should also know that delegation does not mean abdication of responsibility and a superior manager has a duty to monitor the performance of people to whom functions have been delegated.

The second table - B below touched on the criteria used in delegation and the responses are shown in the table below.

TABLE IB

CRITERIA USED IN DELEGATION

Total No. of Respondents	Types of Criteria	Number of Respondents and Percentage					
		VI	%	I	%	II	%
73	1. Experience	65	8	-	-	-	-
	2. Qualification	-	-	8	11	-	-
	3. Friendship	-	-	-	-	-	-

Key: VI = Very Important

I = Important

II = Less Important.

The responses show that 89% of the respondents ranked experience as a very important criterium in the process of delegation of duties by senior officials to the subordinates. 11% of them indicated that qualification as a process of delegation is an important criterium. While 0% ranked friendship as being less important a factor. Thus experience is used as the most important indicator of competence in the Ajaokuta Steel Company.

It is true that experience in a particular aspect of work could enhance productivity, however there appears to be some problems in giving it too much emphasis at the expense of qualification more so when

one realises that most of the functions performed in the company are technical and demand the services of people who are well trained and qualified. There is need for speciality. Decisions taken by management are delegated to the subordinates for actions. The process involved in decision making is the next concept to be discussed.

(b) DECISION MAKING PROCESS

Decision is a moment in the process of policy formulation. Decision is a temporary phase in the administrative process. There is nothing permanent or static about it but it can be made and remade to suit the changing circumstances. What is important in decision making is that it is a cooperative activity. It involves a large range of official machinery to make a decision. In the words of Seckler-Hudson, "Decision making in Government, is a plural activity. One individual may pronounce the decision, but many contribute to the process of reaching the decision".[2] This concept of decision making process was put to question to the employees of the ASCL and the responses are shown below.

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2. Seckler-Hudson: Organisation and Management Theory and Practice. American University Press Washington D.C. 1957 p.45.

TABLE II

DECISION MAKING PROCESS

Total No. of Respondents	Factors	No. of responses to each factor	% in terms of total respondents
73	a) Personal Opinion	6	8
	b) Management Opinion	7	10
	c) G.M's Opinion	7	10
	d) Minister's Opinion	2	2
	e) All of the above	51	70
	TOTAL	73	100

Most of the respondents i.e. 70% indicated in the above table, believe that all of the above factors are most important. However 8% believe in the personal opinion, 10% each in Management and G.M's opinion and 2% in the Minister's opinion. This shows to some extent from the result that there is the process of consultation in decision making to the company.

Decision making is a rational process which is based upon the policy objectives, the budget and legal limitations, the facts of history and of the moment, the internal morale and the external pressures and above all the superior-subordinate relationships. A sound decision must be based on all relevant facts and conditions, it should be free from emotional

intuition and extraneous considerations and it must be capable of maximizing the goal results. Decisions reached are then communicated through the proper channel within the organisation.

(c) SYSTEM OF COMMUNICATION

Another concept which is related to organisational structure is the system of communication. This is how officials or employees communicate with each other and with the subordinates. A good system of communication will enhance good management and workers will feel involved in the day to day running of the organisation. A question was asked as to the system of communication whether is through meetings, circulars or friendly discussion. The response to the question is shown in the table below.

TABLE III

SYSTEM OF COMMUNICATION

Total No. of respondents	Category of responses	Number of Responses and their Percentages	
		No.	%
73	Meetings	51	70
	Circulars	18	25
	Friendly discussion	4	5

From the above it would be seen that seventy percent (70%) of the respondents to the question on system of communication between employees in the company ranked meetings as the most dominant way of communication. Twenty five (25%) percent ranked circular as the most dominant and five percent (5%) of them think that verbal discussion is the dominant way.

From the data presented in the table above the researcher is inclined to believe that the ASCL tends to be more formal than informal. Excessive emphasis on meeting could have a negative effect on an organisation especially in relation to time spent attending meetings while very little is achieved. Reduction in meetings and emphasis on circulars could improve the efficiency of the organisation. Therefore excessive adherence to the formal procedures in the company may not be in the best interest of the functions performed in it as there are equally a lot of benefits to be derived from informal system of communication. The next concept to be touched is the principles of hierarchy.

(d) HIERARCHY

One of the most important concept of organisational structure is the principles of hierarchy. The principle of hierarchy means the control of the higher over the lower. Hierarchy signifies a graded organisation of successive steps of layers. It can be defined as

TABLE IV

PRINCIPLES OF HIERARCHY

Factors of Hierarchy	Total Number of Respondents and their Percentages										
	Total No. of Respon-dents	Strongly Agree	%	Agree	%	Cannot decide	%	Disagree	%	Strongly disagree	%
1) Complete unity of purpose and responsibility	73	3	5	70	95	-	-	-	-	-	-
2) Enables various centres at decisions and control	73	13	17	60	83	-	-	-	-	-	-
3) Promotes division of labour and specialisation	73	40	54	30	41	2	2.7	1	1.3	-	-
4) Allows for clarity of purpose	73	20	27	50	64	1	1.3	2	2.7	-	-
5) Allows for rigidity and poor human relationship	73	10	13.6	12	16.4	2	2.7	30	41	29	40
6) Causes delay and red-tape	73	5	7	3	4	4	5	63	86	-	-

"the grouping of units into a larger unit for the direction and control of activities".[3]

In the above table, it shows that 95% in factor I agree that hierarchy secures complete unity of purpose and responsibility, 5% strongly agree to this factor. It can therefore be deduced that there is good network of communication in an upward and downward direction. Everyone in the organisation knows from whom he has to take directives and to whom he is answerable.

