AN EVALUATION OF THE CONTRIBUTIONS OF PUBLIC ENTERPRISES TO SOCIO-ECONOMIC DEVELOPMENT OF TARABA STATE

By:

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This is a thesis submitted to the post graduate school, Ahmadu Bello University, Zaria, in partial fufilment of the requirement for the award of Master of Public Administration Faculty of Administration ABU, Zaria.

DECEMBER, 2003

CERTIFICATION:

This Thesis entitled: An Evaluation of the Contributions of Public Enterprises to Socio-Economic Development of Taraba State, by SALLAH, ABOKI BAMBUR meets the regulations governing the award of the Degree of Master of Public Administration of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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DECLARATION

I hereby certify that this Thesis has been written by me and that it is a record of my own work. It has not been copied from any previous submitted research work. I also declare that works of other authors are fully acknowledged appropriately.

DEDICATION

This work is dedicated to my Daddy, Mr. Sallah Garkuwa and my wife Mrs. Salamatu Aboki for her encouragement ceaseless prayers and total support throughout the course of this program.

ACKNOWLEDGEMENT

It is a fact that in undertaking a research work of this nature, which is a long, difficult and demanding exercise, one can hardly succeed without the help or contributions of other persons. It is in this regard that I wish to first and foremost register my indebtedness to my supervisor Dr. Yakubu Sankey whose guidance, honest advice and academic excellence contributed immensely to the final outcome of this research. God will reward him for that. Our MPA Co-ordinator Dr. A. A. Anyebe deserves special mention for the assistance he rendered to me personally. I am grateful.

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I remain responsible for my mistake that may be dedicated in this research work.

SALLAH, ABOKI BAMBUR

ABSTRACT

This study is an Evaluation of the Contributions of Public Enterprises to Socio-Economic Development of State.

Development whether at the national, state or local government levels has always constituted the central focus of every administration either civilian or military. Industrialisation, is recognised as a catalyst of rapid economic development. In Taraba State in particular, the great desire to industrialise arises partly because of the relative backwardness of the state, which depends for over 90% of her revenue from the federal government. Realizing how vulnerable the state is, as a result of dwindling revenue from the federation account accasioned by the 1980s world glut the economic recession that followed and the poor financial management of available resources, the leadership set out to reverse this trend. Realising the relationship between the establishment of manufacturing industries within the state and economic growth and development of the state, the government thus made the establishment of small and medium scale industries one of its cardinal objectives. To achieve this lofty objective, the Taraba Investment and Pro-perties Limited and Taraba Transport Corporation were established to serve as catalysts in this policy of the development process of the state.

The evaluation was done by the establishment of three hypotheses set out to measure such variables as employment opportunities, development of infrastructure, rate of revenue generation and investments.

The study is based on a field research carried out in the state capital: Jalingo metropolitan. Qustionaires and personal observation constituted the primary sources of primary data collection, official publications by the management, gazette, information brochure etc, constituted the sources for secondary data. Tables and percentages were used for data presentation and analysis.

During the course of this work, it was discovered that the two companies selected as samples relied heavily on the State Government for the their investment capital and exhibit different characteristics in their mode of operations, control and services.

We have recommended to the Government to grand autonomy to these companies to enable them function professionally, monitor the activities to ensure accountability check recklessness etc.

Finally, further research is recommended to further expand the findings where necessary.

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CHAPTER ONE

INTRODUCTION

1.1 STATEMENT OF THE PROBLEM:

Development as a concept and process its operationalisation and efforts has attracted alot of controversy. Generally, development is realised through factors such as capital accumulation, socio-economic growth and political stability. There are two major schools of thought in the definition of the concept of development, the Orthodox Liberal Scholars and the Marxist scholars. The Orthodox liberal scholars view development as essentially economic growth or increase in per capita income, percentage of net product and the ratio of social amenities to the general population. The Marxists on the other hand view development as equalizing the distribution of income accompanied by a general upward trend in socioeconomic mobility of the entire society. As such man is central to the Marxist concept of development. To them, development is not just catching up with the already industrialized nations of the world through the procurement of artefacts that are believed to emanate from and reflect a developed status. Rather these artefacts would not doubt reflect development only if they are the end products of the efforts of the population as they apply their capacity to a general transformation of the society to ensure a better and more rewarding existence.

Conceptually, a consequence of the above arrangement is the polarization of the world into developed and less developed countries. In the developed countries

for instance USA, Great Britain and Japan, factors of developments such as capital accumulation socio-economic growth and political stability are quite high. Overtime, therefore, other nations that fall in the bracket of less developed countries have been consistently struggling to attain such factors of development. In their efforts at development various measures have been employed such as the provision of economic and social infrastructure, introduction of new technology etc. Nigeria being one of the less developed countries is not left out in the struggle to overcome underdevelopment. Since colonial times, government efforts at development have used the vehicles of public enterprises. Overtime therefore, public enterprises have become tools used by governments in national development. The process of development for any country therefore, relates to certain factors which govern or influence the state of the economy. These factors may be in the form of institutional arrangements for shaping the economy.

The use of public enterprises for development has been predicated on low level of industrial development, socioeconomic and political conditions and historical experience. For instance, during the 1970s oil boom, Nigeria had the resources to rationally expand the public sector investment but failed to do so . The result of the above weakness was domination of the country's economy by foreign capital and therefore less participation by indigenous entrepreneurs.

Experience in Nigerian Public Enterprises has been that of limited success. In other words, the performance of these institutions leaves much to be desired. Several criticisms put forward against public enterprises range from

ineffectiveness, unjustified or monopolistic operations, inefficiency and of course the issue of corruption.

Hence it is argued that most public enterprises in Nigeria should ordinarily be viable and thus do not justify the continuously huge amount of public funds expended on them. Infact, it would not be far from the truth to state that no other institution has come under attack than public enterprises. Other problems confronting public enterprises in Nigeria and Taraba State especially include lack of sufficient funds to finance major industrial projects, hinterland disposition of Taraba State which makes it far from sea ports, resulting in huge transportation costs, lack of adequate infrastructural facilities such as good roads, potable water, electricity etc. There is also the problem of lack of autonomy in areas of investments, finance and operations on the part of the management staff as well as corruption and mismanagement.

Therefore, there is the need to seek answers to these problems mentioned above, because these problems grossly hamper public enterprise performance. The central focus of this study, therefore is, despite these major drawbacks, to evaluate the contributions of public enterprises to socioeconomic development of Nigeria in general and of Taraba State in particular. The variables that will be employed for this assessment will be based on the set objectives of public enterprises selected as our survey sample which are:-

Objectives of Trip and TSTC.

1. Promotions of general and specific investments in the State with a view to accelerating is economic developments.
2. Conducts research and surveys relevant to industrial promotions in the State with emphasis on new areas of development.
3. Evaluation and appraisal of projects proposals.
4. Review of current monetary and economic policy measures as they affect the investment climate of the State.
5. To invest in equity or provide loan capital facilities to both private and public sector enterprises that are viable.
6. To explore various sources of funds and to assists in raising finances such as debentures and bonds.
7. To acquire, purchase and maintain motor vehicle for commercial purposes.

1.2 AIMS AND OBJECTIVES OF THE STUDY:

The aim of the study is to identify and evaluate the contributions of public enterprises to socio-economic development of Taraba State.

The study aims at the following:

i) To examine the contributions of public enterprises to economic development in general and that of Taraba State in particular.

ii) To examine the organization and management of Taraba State Transport Corporation and Taraba Investment and Properties Limited.

iii) To evaluate the contributions of the Taraba State Transport Corporation and the Taraba Investments to economic development, revenue generation, employment and infrastructural development.

1.3 SIGNIFICANCE OF THE STUDY:

The role of social science in government lies not in the formulation of social policy but in measurement of its result. There is a growing need therefore, for evaluation in both public and private organisation. This is specially so in developing countries where evaluation of public programmes had been relegated to the background, making it possible for huge resources to be sunk into white elephant projects.

Nigeria today is trapped in a crises of deteriorating economic conditions measured in terms of widespread unemployment, abject poverty, exploitation and backwardness among others. The establishment of public enterprises is to address these problems. The significance of the study, therefore, is to study selected enterprises sample survey for Taraba state. it is the opinion of the researcher that the study will assist the government and the managements of the organisation studied in improving the performance of public enterprises in Taraba towards higher contribution to socioeconomic development of the state.