In the second factor which says that hierarchy enables various centres of decision and control; 83% of the respondents agree while 17% of the respondents agree strongly. From the views of the respondents, the head of the organisation is relieved of the burden of taking decisions on all sorts of matters by himself.

Thirdly, the respondents strongly agree by 54% that hierarchy promotes division of labour and specialisation; 41% of the respondents agree while 2.7% and 1.3% cannot decide and disagree respectively. This shows that the responses indicate high degree of acceptability that the hierarchical system promotes division of labour and specialisation. This ensure greater precision and efficiency in the administration. Responsibility and work are divided between the different levels of the hierarchy according to the principle of division of

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3. A.R. Tyagi: Public Administration - Principles and Practice. Atma Ram and Sons Delhi. p.115.

labour. Thus, important matters of policy and general direction are concentrated at the high levels; detailed supervision and control is delegated to the middle levels and the actual operations are left to the rank and file.

On the fourth factor which asks the question on whether hierarchy allows for clarity of responsibility, the respondents indicate 27% strongly agree; 64% agree; 2.7% disagree, and 1.3% cannot decide. It shows from the results therefore that system makes responsibility of everyone in the organisation clear beyond ary doubt or confusion. Everyone knows what his position and responsibility are in the organisation and to whom he is to account for his work.

The hierarchical system gives effect to the proper channelling of methods of inter human dealings. Everything has to move upward through proper channels. This does not only make the process of communication clear but also saves the time of the superior officers. Many things get already decided before they reach the table of the officer. This also ensures to the officer the proper supply of relevant information and other factors which enables him to take accurate decisions after having fully taken into consideration the pros and cons of the problem seeking his decision. It also promotes discipline in the service. For instance, if a subordinate is dissatisfied with his immediate superior

or if he wants a favour from any other officer he cannot go to the next officer by skiping over his immediate boss.

On the fifth factor as to whether it leads to rigidity and poor human relationship, the responses indicate 13.6% strongly agree; 16.4% agree; 2.7% cannot decide; 41% disagree and 40% strongly disagree.

From the results, it could be seen that most of the respondents don't agree that hierarchy leads to rigidity and poor relationship. The researcher is in agreement with the respondents that things should be done in any organisation as to the stipulated guidelines and communication should follow the right channel.

Lastly on the question whether hierarchical system causes delay and red-tape, the responses indicate 7% strongly agree; 4% agree; 5% cannot decide and 86% disagree. It can be seen from the results that the respondents believe that hierarchy does not cause delay and red-tape. That every decision has to move step by step should not cause delay if the officials are not too officious and lazy. The hierarchical system is closely related to next concept which is the span of staff control.

(e) SPAN OF STAFF CONTROL

The hierarchical system of organisation involves a number of tiers one above the other. The question is,

how many successive tiers or levels should there be in an organisation? Solution to this problem depends upon the question as to who the superior supervises, or in other words what is the span of attention of a normal human being? The answer is given in what is known as the principle of span of control which means that one superior can normally supervise the work of five subordinates. V.A. Gracunas in his paper "Relationship in organisation" formulated this principle. He argued that no superior can supervise directly the work of more than five or at most of six subordinates whose works are inter-locked. Col. Urwick has argued that "what is supervised is not only the individuals but the permutations and combinations of the relationships between them".[4]

The span of control depends upon four different factors namely function, personality, time and space. By function we mean the type of work which is to be supervised. When one man supervises subordinates with a more homogenous function such as that of engineering, or brick laying, then the span of control may be larger than when the work is less homogenous and less routinised; secondly the personality which means competence, professional as well as personal of the superior and also the subordinates also influences the span of

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4. Urwick L. The Elements of Administration, New York 1943 p.35.

control. An energetic and skilled officer gifted with the assistance of enthusiastic and competent subordinates can actually supervise the activities of more persons than superior. Thirdly the time or age of organisation also influences the span of control. Superioror can be more rapid in well established organisation which have set and tried procedures and experienced hands to appropriate jobs. Lastly the space factor is also very important in determining the span of control if proper attention has been given to the administrative structure of the building in which the officers are housed then one superior can easily supervise the work of more subordinates than when the offices are scattered over different buildings or in disjointed parts of the same building.

This important concept was put to question as to the number of subordinates, each superior supervises. The responses are shown in the table below:

TABLE V

SPAN OF STAFF CONTROL

Total No. of Respondents	Cateogry of Responses	Number of Responses and Percentage	
		No	%
73	a) Strongly agree	2	2.7
	b) Agree	68	93.1
	c) Cannot decide	-	-
	d) Disagree	3	4.2
	e) Strongly disagree	-	-

The responses in the above table show that 93.1% of the respondents agree to the principle of span of control; 2.7% strongly agree and 4.2% disagree. It is true that for effective utilization of an individual employee, he should be accountable to only one superior. It makes for easy evaluation of the individual capacity on the job and also the individual could be held responsible for his actions. The next concept will be the Fan-like system of organisation.