1.4 SCOPE AND LIMITATION OF THE STUDY:

National development particularly in a third world environment is a continuous process. But a study on definite issues like the “Evaluation of the Contributions of Public Enterprises to Socio-Economic Development needs certain confinement in

time and space. Our sample survey involves an evaluation of the contributions of public enterprises to the socio-economic well being of the people of Taraba State from 1995 - 2000. A period of five years. The survey will cover two organisations namely:-

Taraba State Corporation and Taraba Investment and Properties Limited.

1.5 HYPOTHESES:

Public enterprises were established to promote rapid economic development and provision of social services. This research work is on the evaluation of the contributions of public enterprises to socioeconomic development of Taraba State. Therefore, this makes it necessary for hypotheses to reflect the objectives of the sample of enterprises selected for study.

The validity of the following hypothesis will be tested.

i) That public enterprises in Taraba State have been able to generate enough revenue to enable them invest in major sectors of the economy and to reduce their dependence on government grants.

ii) That the activities of public enterprises in the areas of finance, commerce and services have reduced unemployment in Taraba State.

iii) That the lack of operational autonomy is one of the most serious obstacles to public enterprises contributing to the socio-economic development of the State.

1.6 RESEARCH METHODOLOGY:

There are several investigative techniques among which a researcher must choose in his attempts to undertake a research. In a research pursuit of this nature, one invariably would have to employ more than one method to enable him undertake the research work. In this regard the documentary descriptive or survey research (primary source) would be used for data collection in this study. Sources for this data would be obtained from a questionnaire and observations. The reasons for observation (obviously not participant observation) is the fact that the researcher is a civil servant with the State Government and that will help him to observe and see things for himself and make judgement.

The survey questionnaire would be administered to selected categories of staff in the two public enterprises being surveyed. The categories of staff are:-

i) The management staff of both Taraba Transport Corporation and Taraba Investment and Properties Limited. The essence of this category of staff is the role they play in decision making and they are better placed to respond to questions concerning employment, investment decisions etc.

ii) The meddle level and junior staff of both organisations. These cadre of staff constitutes the bulk of the working force of the organisations who carry out policies formulated by the management. Hence, they too can judge the efficacy of such policies on concrete terms.

iii) Cross section of the user (Public consumers). It was determined by the researcher that only views of the public as consumers would be more acceptable in respect to the determination of the quality, affordability and

accessibility of the goods and services of the enterprises under study. A separate questionnaire was therefore designed to illicit information for this category of respondents.

For opinion on the Taraba Transport Corporation and Taraba Investment and Properties Limited, a sample population of 100 respondents based on three categories highlighted above was determined as follows:-

>	Management Staff		20
>	Middle level and junior staff		30
>	Traders/Businessmen		50
	TOTAL	**=**	**100**

SAMPLING:

Sample population was drawn from Users i.e. (consumers) management staff of both Taraba Transport Corporation and Taraba Investment and Properties middle level and junior staff of both organisations. Sample was selected from the headquarters of the two organisations and cross section of the consumers could best be gauged. Questionnaire was thus applied according to these strata.

QUESTIONNAIRE DESIGN:

In order to solicit relevant information about Taraba Transport Corporation and Taraba Investment and Properties Limited towards successful test of hypothesis, a structured and unstructured questionnaire was employed to solicit relevant information. The questionnaire was directed to three sections, the questionnaire for the management staff, the middle level and junior staff and cross section of the consumers.

METHOD OF DATA PRESENTATION AND ANALYSIS:

The procedure for data analysis included the collection of completed questionnaires, checking for actual and appropriate completion and coding of the raw data.

The use of statistical methods such as frequency distribution, averages and percentages to present and analyse data was employed.

DEFINITION OF KEY TERMS:

In an academic pursuit of this nature it is usually wise not only to define some key terms but to agree on which definition would apply to the research. This is due to the fact that we are working into a social science arena where nothing or very few concepts claim universality in meaning. A definition of key terms is in order because it carries the reader along with the researcher in the discourse throughout the study. The terms to be defined are:-

Appraisal: According to Bela (1974) appraisal refers to a final decision as to whether a project is to proceed and to discount any unquantifiable optimism or pessimism of project initiators who have handled it from conception to formulation and preparation stage. Usually, this ultimate appraisal of the project is done independently by the final authority. As a result of its multi-dimensional nature, appraisal is better handled by a multi-disciplinary team such that a critical reassessment of all essential features embodied in the project report is undertaken. This approach requires an examination not only of the intrinsic

soundness of the project itself, but also of all circumstances surrounding it, the whole economic complex of which the project will form a part.

Appraisal stems from careful investigations of the need for financing a project, the contribution it would make to the economy or the capacity of the project to service debt or generate enough funds to service the national resources committed to it, this is carried out by investigating the project from five different angles, economic, technical, managerial and organisational, commercial and financial. This relative importance vary considerably depending on project type and in certain cases they may overlap. This explains why an inter disciplinary approach is called for undertaking the task of appraisal particularly of engineers, economists, financial analysts, architects, agronomists, etc. It is on the basis of this re-assessment, that a judgement is reached as to whether the project is technically viable and economically justified.

Autonomy: This means freedom, to be independent of interference from government, any ministry or organisation interms of policy decisions, operations and management.

Control: Power or Authority to direct, order or restrain either directly or indirectly.

Economic Development: Economic development is concerned with the promotion and establishment of an economic system that would improve the standard of living through the effective utilisation of resources for the provision of basic

infrastructure, higher productivity, higher per-capita income and net capital investment in productive sectors of the economy which will in turn lead to higher Gross National Output.

In economic development, agriculture is boosted through the use of modern technological implements, thus reducing the percentages of the manual labour force while diverting that excess labour force to other sectors of the economy such as manufacturing or industry etc. Economic development implies a qualitative
improvement in the overall superstructure through the eradication of poverty, unemployment and inequality, provision of a good standard of living and effective manpower utilisation.

Thus economic development is generally defined to include improvements in material welfare, especially for persons with the lowest incomes; the eradication of mass poverty with its correlates of iliteracy disease and early death; changes in the composition of inputs and output that generally include shift in the underlying structure of production away from agriculture towards industrial activities; the organisation of the economy in such a way that productive employment is general among working age population rather than the situation of a privileged minority; the corresponding greater participation of broadly based groups in making about the directions, economic and otherwise making in which they should move to improve their welfare.

It can be deduced from the above that the basic requirements of economic development include:--

1. The productive forces that lead to the production of goods and services are effectively used and mobilised for the peoples welfare.

2. The use of technology is improved for proper exploitation of resources.

3. The use of skilled and unskilled manpower through formal and informal institutions.

4. The structural changes are expected within the various productive sectors of the economy i.e., agriculture, industries, service sectors etc.

5. Proportion of labour and output to employment and GDP to the national economy increases over time.

When analysing the concept of economic development, a vital distinction should always be made between it and economic growth. The latter refers to the quantitative improvement in the wealth or resources of a society overtime. Such increase may result from introduction of new technology which may foster high productivity, discovery of new resources or in predominantly agric. society, good harvest from favourable climate etc.,

can enhance economic growth. However, in addition to quantitative growth, however, economic development has distributive and moral cannotations. In economic development resources are expected to be used in such a manner that its benefits spread as evenly as possible to members of the society.

Accordingly, Adam Smith, (1776); In his “An inquiry into the nature and causes of the wealth of nations” he strongly emphasised that saving is a necessary condition for economic development. “Every increase or diminution of capital, therefore, naturally tends to increase or diminish the real quantity of industry, the number of productive hands, and consequently the real quantity of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants”. Furthermore, “capitals are increased by parsimon and diminished by prodigality and misconduct”.

For Smith, once development starts, it tends to become cumulative. First given adequate market possibilities and the basis for capital accumulation, division of labour takes place and raises the level of productivity. The resul-tant increase in national income and the probable growth of population asso-ciated with the rise in income not only increase the extent of the market but permit a larger saving out of the increased income stream. Moreover, as labour becomes more specialised and markets expand, the ability and incentive to introduce “improvements of arts”

increase. These improvements lead to still further specia-lization and productivity gains.

5. **Development:** The quantum of "development" cannot be strictly minimized to only one or two variables and its characteristics are apparently dynamic.

Geographically and idealogically the world was divided into two hemispheres the capitalist oriented group and the socialist oriented group - each with its own indices of development. Hence any group which is not having one characteristic of another is considered underdeveloped by the opposite group.

The Western Capitalist scholars originally, equated development with economic growth measured in quantitative terms of G.D.P., G.N.P., and Per Capita Income. To the more liberal ones among them development is synonimous with economic development. The latter of course gives room for examining how the G.D.P. is distributed fairly among members of the society with the subsequent equation of per capita income with real societal income, but it gives no room for assessing how fundamental and even aesthetic human rights are gainfully or peacefully exercised.

Scholars of the socialist group on the other hand believe that while economic progress is an essential component of development, it is not the only one. To Michael P. Todaro (1986) this stems from the fact that development is not purely an economic phenomenon. Ultimately it must encompass more than the material. It is a multi-dimentional process

involving the reorganisation and reorientation of the entire economic and social systems. In addition to improvement in incomes and output, it typically involves radical changes in institutional, social and administrative structures, as well as in popular attitudes and sometimes even customs and beliefs. Finally, although development is usually defined in a national context, its widespread realisation may necessitate fundamental modifications of the international economic and social system.

In actual fact development must be conceived of as a multi-dimentional process involving changes in structures, attitudes and institutions as well as the acceleration of economic growth, the reduction of inequality and eradication of absolute poverty. In essence development must represent the entire gamut of changes by which an entire social system turned to the diverse basic needs and desires of individuals and social groups within that system, moves away from a condition of life widely perceived as unsatisfactory, and towards a situation or condition of life regarded as materially and spiritually better. Thus Walter Rodney defined development at the individual level to consist of increased skill and capacity, greater, freedom, creativity, self-discipline, responsibility and material well-being. Rodney however, noted that some of these are virtually moral categories and are difficult to evaluate depending as they do on the age in which one lives, ones class origins, and one's personal code of what is right and what is wrong. But all depend on the state of the society as a whole for man can be said to be individually developed only as a member of a wider society or social group.

At the level of social groups, their entire development implies an increasing capacity to regulate both internal and external relationships. In the past it embodied fighting for survival against natural hazards and against real and imagined human enemies. It always meant the increase in the ability to guard the independence of the social group and indeed to infringe upon the freedom of others. But man developed as such only as a result of his capacity to make and use tools. So the very act of making tools was a stimulus to increasing rationality rather than the consequences of a fully matured intellect. Accordingly the tool and the organization of labour of man are both important indices of societal development.

Three Core Values of Development:

Development has been conceived by Rodney as the sustained elevation of an entire society and social system towards a better or more humane life. What then constitutes good life? The answer to this question can partially be viewed within the moral categories mentioned by Walter Rodney (1983). It is a matter of time and a societal code of what is good life or what is bad life. At any rate or time however, Professor Dennis Gonlet and others identified at least three basic components or core values which should serve as the conceptual basis and practical guideline for understanding the inner meaning of development.

These core values are:-

i. Life-sustenance,

ii. Self-esteem,

iii. Freedom,

They are core values because they represented common goods sought by all individuals and societies. They relate to fundamental human needs which find their expression in almost all societies and cultures at all times.

1. **Life Sustenance:**

This refers to the ability to provide “basic necessities. All people have certain basic needs without which life would be impossible. These life sustaining needs include, indisputably, food, shelter, health and protection. When any of these is absent or in critically short supply we may state without reservation that a condition of absolute under-development exists. To this extent we may claim that economic development is a necessary condition for the improvement in the quality of life which is “development”. Without sustained and continuous economic progress at the individual as well as the societal level, the realisation of the human potential would not be possible. Rising per capita income, the elimination of absolute poverty, greater employment opportunities, and lessening income inequalities, therefore, constitute the necessary but not sufficient conditions for development.

2. **Self-Esteem to be a person:**

This is another component of good life, that constitutes a sense of worth and self-respect; of not being used as a tool by others for their own ends. All peoples and societies seek some form of self-esteem, although they

may call it authenticity. Identity, dignity, respect, honour or recognition. The nature and form of this self-esteem may vary from society to society and from one culture to another.

3. **Freedom from Servitude to be able to Choose:**

This is the final universal core value. Freedom here is to be understood in the more fundamental sense of freedom or emancipation from alienating material conditions of life and freedom from the social servitude of men to nature, ignorance, misery, institutions and dogmatic beliefs. Thus we don't mean freedom in the political or ideological sense.

Freedom involved the expanded range of choices for societies and their members, together with the minimisation of external constraints in the pursuit of some social goal which we call development. W. Arthur Lewis stressed the relationship between economic growth and freedom from servitude when he concluded that the advantage of economic growth is not that wealth increases happiness, but that it increases the range of human choice. Wealth can enable man to gain greater control over natural and his physical environment (e.g., through the production of food, clothing and shelter) than if he remained poor. It also gives him the freedom to choose greater leisure, to have more goods and services or to deny the importance of these material wants and live a life of spiritual contemplation.

We may now conclude that development is both a physical reality and a state of mind in which society has, through some combination of social, economic and institutional processes, secured the means for obtaining a better life. Whatever the specific component of this better life, development in all societies must have at least the following three objectives.

1. To increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health and protection to all members of society.

2. To raise levels of living in addition to higher incomes, the provision of more jobs, better education and more attention to cultural and humanistic values. These all serve not only to enhance material well-being but also to generate greater individual and national self-esteem.

3. To expand the range of economic and social choice to individuals and nations by freeing them from servitude and dependence not only in relation to other people and nation-states but also to the forces of ignorance and human misery.

Based on the above objectives of development the following questions may be asked:

1. Have general levels of living expanded within a nation to the extent that absolute poverty (i.e., deprivation of life-sustaining goods), the degree of inequality in income distribution, the level of unemployment and the nature and quality of educational, health and other social and cultural services have all improved?

2. Has economic progress enhanced individual and group esteem both internally via-a-vis other nations and regions?

3. Finally, has economic progress expanded the range of human choice and freed people from external dependence and internal servitude to other men and institutions or has it merely substituted one form of dependence (e.g. economic) for another (e.g. political or cultural)?

If the answer to each of the above three questions is “yes” then clearly these phenomena constitute real development and the nation in which they are manifested can equally unquestionably be called developed. If only the first question can be answered affirmatively while the other two remain negative, such a country may properly be designated as economically more developed in a more fundamental sense. In this sense, it is more proper to refer to the nations of the world as economically developed and reserve judgement as to whether they are actually developed to a more thorough-going social, political and cultural analysis.

6. **Social Development:** This involves the establishment of a new social order e.g., equal distribution of social services. Among the symptoms of social development in developing countries are improvement in education, health, social mobility and rapid urbanization.

7. **Economic Growth:** As a concept, growth has a larger meaning and a more restricted meaning. Strictly, it refers to sustained increased in productivity over a relatively long period or long periods each measuring at least 10 years. An index of such growth at the national level is increase in national product in real terms. In concrete terms, growth modifies structures, attitudes, and techniques, and where it is sustained its economic affects are considerable.

The literal meaning of the word “growth” is increase in size, height, length, progress etc. In general, definitions of economic growth can be framed either in terms of actual output or in terms of potential output. To W. W. Rostow economic growth refers to a sustained secular increase in total national income or in national income per head of population, Prof. Kuznet (1921) on his part refers to growth of a nation as “a long term rise in capacity to supply increasingly diverse economic goods to its population, this growing capacity is based on advancing technology and the institutional and ideological adjustment that it demands. Three components of Kaznets definition have to be noted here. In the first place the sustained rise in national output is a manifestation of economic growth”. Secondly the

ability to provide a wide range of goods is also a significance of economic maturity. Thirdly, advanced technology provides the basis or precondition for continuous economic growth and this has to be followed by constant institutional, attitudinal and ideological adjustment.

In the large sense growth includes three variables - 1. An upward trend in G. N.P. and Revenue over a long period. 2. A self sustained character of the growth which is largely irreversible. 3. Growth also as a movement of structural transformation.