(f) FAN-LIKE SYSTEM OF ORGANISATION

Because of the defects inherent in the hierarchical organisation certain thinkers have preferred the fan-like organisation. Under the system of organisation, the authority passes downward not in a single chain of command but at each successive stage it is split up into multiple parts which are based on subject matter speciality.

As the head of department issues the programme, it is split up into several parts according to the nature of the programme and the orders pass downwards in various divisible parts. Thus one employee is not necessarily answerable to only one superior. But for part of activity, he may be responsible to one officer, for another he may be responsible to yet another and for yet others to a third one and so on. The programme is "thus divided stage by stage, into various parts, on the basis of specialisation and control, also is exercised on the basis of speciality. This way makes

it possible not only for the programme to be split up into a definite number of parts, but also to check the flow of money and expenditure according to plan".[5]

The method gives the head of department initiative in regard to planning of the programme and the budgeting of money and to the officials at each stage the power to direct and control the activities of those immediately in front of them. This system ensures specialised direction, rapidity of motion and a straightforward and pointed attack upon the targets.

However the fan-like organisation can be applied only in highly technical activities like building of a dam or bridge or atomic energy etc. but it does not suit a large part of the governmental activities which deal with planning and execution of the social and economic welfare programmes.

The employees of the ASCL were asked of their preference of this system to the hierarchical system. The responses are shown in the table below.

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5. A.R. Tyagi Opt.cit. p.117.

TABLE Va

FAN-LIKE SYSTEM OF ORGANISATION

Total No. of Respon-dents	Category of Responses	No. of responses and %	
		No	%
73	a) Strongly agree	-	-
	b) Agree	2	2.7
	c) Cannot decide	-	-
	d) Disagree	68	93.1
	e) Strongly disagree	3	4.2

From the table above 93.1% of the respondents disagree with the system, 4.2% strongly disagree and 2.7% agree. From the results, it shows that the respondents disagree with the system. Though the system ensures specialised direction, it can only be applied in highly technical activities. The last concept to be discussed will be group dynamics.

(g) GROUP DYNAMICS

The idea of group dynamics is that authority should spring from the group rather than from the top. The systems theory of organisation accepts the primary group as an important part of group dynamics. In this sense organisation consists of attitudes, sentiments and evaluations placed by its members on the roles played.

by each other, but more particularly by the supervisors and managers. According to Talcott Parsons, it consists of "patterned expectations defining the proper behaviour of persons playing certain roles, informed by the incumbents own positive motives for conformity and by the sanctions of others".[6] Malinwiski defines it as "a group of people united in a common task or tasks, bound to a determined portion of environment, wielding together some technical apparatus, and obeying a body of rules".[7]

The employees were asked about their view of this system. The responses are shown in the table below.

TABLE VI

Total No. of Respondents	Category of Responses	Number of Responses and Percentages	
		No.	%
73	a) Strongly agree	-	-
	b) Agree	3	4.1
	c) Cannot decide	-	-
	d) Disagree	65	89
	e) Strongly disagree	5	6.9

From the above table eighty-nine (89%) of the

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6. Talcott Parsons; Essays in Sociological theory, N.Y. Free Press 1954, p.231.

7. Bronislaw Malinowski: Law and Order Introduction by Ian Hoglin p.33.

respondents disagree completely with the theory; 6.9% strongly disagree and 4.1% support the idea. The implication of authority springing from group than from the top down is that there will be resistance to formal authority in the form of slow down of work, inpunctuality and absenteeism. The group dynamics call for a type of supervision in which leadership replaces compulsion.

4.02 MANAGEMENT PROBLEMS

The Ajaokuta Steel Company Limited like most public corporations in Nigeria suffers from numerous complicated and interrelated problems. Despite all the envisaged potentials of Ajaokuta Steel Company in terms of resources (both human and material) it is being weighed down by numerous problems. From the data gathered during the research the main problems fall under the following headings: Finance, Manpower, Management pattern and style, Federal character, employee attitudes, These problems are discussed below.

1. Finance

The initial total estimated cost of the Ajaokuta Steel Complex is approximately 10 billion Naira. As at now about 2.02 billion Naira has been committed in the Steel rolling mill complex. 800 million Naira of the amount was spent on the supply and erection of equipment.

648 million Naira on civil works and 570 million Naira on housing programmes and infrastructure. Because of delay in executing some of the planned project, there is upward review of the present cost. For example. contracts on civil works were being re-negotiated because the contractors are complaining of increases in the cost of labour and materials.

Considering the expectations and the nature of the operations and responsibilities of steel company it is clear that it lacks sufficient funds to meet its gigantic task. For some projects to be fully matured and brought into fruition, a lot of capital has to be invested. Therefore, it is necessary and equally inevitable that the Federal Government makes available all the required funds to the corporation. The Federal Government should increase its financial provision to the corporation to enable it play the role mapped out for it or make it possible for the company to raise substantial loans from the capital market to augument Government subsidies. The company should be given the freedom or supported to generate fund (both internally and externally) if the Federal Government cannot provide all the required funds. A good financial and accounting system should be developed in the company to avoid misuse and mismanagement of funds.