1. An Upward Trend of Growth in G.N.P.

This may result from savings and capital accumulation. Norman Churchill contended that "an upward trend in G.N.P. results from a net saving out of the current income and the subsequent investment which augment economic growth. Generally economic growth depends to a large extent on the size and quality of the labour force, the natural resources available, the quality and quantity of technology, character and rate of capital formation which ultimately lead to an upward trend in G.N.P. and revenue generation. For the continuity of the above variables, there must be proper identification of two or more sectors of the economy acting as a mover or engine room for other sectors in the form of what might be called proper linkages of various sectors which will, to a large extent instill the confidence in various sectors, either in the form of market or source of materials without necessarily looking to the outside the world before any

viable decision could be taken. This is very perculiar for the industrial sector to have a meaningful base for expansion and continuity.

2. A Self-Sustained Character of Growth Which is Largely Irreversible:

Economic growth makes possible basic scientific research which will in turn result to technological inventions and innovations which propel economic growth ever further. It involves the provision of a continuous mechanism for self-sustaining technical and economic advance. These mechanisms help to sustain and advance the economy rather than reversing back.

The self-sustenance of any economy without dependence on any other countries for both its technological needs, raw materials for industrial consumption, managerial and technical expertise or personnel and host of others is a manifestation of economic growth. In short, a self-sustained economy is not excessively dependent on the outside world for inputs or economic decisions.

3. Growth as a Movement of Structural Transformation:

This is another variable that shows whether a particular country has experienced growth in its generic sense or not. For one to talk of growth, there must be structural transformation of both economic, socio-cultural, political and even administrative structures of that particular country.

In economic sense it involves changes in the mode of production from crude to a highly mechanised one, from subsistence mode to commercial standard, from non-monetise economy to monetise economy which is internally generated and controlled. Also, there must be fusion of already disjoined economic sector i.e., traditional must be mutually related to the modern sector.

The structure of distribution of labour among the economic sectors must also change, that is the larger percentage of the contribution to G.N.P. must come from secondary and tertiary sectors and within these sectors a relatively greater shore should come from manufacturing. Labour must continuously be transferred from primary sector to the secondary sector especially industrial and manufacturing sectors.

Also the political structure must be transformed. There must be increased in political participation by the majority of people within a given country. There should be peaceful methods of change of government, respect for the rule of law and there must be increased or equal representation. In all there must be a stable polity within the country with utmost observance or respect for the principles of sovereignty.

Socially, changes in structure of behaviour must result, in the form of attitude towards work, respect for time and the management of merit. The administrative structure must be ready to adapt to changes within the environment and should be highly efficient.

Public Enterprises: According to Anyebe (2001, 93), A public enterprises is an enterprise created by Law and Act of parliament or a decree. The Law defines its structure, functions and powers. In other words, it can be defined as a state owned enterprise created by law for purpose of national development.

It has the following features:

a) Creation of a statute or law,

b) ownership by the general public,

c) it can sue and be sued,

d) profit is not its sole motive, and

e) its emplyees are not civil servant.

Hargarty and Shirley, (1997), defined state owned enterprises as government owned or controlled economic entities that generate the bulk of their re-venue from selling goods and services". This definition has distinguished state enterprises from other government activities that might be labelled as such in some countries, but that receive the bulk of their income from general revenues (like social security systems, road maintenance agencies, or agricultural research institutions) or government transfers (like public health, education and universities). In the opinion of Marshal and McCormicks, 1986: 34), public enterprises may mean one of three things:

a) Those industries which are public owned but are operated at arm's lenght from parliament (autonomous) in order to combine in the most

efficient manner, sound commercial practices and pubic accountability (NITEL, Railways, Ports, NEPA).

b) Those activities which are owned and run by the state directly through departments of state (foresry, inland waterways fisheries etc) and

c) Those activities which the state influences through the use of antimonopoly measures, taxes and subsidies, but which are usually owned and operated in the private sector. These comprises virtually the whole of economic activity.

K. L. Rao, (1987 - 183): Public enterprises are complex organizations. They have many facets; they can be seen as economic entities, administrative systems or political configurations operating in a wide range of business settings. They are exposed to turbulent environments internally and externally and therefore, present challenging management task.

8. **Evaluation:** According to Hyman Wright and Hopkins (1962) evaluation is the systematic and comprehensive assessment of a project, which involves its operational efficiency technically, economically, financially and managerially. It involves a probe by a group of outside experts into the working of a project, to find out its achievements and weaknesses and to suggest ways and means of overcoming the weaknesses to improve its operations. Evaluation thus refers to the procedures of a fact-finding about the results of planned social action which in turn move the spiral of

planning over upward. It is the proper methodological accompaniment of rational action.

Evaluation is an integral part of any development programme in order to assess its success or failure and to point out further lines of improvement. It is a process to evaluate the rate of return on a project, its social profitability and its side effects on the growth rate of population, on employment, labour and management training and on rate of reinvestment. Further it helps to assess the impact of the new project on the people of the area especially on their social and economic conditions. Evaluation is therefore, an essential aid to policy.

It involves five stages: To review the situation before the project is actually started; to make appraisal when the project is in operation in order to find out how much has been accomplished and what remains to be accomplished, to suggest ways and means to improve its operations further and to plug loopholes, and lastly to evaluate the ends achieved by the project when it is complete and is in full operation.

9. **Investment:** A trust or corporation that invests in securities, the funds obtain from the sale of its own shares and distributes a return to its share holders from income on the securities.

10. **Unemployment:** That portion of the total population who actively sought work in employment office with a view of taking a new jobs.

Affordability: According to Sankey 2001: is an aspect of the concept of demand, supply and how prices are determined. Demand is considered to be effective when it is related to real income. According to Stanlake, (1967: 150) and Lepsey, (1981: 58) (1983: 25 - 26), the relationship between changes in income and changes in demand, Caincross (1966: 282), is a function of disposable real income - which is the amount the individual has available for spending. Purchasing power which is the concrete realization of affordability, therefore, is related to real income rather than money income. For instance, if money income rises by 5 percent, but over the same period inflation has risen by 10 percent, real income would have fallen, and so by extension has the ability to buy things (affordability) has also fallen.

However, affordability would also be a function of deliberate government policy (price controls) or of a business decision. In the case of government policy, goods and services of public enterprises could be subsidized in order to make them accessible to the average person. Such policies therefore, control the fact or rates which public enterprises charge for goods or services. When rates are controlled in this way, it is said that economic rates which reflect the cost of production, overheads and marginal profits are not charged and hence costs are not recoverable. There are several meanings to the word afford or affordability including to yield, produce, to confer or grant etc. But particular meaning which conveys the impression desired by this project is “to have the means for, to be able to bear the expenses or the prices of something without serious

inconvenience (Noah Webster, p. 33). The Oxford English Dictionary Vol. I, p. 222). Another word which aptly describes affordability is access.

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CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

INTRODUCTION:

Literature review basically concerns the re-examination of previous studies carried out in an area where one is interested in undertaking a research to familiarize the researcher thoroughly with the existing body of research already done in the area of his interest. According to Foluso (1986 - 31) review of relevant literature helps the researcher to locate and measure devices used in other studies which may be suitable for the subject that a researcher wishes to use as his sample.

To Sankey, (2001: 43) literature review serves to isolate approaches, methodologies, analystical instruments and facts which previous studies contain, and at the same time to eliminate aspects of the above elements which may be in disagreement with “the main text” and the proposed subject of the research. This process of review therefore will allow the researcher to retain relevant information and to discard facts etc, not relevant or appropriate to his research.