2. Manpower

Another very crucial problem militating against a speedy growth and development of the Ajaokuta Steel Complex is lack of sufficient manpower (both skilled and unskilled). Though the problems of shortage of skilled manpower is nationwide, it is more pronounced in sectors such as steel industry. Due to increased sophiscation in the steel technology all over the world, the required personnel for this industry is alarmingly negligible. Worse situation which might pose more problems to the organisation in the future is the fact that all the sectors of the economy are fast developing and the demand for highly technical personnel is always on the increase. This facilitates labour mobility which means that only strong and capable corporations can recruit and maintain such skilled labour.

Since the inception of the NSDA in 1971, in-plant and on-the-job training schemes have been taking place in overseas countries. So far only 400 ASCL personnel have been trained in India, USSR, and other countries such as Canada, U.S.A., France and Italy. This is grossly inadequate because under the global contract signed in July 1979, about 1,400 technicians and engineers are to be trained in the U.S.S.R. for the operation of the plant alone. Also if one looks at the organisational chart, one will discover that there is need to accelerate the training programme.

Under an agreement with the Steel Authority of India Limited (SAIL), some 67 Nigerian engineers have been given in-plant training in India Steel plants lasting from 12-18 months. Others given training of shorter duration in India include technical instructors, laboratory staff and other service personnel. This Indian scheme is still on. An arrangement has also been reached with TPE of the U.S.S.R. for the training of Nigerian engineers and Senior technicians in the fields of structural erection and plant installation. The ASCL has also sponsored her junior personnel for studies in Colleges of Technology (Technicums) and Technical Universities in U.S.S.R. under a U.S.S.R. bursary scheme. Some already trained engineers and technicians have been sent to Algeria for the purpose of gaining more practical experience in Algeria Steel Plant.

A large training complex has been established at Ajaokuta. Technoexport of the U.S.S.R. is to supply the bulk of the equipment to be used in the complex. The training complex will turn out about 2,225 technicians and craftsmen when it becomes fully operational.[8]

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8. Information on what Management is doing on manpower problem was gathered from the Public Relations Office of the ASCL.

3. Management Pattern and Style

The ASCL like most public corporations in Nigeria has its Board dominated by the politicians and its chief executive - the G.M. often receive directives from supervising Ministry (in this case Ministry of Steel Development). With such an arrangement problems are bound to arise. For example, neither the management (under the G.M) nor the Board has the freedom to take major policy decisions without seeking the approval of the supervising Ministry. Since the Ministry of Steel Development is managed by bureaucratic civil servants, it is not necessary that the corporation's management is under the influence of civil service where it takes a long time before decisions are taken and even when they are taken it takes sometime before such decisions are implemented. Even though the Udoji Public Service Review Commission Report as well as the recent Onosode's Report on Parastatals have both recommended "that parastatals operating in industrial and commercial fields should be allowed to operate outside the clutches of civil service regulations in order to make them effective".[9] This is yet to be implemented. It should be noted also that the cabinet committee on Solid Minerals also emphasised that "corporations should

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9. The Public Service Review Commission Main Report.

operate as a commercial venture".[10] Certainly the present system of running the corporation as appendage of civil service will continue to affect the performance tremendously. This view of the civil service should not be construed as a condemnation of the civil service method nor a hatred for it, but the fact is that the civil service mode of doing things is not quite suitable for an organisation such as the Ajaokuta Steel Complex. For instance the rigidity and the cumbersome system inherent in the civil service cannot be said to be suitable to the changing patterns of industry and commerce where the kinds of controls and directives required must be necessarily flexible to ensure adaptability to ever changing situations. Therefore, if ASCL must operate side by side with other private corporations it has to be granted the freedom and given the necessary tools and incentives as being planned with conducive atmosphere to perform with similar degree of efficiency and effectiveness.

4. Federal Character

The doctrine of 'Federal Character' is adopted in the company for the employment and deployment of staff. According to the G.M, the doctrine is not well defined. In his address to the ASCL staff, the Minister declared

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10. Cabinet Commission Report on Solid Minerals 1975 p.75.

> "We are still looking for an able person to take charge of our commercial enterprises. In making the appointment, the ability of the person and the need to reflect the Federal Character in our appointments will be taken into consideration. We have deliberately decided that the positions immediately below those of top management level that is, the ten posts of Assistant General Managers should be advertised and open to competition through Nigeria. This is in an effort to bring in the best talents from anywhere we can find them throughout the country as well as reflect the Federal character".[11]

Field investigations and records revealed that the majority of workers at the lower ranks (i.e junior workers and labourers) are from the catchment areas of the company that is, Kwara and Benue states. But majority of the top officials are mostly from one ethnic group. This trend had raised some dust in the company in 1982 when a DGM had clash on the procedure of recruitment and other related matters with his G.M. The G.M. felt insecured with this particular DGM because of his open criticism against the company's management. At the end of the wranglings the DGM concerned was re-deployed to another steel mill. There are always management conflicts within the ASCL between officials because the structure at the top does not reflect even distribution of posts to reflect the so-called 'Federal Character'. Generally speaking in a heterogenous society like Nigeria, ethnic groups, which feel that

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11. Address by the Acting Minister of Steel Development to members of staff of ASCL. Monday 10th November 1980, p.4.

they are not given a fair share of Federal posts may feel alienated towards the political system.