This thesis is “An Evaluation of the Contributions of Public Enterprises to Socio-Economic Development of Taraba State. The views of experts, authors relevant documents from Nigerian and other sources interested in the development of public enterprises will be the focus. The purpose of the literature review here, therefore, is to use these scho-larly studies listed above to provide a broad view

and better understanding of the subject matter. It is the view of this researcher that a well conducted literature review provides better focus and enables effective analysis and hence accurate interpretation. Such a review, therefore, provides a clear idea about the most appropriate theoretical framework within which to interpret the data gathered in the course of this research. For future emphasis, it is necessary to restate the research topic, which is “an evaluation of the contributions of public enterprises to socioeconomic development of Taraba State”. The existence of public enterprises/corporations within any economy, presupposes the existence of either a mixed economy or a socialist economy. The capitalist system allows the means of production to be controlled by private individuals. Under the capita-list system, both production and distribution are left to market forces to determine what is produced, how it is produced, how it is distributed, to whom and at what price, the market determines all. The governments role is only to facilitate economic activity by creating a conducive atmosphere (regulatory) for people to pursue their own interest without interference. The socialist system on the other hand, concentrates the means of production in the state thus disallowing the private ownership of these means. In the socialist system the role of market forces is assumed by the control and planning authority which determines what to produce, where and how to produce it as well as how, where when and at what price to distribute the produce.

The concept of mixed economy to Samuelson is an example of the American economy where both public and private institutions exercise economic control. The co-ordinating mechanism setting the components of the market economy to work is the market mechanism (Adam Smith’s invisible hand). It directs and co-

ordinates the activities of millions of independent and disperse economic institutions, agent and units.

To Abdulsalami (1983) mixed economy is a nebulous (Vague) one. This is so because the establishment and management of this type of economy is not based upon or guided by a coherent body of ideas that help to minimize uncertainty or ensure predictable outcomes. Mixed economy is defined as an arrangement which permits the ownership and control of national economic resources to be shared by government on one hand and private individuals and corporate groups on the other.

Accordingly, Abdulsalami observed that, the system ensures a symbiotic not a parasitic relationship between the so called “private” and “public” sectors of the economy. The conventional wisdom in western world, United States of America and Japan favouring mixed economy for the developing countries like Nigeria, Ghana, India, Brazil, etc., are for the following reasons:-

a) That the large initial social overhead capital projects which must be launched such as large plants like Kainji dam or nuclear power plants, education, health, transportation, road networks, sea and airports etc., before development can begin is beyond the ability of private capitalists.

b) That the spirit of private entrepreneurship is largely lacking therefore, governments role is desirable.

c) That the indigenous private sector was relatively new, weak and inexperience.

It is pertinent to add here however, that the concept of mixed economy which has already been described as nebulous is neither here nor there. This is so because every epoch in history is usually characterised by various modes of production existing at the same time are traditional modes of production, socialist mode of production and capitalist mode of production. Given this scenario, therefore, a particular epoch in the economic history of a particular country or society could only be classified by the most dominant mode of production at that particular time in question.

This is so because the dominant mode of production will tend to dominate and subsequently neutralise and absorb the other less dominant forms of production in existence A good example of this could be seen in the contact between the African traditional communal mode of production with the western capitalist mode of production. Almost every where within Africa today the weaker African traditional communal mode of production has almost given way to the dominant western capitalist mode of production. The social relations of production is that of capitalism while in a few countries the socialist mode of production exists, characterised by the socialist relations of production.

In the real sense therefore, most African countries today could only be classified as capitalist or socialist countries depending on the dominant mode of production in operation in a particular country at a time. It is this logic that the researcher

used to classify Nigeria among the capitalist economies in Africa. So, the idea of a mixed economy is only meant to obscure the reality. A genuine economic idealogy should enable the country adopting it to have a clear view of the economic goals of the nation as a corporate unit which it desires to achieve and the best strategy available for the pursuit of that economic goal. The idealogy should enable the people through the state that is the central government to progressively acquire effective ownership of and control over national resources, and to have greater certainty as to the trend or path of national socioeconomic development. The mixed economy system disallows comprehensive planning as a whole by encouraging not only the powerful private sector to thrive along side government sectors but also by encouraging competition between both sectors, that inevitably leads to a "parasitic dominance" of the former over the latter. This partly accounts for privatisation and commercialisation of public enterprises currently going on in Nigeria under the guidance for Bureau for public enterprises. The Bureau was organised and authorised to implement privatisation and commercialisation by divesting of government holding in public enterprises and processing access to ownership of such holdings by diverse groups and individual across the country. It started as far back as 1972. With the indigenization policy backed by enterprises promotion decree of 1972.

CONCEPT OF PUBLIC ENTERPRISES:

According to Sankey (2001 : 27 - 32), the word enterprise is taken from the French word 'entre prendre'; which means to undertake 'entre' means 'in' or 'between'; 'prendre' means 'to take'' while 'prise' means 'taking'. 'Enterprise' therefore means, among other things, 'a bold hard, dangerous, or important

undertaking; or willingness to venture on such undertakings; readiness to take risks, or try something untried, energy and initiative. It thus follows that if the state engages in this undertaking or expresses willingness or energy to do so, then state enterprise comes into effect. (Websters, 606).

Andreja Bohm, (1982:72); reported the results of an expert-group meeting on the "concept, definition and classification of "public enterprises", convened in Tangiers, Morroco in December, 1980 hosted by CAFRAD. The group's approach was to analyze the significance of the two component dimensions of public enterprises - its "public dimension" and its "enterprise dimension". Their conclusion being that the definition of public enterprise would logically result from the synthesis of the essential elements of the two dimensions. Furthermore, the group agreed that two definitions were required as follows:-

a) A basic "boundary limits" definition for statistical and research purposes;
b) A conceptual definition aimed at understanding the identity and character of public enterprises and the parameters and public policies governing the enterprises.

The public dimension involved an understanding of the concepts of:-

a) public purpose
b) public ownership
c) Public control,
d) public management,
e) public accountability.

These elements provide the key to understanding of the rationale for public enterprises as well as the measures of distinction with private enterprise. Public

purpose revolves around the desire to attain not only commercial and business goals, but developmental and a range of socio-economic objectives. Public ownership and, therefore, control is arbitrarily defined by a cut-off point of 50% + 1 which clearly guarantees the public nature of the enterprise.

The group felt that the essential elements of the enterprise dimension include:-

a) Ownership
b) the field of activity of a business (economic) character
c) the concept of investment and returns, and
d) the marketing of the goods and services produced by the public enterprises,
e) the use of certain accounting procedures to determine performance especially profits; assets and liabilities (profit and loss account and the balance sheet).

These elements set public enterprises apart from other organizations in the public sector. “Marketed” output is the core ingredient of the enterprise dimension and indicates a relationship between production costs and prices implying the need for commercial accounting system.

With the above analysis, the group provided the following conceptual definition.

“A public enterprise is an organization which:-

a) is owned by public authorities including central, state or local authorities, to the extent of 50 percent or more;

b) is under top managerial control of the owning public authorities, such public control including inter alia, the right to appoint top management and to formulate critical policy decisions,

c) is established for the achievement of a defined set of public purposes, which may be multi-dimensional in character,

d) and is consequently placed under a system of public accountability,

e) is engaged in activities of a business character,

f) involves the basic idea of investment and returns,

g) and which markets its output in the shape of goods and services".

This conceptual definition integrates all essential elements constituting the public and enterprise dimensions.

The statistical definition of the group is given as follows:-

A public enterprise is a productive organizational entity which engages in activities of a business character and markets any of its output and which is publicly owned to the extent of 50 percent or more.

In effect, these two definitions - although intended to cover the same set of institutions - approach the problem from different angles. The conceptual definition on the one hand, sought not merely to identify the public enterprises but also to examine and articulate the reasons for their existence and to promote an understanding of their character. On the other hand, the statistical definition was intended merely to provide a neutral identification of the institutions covered by the term.

Structure:

According to Sankey (2001) it is no accident that the definition and conceptualization of structure are usually carried out in conjunction with function. This is compelled by the fact that structures exist essentially to carry out certain functions. In a nutshell, it would be strange to have a structure serves no purpose or that has no function. In the physical world, it is easy to identify structures such as buildings, bridges, plants, vehicles etc, and the functions of their component units and of the whole. Social structures to which public enterprises belong as a sub-set (organization structure) do not, however, lend themselves to such easy identification as buildings do.

Allport (1962:56), provides a way out of this difficulty of identifying social structures when he describes structure as "an interrelated set of events which return upon themselves to complete and review a cycle of activities. It is the events rather than things which are structured, so that social structure is a dynamic rather than a static concept". Public enterprises, therefore, are structures in the above sense in that the set of actions (roles) of the enterprises are ordered or structured in a logical manner that conduces to the attainment of set objectives. Structure, therefore, or lack of structure in organizational action could as the case may be, facilitate or hinder the attainment of set goals. To the extent also that social structures interact with the larger environment to that extent they are impacted upon environmentally derived forces such as SAP.