5. Employers Attitudes

The most important assets any organisation can boast of is its people. The number of people in any organisation does not make any meaning unless the people have good attitudes towards that particular organisation in which they serve. Therefore the poor attitudes of some of the staff as revealed by my personal observation show that a substantial number of the corporation's employees are not quite committed to organisation goals. Such employees like most of their counterparts in other public corporations in Nigeria feel that their achievements or progress are not dependent on how much they have put in for the corporation, rather it is their right to work for such organisation since it is a federal government establishment. Some of these employees come to work late while others close much earlier than they should. Like most Nigerians, the employees of this corporation are prone to belief that the corporation's properties are public properties and therefore could be handled any how. Such attitudes are most common with the junior staff in any public corporation.

It will be pertinent to caution those employees who believe that properties of public corporations should be handled with careless abandon. The management

must through good example inculcate in the minds of workers that it pays to be honest and dedicated to ones employer, the nature and size notwithstanding.[12]

6. Other Problems

Other problems that tend to curtail the efficiency of the Ajaokuta Steel Company include excessive political interference and lack of freedom on the part of the management of the corporation. Like many public corporation in Nigeria the Ajaokuta Steel Company lacks proper and relative autonomy required for its efficient management and operations. More often than not ASCL has been used as an instrument of political patronage and personal gains instead of as an instrument of effective investments. "Thus the understanding of the structural relationship between resources investment, timing and allocation are likely to be missing".[13]

Another major management problem is lack of adequate accommodation for workers. Most workers live as far as fifty kilometers away from the project site. There is

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12. This is derived from general public opinions about employees attitudes towards public corporations. Personal observation has proved these generally held view about the attitudes of the employees.

23. Extract from B.O. Ogundele. Control of Public Enterprise in Nigeria - article in National Concord.

poor transportation arrangements for the workers resulting in late coming and even in some case absenting themselves from work. There is the need for accelerated housing programme for the workers at the project site.

4.03 Prospects of the Ajaokuta Steel Complex

Based on the study findings, the ASCL stands out as a corporate body whose future is highly prosperous. A country's technological advancement and development is closely related to the country's annual consumption of steel and to a greater extent on the country's steel production. Dr. F.R.C. Ezemenari said that "the position of the Soviet Union as a world super power is clearly linked with her achievement as a major steel producer".[14] Iron and steel are the cheapest and most versatile technical, engineering and scientific material for any manufacturing process. Steel is the basis of technological advancement and industrialisation. For instance the manufacture of machine tools, motor vehicles, aircraft, arms and armament, ships etc. depends on the availability of steel.

Nigeria can begin to talk of technological take off when the ASCL is fully operational. A well-developed steel industry will stimulate the establishment of many

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14. Dr. F.R.C. Ezemenari: In a lecture titled, The Importance of Steel in the Technological Advancement and Development of Nigeria 1979, p.1.

viable small business venture and as well boost the growth of existing ones. The production of steel in the country would help Nigeria to reduce her importation of steel and steel allied products. This would result in the conservation of a substantial portion of her foreign exchange earnings. The steel industry would provide ample job opportunities for Nigerians.

Nigeria's abundant natural resources which would have been exported as raw materials or left to lie fallow in the ground would again be fully utilized.

CHAPTER V

SUMMARY, DISCUSSION AND SUGGESTIONS

5.01 SUMMARY

The topic of the study is the "Structure and Problems of Management of Ajaokuta CSteel Company Limited". The whole work was divided into five chapters namely introduction; the review of literature; the evolution of the structure of the Ajaokuta Steel Company; the functional structure, management problems and prospects of the Ajaokuta Steel Company; and the summary, discussion and suggestions.

(i) The first chapter which formed the introductory part defined the problem of the study. It reviewed the history and development of the steel industry in Nigeria. The need for industry was nationally recognised and inserted in the First National Development Plant (1958-62) but it was not until the second National Development Plan (1963-68) that the first positive agreement towards the setting up of the steel plant was signed. Ajaokuta Steel Company Limited came into existence on the 5th of February 1979 when the final negotiation of the contract was signed but the Decree establishing it was promulgated on 18th September 1979 under the National Steel Council Decree No. 60. ASCL is the largest of the five steel plants established by the Federal Government of Nigeria. Others are the Aladja Steel Project, Oshogbo, Jos and Katsina Steel Rolling Mills.

Steel is very important for industrial and

technological advancement. It is said that the economic advancement of any nation is measured in terms of the amount of steel that country produces and consumes.

It is assumed by the researcher in the study that steel development is one of the priorities of the Federal Government since she is aware of the advantages in relation to industrial development and technological growth. Since ASCL is the biggest industrial concern of the Federal Government the researcher has tried to investigate the present structure of the organisation and how this affects management.

A detailed description of the instrument and procedure for the collection of the data was given. The main instrument was two item questionnaire. The population involved the chief Executive and Company Secretary and many other employees.

(ii) The second chapter which formed the review of literature dealt with what an organisation is; types of organisational structure; what management is and the effect of management on the African culture.

Organisation relates to systematic arrangement of persons and materials to achieve a desired objective. It consists of the relationship of individuals to individuals and of groups which are so related as to bring about an orderly division of labour. Whichever way one views organisation, the basic fact is that it involves tasks to be done and people to do the tasks.

There is the interdependence between people, positions and functions to be performed in order to achieve a determined overall corporate objectives. There are formal and informal forms of organisation.

Organisational structure is the arrangement of people, tasks to achieve set objectives. The structure can be used in an organisation to identify and describe the role performance needed for the attainment of goals. It can also be used to provide unity of command for the centralisation of decision. A good organisational structure however provides management with efficiency in decisions and actions. There are various forms of organisational structure namely: functional structure; Line structure; Line and Staff structure; Committee structure; Project structure; and Matrix structure.

Management is a process of efficiently getting activities completed with and through other people. It is a system of authority and responsibility to achieve a desired goal. Managers work through other people allocating scarce resources to achieve goals.

Modern management is foreign to Nigeria and the problem is how to blend our culture with modern management techniques. Organisation objectives must be in accord with existing social, cultural norms of the society.

(iii) The evaluation of the structure of the Ajaokuta Steel Company Limited formed the third chapter

of the study. Decree No. 60 of 1979 established the National Steel Council which shall be a body corporate which consist of the following companies.

(a) the Ajaokuta Steel Company Limited

(b) the Delta Steel Company Limited

(c) the Jos Steel Company Limited

(d) the Katsina Steel Company Limited

(e) the Oshogbo Steel Company Limited

(f) the Associated Ores Mining Company Limited.

The Board and the Management oform the two major parts of the structure of ASCL. The board has remained constant but there bas been changes in the management structure since the inception of the company. The board is headed by a chairman and eight other members consisting of a representative each from the ministries of Industries; Economic Development; Mines and Power and Finance, and four other members representing public interest.

The organisational structure of the ASCL from inception up to November 1980 consists of a General Manager, a deputy General Manager and five Assistant General Managers heading the following departments - Administration, Technical Services, Finance, Commercial, Real Estate Development (RED). The new organisational structure consist of a General Manager, five Deputy General Managers (DGM) who now head the various departments. There are now ten Assistant General Managers

who head the sub-sections. There is a new department of production taking the place of the Real Estate Development which has moved to the General Manager's office. The Chief Executive/General Manager is the overall management head of the organisation. In his office are the Legal Adviser, Company Secretary, Chief Technical Adviser, Chief Internal Auditor, Chief Project Consultatn and Managers for Liaison offices in Lagos, Rusiaa, India and Italy. This new structure was approved by the Government to provide for sufficient number of top management. It was also to ensure solid management of the enterprise as well as to create avenues for promotion and career prospects for members of staff.

(iv) The fourth chapter dealt with the analysis of the data. The major points analysed include the various basic principles of organisation. These principles are the principle of hierarchy, authority, unity of command, span of staff control, delegation, and group dynamics. Also the problems of management were discussed under the following - Finance, Manpower, Federal character, Employee attitude, Management style and others. Also a look at the prospects of the company was also recorded.

5.02 DISCUSSION

Nigeria has a mixed economy in which both public

and private enterprises co-exist. Government set up public enterprises or corporations as agencies of economic, commercial and social development. Public enterprises are used to maintain employment, to promote regional balance and to encourage investment in new risky, bulky and high-technology industries such as iron and steel or petro-chemical.

One of such public corporations is the ASCL which came into existence on September 18th 1979 under Decree No. 60. The Decree provided for the formation of the ASCL as well as other steel companies. Thus ASCL became fully responsible for construction, erection and operation of the Ajaokuta Steel plants.

The Ajaokuta Steel Company Limited is still very much in the early construction stage. Therefore the company is bound to face certain management problems and make a distinction between those that are internal to them and those that are imposed exogenously by the government and their operational environment.

A. MANPOWER AND TRAINING

As we all know, human resources is of prime importance in using and directing other material resources in forstering rapid economic development. In Nigeria however, it is about the only factor lacking and its absence has retarded our development a great deal. In the Ajaokuta Steel Complex about 30,000 personnel will be engaged in the construction during the

peak period and about 9,000 for the operations at peak.

It was observed that since the inception of NSDA in 1971, in-plant and on-the-job training schemes have been taking place in overseas countries. Many personnel have been trained in India, USSR, and other countries such as Canada, U.S.A, France and Italy. In addition a large training complex has been established at Ajaokuta. The training complex is supposed to turn out about 2,225 technicians and craftsmen when it becomes fully operational.

It was also identified that one of the problems of lack of manpower is the poor conditions of service which weaken the ability of the ASCL to attract highly qualified and experienced personnel. In Nigeria, Government ministries tend to prefer a situation where service conditions in public corporations are no better than theirs in their continued determination to maintain their control of the corporations.

B. FINANCE AND ACCOMMODATION

Finance and Accommodation were other problems identified as facing the Company. The company depends entirely on the Federal Government for funding since production has not started fully. With the present economic crisis there has been drastic reduction in the allocation of fund to the company. This problem is more compounded by the high rate of corruption by some

officials through deliberate misuse, diversion or outright embezzlement of resources meant for investment. In such cases resources are withdrawn from the productive process thus decreasing the capacity for capital formation. The greater and more widespread the corruption is among officials and employees the lower the reinvestible surplus or the higher the losses will be, thus depressing the rate of growth.