Griffin, (1984:353) defines structure as one or more elements that knit an organization together; and such elements consist of departmentalization, work

schedules, span of management, overall organization design (jobs) and people themselves (workers). For Edward, and John, (1976: 34-36, 62) a structure should be looked at, based on the function performed on different jobs in the organization. It (structure) entails divisions into manufacturing, sales, marketing and leads to the distinction between line and staff employees. In the management sense, structure determines the kind of reward system-control system relationship for particular organizations (small or large). These last two definitions are considered appropriate for this thesis.

Function:

"To function" means to perform, to operate, to carry on. In organization a function has such variable meanings, but it can be applied "to an over-all general purpose such as law enforcement or fire protection" (Pfiffner, 1960: 120). Function is also referred to as the action of performing; performance of a role. It could be "the special kind of activity proper to anything; the mode of action by which that thing fulfills its prpose (The Oxford Dictionary 2nd Edition: 262). Function may also be used to refer to the grouping of activities in accordance with functions of an enterprise; it embodies what the enterprise typically does i.e. (Creating utility or adding utility to a good or service), selling, (finding customers, patients, clients, students or members who will agree to accept the goods or services at a price or a cost), and financing (raising and collecting, safeguarding and expenditure of the enterprise); (Koontz, 1988 :89, 90).

Function could be the general activities carried out by an organization; depending on the organization, but mostly in areas like; financing, administration, marketing

and sales, operation and research and development. In broad management terms, it also includes planning, organizing, leading, controlling and decision making Griffen, (1984:264). Function is critical to successful performance of management roles.

Katz and Kahn, (1966: 63-70) treat function as a shorthand description of social structure and refers to the outcome of structured activity. Intrinsic function refers to immediate and direct outcome of a system on subsystem in terms of its major product. It should be distinguished from extrinsic functions which are the system outcomes as they affect other systems or subsystems to which the structure in question is related. Most organizations such as public enterprises in our case, have intrinsic as well as extrinsic functions since they, apart from their primary functions, perform some other functions that impact on various adjacent systems and indeed society as a whole.

Genotype functions (Katz and Kahn, 1966) are the type of activity in which an organization is engaged as a subsystem of the larger society. This concerns, therefore, work (through put) that gets done in relation to the organizations contributions to the surrounding social structure. These organization functions fall broadly into four categories including - production, maintenance, adaptive or managerial. Accordingly, organizations could be classified using these functional categories into five basic subsystems.

a) Production subsystems concerned with the work that gets done;

b) Supportive subsystems of procurement, disposal and institutional relations;

c) Maintenance subsystems, for tying people into their functional roles;

d) Adaptive subsystems, concerned with organizational change;

e) Management systems for the direction, adjudication, and control of the many subsystems and activities of the structure.

The treatment of function by Koontz (1988), Katz and Kahn (1966) are adopted for this research. Adreja Bohn on the other hand maintains that a pubic enterprise should posses the following features:

i. Owned by public authorities including central state or local government authorities to the extent of 50% or more.

ii. Is under top managerial control of the owning authorities, including inter alia the right to appoint top management and to formulate critical policy decisions.

iii. Established for achieving a defined set of public purposes which may be multidimentional in character.

iv. Placed under a system of public accountability.

v. Engaged in activities of a business character.

A rather vulgar definition of public enterprise describes public enterprises as “no bodies business” and seeks to explain the tendency to manage it without commitment.

IDEOLOGICAL IMPERATIVE FOR THE CREATION OF PUBLIC ENTERPRISE:

The setting up of public enterprises the world over is motivated by specific developmental imperatives dictated by the political, social and economic realities on the ground. The philosophy or ideological leaning of the country in question also affects significantly the reason why public enterprises were set up and saddled with specific functions.

Though a myriad of philosophyical paradigms permeate the different countries of the world, there have been emerging patterns which can be synthesized basically into three.

In the capitalist societies otherwise refered to as free enterprise societies, the economy is private sector driven, hence the main thrust of economic endeavour is provided by private enterprise. The performance and the activity of these private enterprises in the market is the basis upon which government formulates its economic policies and executes them through the private enterprises as well. What could be refered to as public enterprises in these societies are restricted to the fields of regulatory activities, infrastructure and utilities.

Public enterprises in socialist societies steer the economy, providing the basic financial, infrastructural, and technological ingredients for development in a state - sponsored comprehensive development plan.

The major thinking underlying this approach is the need to ensure “distributive justice” and equity in terms of opportunities and income, and to eliminate the exploitative tendencies inherent in free enterprise societies especially against the back drop that some of these public enterprises require huge capital out-lay that if private enterprises are given the concession to provide, will translate into monopoly which is a precondition for exploitation.

Mixed economies which are the outcome of the ideological marriage between the capitalist and socialist economic ideologies, is the most favoured paradigm by developing countries. Here the economic endeavour is jointly undertaken by both the public and private enterprises in a ratio that vary from country to country. The area of activity of both are spelt out in some cases and unclear in others.

The strategic importance of a sector, the amount of capital out-lay required often determine which activity either the public or private enterprises undertakes. In sectors that are strategic and requiring huge capital out lays like defence, iron and steel, electricity generation, transmission and distribution, these are performed by public enterprises, while other sector of less strategic value requiring lesser capital out lays like banking, insurance etc are undertaken by private enterprises.

Generally the sphere of public enterprises in economic life and development activities in the third world tended to be dominant on getting independence in the 1960s due to strategic, ideological and environmental considerations. In Nigeria for instance the (NNPC) Nigerian National Petroleum Corporation, defence

industries Corporation, National Electric Power Authority, (NEPA) were established because of the strategic nature of these industries. The government also desired to supplement private sector initiatives which was lacking or handicapped due mainly to large capital out lays required by such activity. Yet others were established to furnish social services considered necessary for the well being of citizens like water supply, health facilities, and educational institutions. So also were some created to boost industrial and commercial development like Textiles, Breweries, Car assembly and other plants, cement-factories and distribution agencies.

The conceptual objectives for setting up most if not all of the public enterprises were generally laudable. For instance no body can question the objectives for setting up the Nigerian Railway Corporation (NRC) which was to become the most important means of inland transportation or the NEPA to fully exploit the huge economies of scale in electricity generation, transmission and distribution. Similarly, the steel plants were set up as a result of well mapped strategies to achieve certain objectives including the provision of a solid industrial base for technological development, conservation of foreign exchange and generation of employment. National Insurance Corporation of Nigeria (NICON) which was set up to break the dominance by foreign companies of the Nigerian insurance industry, conserve foreign exchange, provide a more cost effective insurance cover for government as well as help create local operational and management expertise in the insurance industry.

It appears that public enterprises failed to achieve the developmental objective for which they were established, thus necessitating the resort to privatization by most countries in the world including the die-hard advocates of state sponsored development like Russia, China and Cuba.

Public enterprises as is known and operated in the modern time first found expression in the work of willough by as far back as 1917. He recommended to government to set up public corporations, describing them as subsidiary enterprises. He said because governments neither have sufficient time nor appropriate skills to administer some of their special services the management of such specialised and revenue yielding government enterprises be entrusted to distinct subsidiary corporations and companies and that government act only as regulatory and supervisory body. He further advised that government should set up holding subsidiary enterprises to perform a number of commercial, industrial, agricultural and other economic activities so as to relieve the national governments to a considerable extent of the ever increasing scope and various functions that have been imposed upon them.

He suggested therefore, that such an enterprise should have its own plants, equipments and other properties which it will possess in its own name, it's own revenue and expenditure system and in distinct accounting and reporting system.

Grant G.T. (`1979) defines a parastatal as "an entity wholly owned by government and created by a specific statute which gives it authority to engage in designated activities under specific conditions".

Professor Dimock, maintained and stressed autonomy as the distinguishing attribute of an authentic corporation. He was of the view that there should be both management and financial autonomy, as well as accountability.