These twin problems has in effect tampared with the planned projects and the provision of accommodation to the staff and other benefits, the training programmes and staff development.

c. THE BOARD, MANAGEMENT AND STAFF

Though the top officials of the ASCL claimed that the relationship of the management and the board is cordial, field study has shown that this is false. Most of the employees said that there is nepotism in employment and deployment of staff and there is direct and indirect interference by both the Minister and Board members in this direction. For example the post of AGM and above is influenced by these group.

A glance at the organisational structure in chapter three would indicate an apparent involvement of the lower ranks of the company in the decision making process as it affects the daily operation. But field investigation also revealed that those lower ranks do not have real power.

One of the problems which tends to hamper implementation of development projects in this country is organisational and management conflicts which are characterised by lack of co-ordination within an organisation and little or no delegation and devolution of authority and responsibility to subordinates.

The relationship of the senior officials of the ASCL and their subordinates is an indication of this type of organisational and management problems which is inherent in our development plan. For instance, excessive concentration of power and responsibility in the hands of top officials often result in delayed actions. It also kills initiative and morale and breeds indiscipline and redundancy in the subordinates who are always required to consult the top officials in virtually all matters however small. Such a situation where there is little or no delegation and devolution of authority and responsibility is a mark of no confidence in the subordinates. It is fraught with suspiciou and communication gap between the superior and the subordinate and often affects the quality of decision-making and implementation because the superior may be pre-occupied and bogged down with menial tasks meantfor the subordinate.

One other management problem identified in ASCL is the carefree attitude of the employee to duty arising from their belief that public corporations expected to be profit-oriented are not supposed to be self-reliant or profit generating. Such attitude can hardly be tolerated in the private sector which in some cases public enterprises are competing with. On the other hand the managers of the company are not given power to hire and fire their subordinate staff. This certainly does not help discipline within the organisation.

5.03 SUGGESTIONS

The following suggestions are made on the basis of the study.

A. ORGANISATIONAL STRUCTURE

There is need for the Ajaokuta Steel Company Limited (ASCL) to review the present organisational structure with a view to ensuring that they conform with the general principles of good management. The choice of good structure depends on the following factors namely, tasks, technology, structure and people. Looking at the various types of structures discussed earlier, one can conclude that there is no one best type of organisational structure that is suitable for all organisation. The determination of the best structure depends on the complexity of the organisation, the level of technological

development and the general business environment of that establishment. Of course good people can make an ambiguous structure work, but one should remember that they can certainly work better where roles are clarified. The duties and responsinilities of each position in the organisational structure of the ASCL should be clearly spelt out and the levels of responsibility well-defined. The span of staff control of the chief executive and other heads of departments should not be too wide (a maximum of six officers reporting to one superior). This will allow for effective organisational control. There should be sufficient delegation of responsibility and the corresponding authority to ensure efficient performance and good staff discipline.

B. RELATIONSHIP OF THE COMPANY WITH THE MINISTRY AND BOARD

The operations of the Ajaokuta Steel Company Limited (ASCL) are highly technical in nature and therefore skill-intensive. Decision-making in such cases should not be subjected to the red-tape of a largely non-technical civil service. The company should be given enough power to operate independently of the day to day routine control of the government. What, in practice, happens at present is that the company cannot get anything done without the approval of the supervising ministry. In most cases a considerable divergence ensues between the original proposals and what is approved, if not shelved at the end of the day. This problem is external to the company but seriously

hampers its operational efficiency.

However if such autonomy or free hand is given, it should be accompanied by the realisttion that both the board and management of the company carry a high degree of responsibility for which they should account to the government and to the public in general.

The board should be composed of men of suitable educational qualifications, ability, experience and integrity who need not primarily be selected on the basis of their political standing or affiliation. Public spirited individuals from private life on whom government has confidence and who can contribute to the development of the economy should be appointed. Members of the board should concern themselves with policy formulation alone leaving the day to day running of the organisation to management.

The ASCL should be organised along lines that are acceptable for the achievement of their objectives. In order words the organisation and procedures should be devoid of bureaucratic obstacles.

C. FINANCE

The role of finance in the attainment of organisational goals cannot be over-emphasised especially providing funds for capital projects. For the Ajaokuta Steel Company to take off successfully and to make the expected impact on the economic development of Nigeria, the government needs to provide it with

sufficient and continuous funds to enable it carry out all the planned projects and provision of adequate accommodation and other essential services to workers. The company should be allowed to make his own budget according to its estimated sources of income and expenditure, this will restore the principle of accountability and areas of waste trimmed down. The government should allow the company to utilize external loans for the execution of certain projects.

D. SALARY REVIEW

The salary structure in the country does not seem to motivate the workers. Salaries paid to the steel workers ought to compare relatively with other steel workers in the world over and also to private industrial concerns. At present the General Manager on salary Grade Level 17, his Deputies and Secretary to the company on GL 16 while the AGM's are on G.L. 15.

The earlier it is realised that public corporations are operationally different from the ministriess the better it would be for the country. It has to be emphasised that the higher remuneration of public enterprise managers does not automatically mean that they cannot accept policy directives from their permanent secretaries who may earn lower salaries and benefits. The reality here is that public corporations are directly in competition with the private sector in attracting

qualified and competent personnel.

Government should also appreciate the complexity, multiplicity, technicality and responsibility of steel workers and thus make the remuneration attached to the company's staff commensurate with their job specifications.

5.04 AREA FOR FURTHER RESEARCH

1. This study may be repeated for other public enterprises and government corporations to help identify the best type of structure that will improve management style for the purpose of achieving organisational objectives.

2. The topic may also be repeated for the same Ajaokuta Steel Company Limited since all the management problem areas have not been exhausted. Whatever type of organisational structure an enterprise wants to use improvement on such structure is always possible. Organisational structure is not static but can change when the need arises. However a good structure provides management with efficiency in decisions and actions.

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APPENDIX I

DEPARTMENT OF PUBLIC ADMINISTRATION,
FACULTY OF ADMINISTRATION,
AHMADU BELLO UNIVERSITY,
ZARIA.

RESEARCH FOR MASTERS IN PUBLIC ADMINISTRATION.(MPA.THESIS):
TALIB S. RAJI

TO WHOM IT MAY CONCERN

1. The above named student of this department is carrying out a research on the topic: "The Structure and Problems of Management of the Ajaokuta Steel Company", for his M.P.A. thesis.

2. I write to solicite your full cooperation in making available all relevant information that the student may require from you. This is necessary if he has to succeed in this crucial assignment.

I should inform you that all information received from you will be treated in confidence and will be used only for academic purpose.

Your cooperation would be highly appreciated.

Thanks.

Yours faithfully,

Dr. Ibrahim Abdulsalami
Head of Department

APPENDIX II[A]

QUESTIONS FOR THE AJAOKUTA STEEL COMPANY OFFICIALS

(A)

Below are questions on the Ajaokuta Steel Company please supply the necessary accurate information needed. Your cooperation is required for the success of the research. All informations supplied will be kept strictly confidential; so please feel free in your response.

1. What is the title of your present position in this company? Please specify:_____
2. State in order of importance the main duties performed by you in the Company.

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

e) _____

_____

3. State any ad-hoc duties performed which are not of a continuous nature.

4(a) To whom are you accountable?

Please specify:

(b) Who is accountable to you. Please specify:-

5. Since you joined the company, have you been sent for any training? If 'Yes' What type of training?

6. What are the chances for your advancement to a higher position with this company in future?

7. Which of these determines to whom you delegate duties?
   Please tick one-
   a) Experience
   b) Qualification
   c) Friendship.

8. Please indicate in descending order (1,2,3), the ways in which the Chief Executive, The Managers and other officials communicate with you
   - Minutes
   - Circulars
   - Friendly verbal discussion.

9. Please indicate the most dominant in your decision making -
   a) Personal opinion
   b) Management opinion
   c) Chief Executives opinion
   d) Minister's opinion
   e) All of the above.

10. Please indicate the response that best fits that hierarchical form of organisation secures complete unity of purpose and responsibility.
   a) Strongly agree
   b) Agree
   c) Cannot decide
   d) Disagree
   e) Strongly disagree.

11. Hierarchy enables the organisation to establish various centres of decision and control.

    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

12. Please indicate the response that best fits that the hierarchical system promotes division of labour and specialization.

    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

13. The hierarchical system makes responsibility of everyone in the organisation clear beyond any doubt or confusion.

    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

14. Hierarchical system tends to bring about rigidity in administrative organisation and is not conclusive to the development of dynamic human relationships amongst its members.
    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

15. Please indicate the response that best fits that the hierarchical system causes delay and red-tape.
    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

16. Fan-like system is where authority passes not in a single chain of command but at each successive stage it is split up into multiple parts which are based on subject matter speciality. This is preferred to the hierarchical system.
    a) Strongly agree
    b) Agree
    c) Cannot decide
    d) Disagree
    e) Strongly disagree.

17. In any organisation, no individual employee should be subject to orders of more than one immediate superior.

a) Strongly agree
b) Agree
c) Cannot decide
d) Disagree
e) Strongly disagree.

18. Please indicate the response that best fits that authority should spring from group than from top down.

a) Strongly agree
b) Agree
c) Cannot decide
d) Disagree
e) Strongly disagree.

19. As a member of this organisation, what management problems do you feel the company is facing? What are your suggestions for improvement?

_____

_____

_____

_____

_____

_____

_____

_____

APPENDIX II[B]

INTERVIEW WITH COMPANY SECRETARY AND OR CHIEF EXECUTIVE

(B)

1. What is the role of your company in the development of Nigeria.
2. Decentralised system in an organisation is one in which there are many centres of authority, each with a recognised right of independent existence and function e.g. in operating policy. While in centralised system is one where all authority is supposed originally to lie in Central authority with minor bodies functioning as merely its agents e.g. administrative policy. Would you say, therefore that your organisation is 'Centralised' or 'Decentralised'.
3. What is the relationship of the company with the Boards of Directors, and the Ministry of Steel Development.
4. What about 'Federal Character' in the organisation and what effect has this on the management of the organisation.
5. What type of structural arrangement do you have at present. What is the organisation chart like.
6. What changes do you hope to make in future?

7. Has the present structure in the organisation influenced or affected the management?
8. How will you describe the style of management which the steel company is trying to adopt?
9. In what way or ways can our traditional or cultural method of management be meshed with foreign style of management.
10. Recruitment into government parastatals or companies is influenced by the following factors "Hot line" (i.e. request cannot be turned down); 'pressure group', 'merits'; and "national character". Do these factors mentioned above affect or influence your company. What are the effects on management?
11. What are the problems your management is facing with the personnel.