Herbert Marrison also made his contribution and maintained that for public sector industries to be self supporting and economically successful they must be freed from political interference, class interest and workers control. He advocated for public corporations, considerable autonomy and freedom of business management.

It could be argued that the success of present development levels now attained by China, Russia, North Korea, Cuba and Japan were as a result of the boost public enterprises received at the initial stages of their development. The experience of the above mentioned countries in using public enterprises as a means of accelerating development has helped focus the role of public enterprises in stimulating development.

In a study conducted by Tukur Ardo Hamman Mu'azu (1990) on the contribution of Nigerian Beverages Production Company, Yola, he concluded that the parastatal has "provided employment opportunities to 6020 Nigerian staff".

M. E. Girgi (1991) in her work on Benue Cement Company found that the company invested in other companies such as Benno Packaging Company, Lobi Bank etc."

Indira Ghandhi (1970) summarised the role of parastatal thus “we adocate public enterprises for three reasons, to gain control of the commanding heights of the economy, to promote development in terms of social gain of strategic value rather than primarily for considerations of profit and to provide commercial surpluses with which to finance further economic development. In the light of the above statement Ghandhi concluded that “public enterprises are therefore, important vehicles for development.

This section specifically considers the evaluation of the contributions of public enterprises to socioeconomic development in developing countries in general and Taraba State in particular.

In evaluating the role of public enterprises in national economic development, (Olopoenia, 1981:21) contends that the USSR was only able to attain its present status as a developed country principally because of its economic policies which made it conducive for the establishments of public enterprises, to act as the medium of transforming their economy. Olopaenia argues that this priority given to public enterprises in the USSR made it possible for the achievement of some impressive economic growth combined with relatively equal distribution of income and the absence of large scale unemployment. Also evaluating the contributions of public enterprises in Japan, Olopoenia concluded that the success of Japan was not possible because the enterprises were created to provides jobs, entrepreneurship support etc., and transfer of western techno-logy to backward industries. The result of it was that public enterprises in Japan had succeeded in

reducing the level of poverty, unemployment, provision of utilities and reduction of inequality thereby stimulating economic development.

Another evaluation study of public enterprises was that by Park. He undertook a study of the way public enterprises helped in raising the levels of Gross Domestic Product (GDP) and reducing the level of unemployment in Korea. He came up with the fact that from 1981 - 83, public enterprises in Korea accounted for about

9% of the GDP, 7% of employment in the manufacturing sector alone and 23% of the countries fixed capital formation. The influence of public enterprises according to Park continues to extend beyond these numbers. This last statement by Park means that there are benefits which cannot be quantified. He supports this by organizing that even in cases where the prices of public enterprises are reduced to make them affordable to more people, such enterprises are serving the purpose of redistribution of resources thereby contributing to economic development.

According to Akpan (1995 and 1996 p. 5) the role of the state in economic development is one of the oldest issues in economics, nonetheless, controversies still exist as to what constitutes the precise relationship between the state and the growth process. Not too long ago, it was argued that public sector investments could accelerate growth and development especially in developing countries where market failure characterised economic activities.

In Nigeria as in most other developing countries, government is involved in planning and promoting the various segments of the economy. Hence public enterprises form a major sector in the economy.

To evaluate the contributions of public enterprises to socio-economic development of Nigeria in general and Taraba State in particular. There is a need to go back to history. This is because the important position occupied by public enterprises in the Nigerian economy is not by chance, but as Etuk (1985) puts it is the “result of deliberate planning by government to ensure the establishment of publicly owned commercial type of institutions aimed at furthering economic growth and development.

This point finds support in the work of Ezenwa (1987) in which he stated that “it was part of the colonial legacy to Nigeria at independence in keeping with their mother country, the British colonial public administration, kept in colonial public sector, certain activities that were traditionally held by the British government. This is obviously to guard against abuse by any one or group of individuals. what seems to emerge here is that the British colonial administration built Nigeria’s present public enterprises system.

More evidence of this is still provided by Etuks (1985) work where he pointed out that as early as the 1950s the British colonial government ventured into establishing quasi-government departments which took charge of roads, railways, health, telecommunication and so on. However, large scale establishment and expansion of public enterprises in Nigeria did not occur until

the end of the second world war and particularly after Nigeria's independence in 1960. This contention was supported by Aboyode (1973) when he wrote that:

Beginning with the famous commodity produce marketing boards of 1940s, both the central and the regional governments created a plethora of public enterprise (institutions) to foster general development, beyond providing the conventional scope of public utilities. By middle of the 1960s, the range of Nigerian public enterprises had expanded from farm organisations to manufacturing, from municipal transportation to mining, from housing to multi-purpose power and from trading to banking and insurance.

The desire for rapid economic development immediately after independence and the oil boom of the 1970s brought about the expansion of the public sector and the diversification of the nature of economic activities in Nigeria.

According to Sankey (2001 - 156) the explanation of the forces responsible for the growth of the public sector includes the following:-

a) Ideological and socio-political considerations fueld the growth of public sector enterprises. Beginning with the indigenisation policies of the early 1970's, the public sector began to play an increasingly dominant role in the Nigerian economy. By the beginning of the 1980's it accounted for around half of the GDP and two thirds of the modern sector employment. Specifically, the Nigerian enterprises promotion decrease of 1972 had set the basis for government extensive participation in the ownership and

management of Banking, Insurance and Industry. By 1980, there were around 70 non commercial and 110 commercial federal government owned enterprises many of which needed financial support to cover operating losses. There were also large numbers of public enterprises at the state level.

b) In pursuit of the broad non-commercial objectives mentioned above, public sector enterprises also become vehicles for the provision of social and economic infrastructure. Decision makers aimed at conveying growing oil revenues into investment, it is no exaggeration to say that the foundation of modern infrastructure in Nigeria were being laid by the public sector.

c) Other reasons which accounted for establishment of public sector development include:-

i) **Economic Motives:** Savings mobilization has been a long standing and most frequently employed rationale for creating public enterprises. The argument runs as follows:-

According to Malcom Grives, domestic capitalists in less developing countries generate too little savings because they are conspicuous consumers. Public savings can adequately finance capital formation because low levels of per capital income and weak public administration's make it particularly difficult to tax revenue. In the face of these pervasive realities, many third world governments turn their hopes to state

enterprises for surpluses which could be used to finance investment i.e. financing both physical and human capital formation. This will in turn reduce the need for administratively difficult and r tax refunds.

ii) **Capital:** This has been a further argument for public enterprises in countries where money and capital markets are not well developed so that private domestic firms have been unable to mobilise the volume of capital necessary to mount large capital intensive projects. This is particularly true in the mineral sector where today the average size of projects around the world runs over billions of dollars. In most developing countries, only the state or foreign enterprises have the resources to mount such projects; and private investors are highly risk ventures and public sector is essential, if large projects are to be carried out.

iii) **Social Goals:** In many third world countries, public enterprises have been created to serve social goals. These include income redistribution and the correction of imbalances in regional growth, employment creation and income generation. In many countries, the pursuit of such objectives is primary to public enterprises managers. In such countries the managers of large mining public enterprises commonly stress the social content of all basic enterprises decisions. Development missions to which public enterprises activities are oriented may generate the reduction of income differential over time, irrespective of the economic and technical reasons for their establishment. Although, few enterprises owe their existence entirely to government, social or equity goals. In recent years a number of

enterprises have been established principally for the purpose of rectifying imbalances between social groups and between regions of a country.

iv) **Other Reasons:-** Concentration of economic power in the hands of a small number of families has been significant in such countries as Pakistan, Chile, Peru on occasions governments have moved to reduce the tendency for abusing of powers by nationalising private domestic firms. The desire to curb drastically the influence of Pakistan's dominant four families was clearly a significant factor in actions taken by the Bhutto government in 1974 when many banks, insurance companies, industrial firms and agricultural interests were nationalised. Similarly, from 1971 - 1973 the Allande government in Chile justified seizure of a variety of textile, banking, publishing and industrial concerns on grounds of excessive concentration of ownership in the hands of a small group of individuals.

In a study undertaken by Sankey (2001 - 155) he came out with the emphasis that public enterprises sectors accounts for a significant share of national output and investment. He explained that the growth and contributions of the sector to economic development was rooted in post independence period. He emphasized that public enterprises then were established to spear head the drive to industrial development and public control of commanding heights of the economy such as iron and steel, armaments, chemicals, heavy engineering and petrochemicals were justified interms of their strategic importance. They played a major role in providing essential inputs to the emerging manufacturing sector of the economy.

Other factors contributing to the growth of public enterprise sector to economic development include the private sector failures; and in some cases, unwillingness to invest in activities critical to the industrialisation process. These public enterprises have drawn alot of attention from the public which led to several studies undertaken to evaluate their contributions to economic development of Nigeria. Various opinions have been expressed about the performance of the public enterprises. One of such is that by Akinyele on the performance of some selected public enterprises. He criticized the Nigerian Airways Limited which had a carry over loss of several millions of Naira in 1977.

The Nigerian Coal Corporation according to him recorded great losses too, between 1977 and 1979 in addition to government grants; it's sales never covered the cost of production. For example, it was stated that it's total sales in 1979 was N2.53 million while it incurred productivity cost of N6.907 million, Akinyele therefore concluded that these organisations were drowning the economy rather than developing it.

What Akinyele seemed to have ignored was that the contributions of these public enterprises should not be viewed only from the perspective of a profit and loss account. Rather the social contributions of these enterprises should also be considered in evaluating the contributions of these enterprises, that is in terms of reducing unemployment, poverty and inequality. Both enterprises mentioned above are high employers of labour especially the Nigerian Airways at that time

was the only indigenous air transporter, offering services to millions of Nigerians and expatriates engaged in various economic activities.

Closely related to this was the recent evaluation study on the Nigerian Railway Corporation by Ochejele. His own study showed that in the first three quarters of 1988, the total revenue earned by NRC from all sources was N35.25 million as against the total ope-rating expenditure of N159.32 million. This resulted in operational deficit of N124.04 million in a month. In a study of the evaluation of the contributions of public enterprises to economic development, Ugbolue undertook a study of the Bendel Water Board (BWB) and the Rural Electrification Board (REB), Ugbolue chose a period of five years, 1976 - 1980 for his analysis. He used projects and employment growth in the two organisations to measure their contributions. The findings of his study showed that there had been a steady growth in both the number of areas and the number of people employed. In a similar study by Sankey 1981: 118 he evaluated the contributions of the Funtua Agricultural Development Project (KADP) in reducing unemployment in Nigeria. He chose the period 1976 - 1979 for analysis. He came out with the conclusion that one cannot ignore the contributions of FADP to reducing unemployment and poverty in the area studied. This supports the employment variables as a measure of contribution of public enterprises to economic development.

Until the launching and implementation of the on-going structural adjustment programmes, one of the policies of which is the privatization and commercialisation of government commercial enterprises, the federal and state governments invested heavily in public enterprises. According to Ayodele (1987)

and Ojo (1992) by the beginning of the 1980's, the public sector alone accounted for some 50 per cent of GDP in the Nigeria and some 60 - 67 per cent of modern sector employment. By 1986, the federal government alone owned nearly 200 non-commercial and commercial parastatals. Usman (1991) puts the number of public enterprises in Nigeria at over 500 in 1986, and total government investment in them worth over N30 billion in the form of equity, loan guarantees and subvention. This phenomenal investment in public enterprises is attributed to the growth in government revenue during the oil boom 1973/74 - 1980/81. The public sector enterprises thus became the prime mover of economic activities and the provision of social services.

The public sector exists in an economy to achieve the objectives of development, Nigeria is reducing the dominance of unproductive investments in the public sector through the ongoing privatization and commercialisation programme to diversify the productive base of the economy. The enterprises so realised are to be financially viable, self-sustaining and profitable. The achievement of these objectives presupposes the existence of adequate and efficiently managed economic and social infrastructural facilities which include electricity, water, communication, highways, health and education. Privatization and commercialisation are elements of structural adjustment programme which among other things were introduced to diversify the economy and move it away from reliance on oil. It is worth while to stress that SAP came about as the policy of World Bank. Reviewing the economic crisis bedevilling most African economies, the World Bank came out with the conclusion that African economic crisis started in the 1970's when policy mistakes and negative external

development combined and led to their crises. According to the Bank, the mistakes and development could be summarised thus:-

i) Rapid increases in public sector expenditure (including parastatals) without corresponding increases in public sector revenue.

ii) Policy biases against agriculture still the main stay of African economies.

iii) Declining domestic savings coupled with ready availability in the 1970's of concessional external finance (the later mostly supply - driven).

iv) Overvalued exchange rates dampening the incentive for production and export.

In this context the evidence suggests that for at least 30 African countries, the loss of market shares and export proceeds are more strongly correlated to the appreciation of the exchange rates than to protectionism and movements in the terms of trade? Thus the adjustment became absolutely inevitable, if African economies were to be salvage the bank concluded. The essence of the adjustment was to reinvigorate the economies of African countries by establishing industries that would put the economies on sound footing there by enhancing their contributions to economic development.

POLICY FRAME WORK OF SAP:

The main policy elements or objectives of structural adjustment programme (SAP) may be summarized as follows:-

i) Adoption of measures to stimulate domestic production and broaden the supply base of the economy.

ii) Adoption of realistic exchange rate policy for the Naira through the establishment of the second Tier foreign exchange market SFEM).

iii) To restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and import;

iv) Rationalization of the custom tariff in order to promote domestic production;

v) Trade and exchange liberalization in order to enhance efficiency and minimize malpractice;

vi) Adoption of appropriate pricing policies of public sector enterprises; and

vii) Rationalization and selective commercialisation and privatisation of public enterprises.

The above measures may broadly be categorised under those intended to create the right environment for the promotion of economic growth and those designed to mobilise resources for development and ensure their most efficient use.

PRIVATIZATION OF PUBLIC ENTERPRISES IN NIGERIA:

Structural Adjustment Programme (SAP) as outlined in its policy framework above aims to focus our attention at re-examination of our social attitudes and the entire national economy while favouring privatization and commercialisation as policy

instruments of the federal and State Governments by reducing their huge roles in the economic life of the country. Public enterprises in Nigeria were created among other reasons mainly to foster deve-lopment, economic growth and national integration.

Privatisation has become the operational key word in many studies and discussions focusing on Africa economic development. From world reports, the International Monetary Fund (IMF) and other western monetary institutions and donors agencies, privatisation is being counted as an imperative aspect and key feature of any recovery strategy (SAP) for sub-Saharan African countries and other third world countries.

The proponents for privatization often argue that state-owned companies or public enterprises in Africa and other third world countries are often characterise by the following factors viz frequent political interference by the parent ministries, poor financing by the government, lack of financial, investment and operational (administrative) autonomy, poorly defined goals and objectives. Others include

over staffed corporations, rigid bureaucratic tendencies, low managerial capacity, contentious relations between management and board of directors, poor internal organisation and most often than not public corporations are faced with corruption or fraud, all or some of these factors combined to account for the poor performance of public enterprises. Thus, we are faced with general opinion that:-

Public enterprises constitute one of the major areas of governmental expenditure and from which there is no hope of profit" for example the former chief of staff, Commodore Ebitu Ukiwe (retired) on November 27, 1985 stated that the Nigerian Federal Government's total investment into public enterprises which amounted to N31.81 billion made up of direct equity. N11.45 billions loans, N10.42 billions,

guaranteed loans granted in foreign currencies N1.366 billion and subsidies to parastatals totalling N11.51 billion yielded only N934 million. This yield averaged about N200 million per year on an equity investment of N11 billion thus, making a gross return of less than 2 percent per annum.

Public enterprises constitute a major instrument of plan design and plan fulfillment.

Development planning as well as public enterprises system as an integral part of the planning process, share in common the basic assumption that the economic activities of a nation should generally subjected to democratic control of the community as represented by state apparatus. This mutually interdependent

relationship implies that successful general equillibrium planning, at any rate in the circumstances of underdevelopment requires the creation and functioning of a large public sector sufficiently large to constitute the predomination force in the economy. So, we can now better appreciate our earlier point that although central planning is only tangentially related to the issue of public enterprises in the advanced industrial economies, the two are in fact inseparable in the circumstances of underdevelopment. In the former case, public enterprises can survive, indeed flourish, without a national plan, but in the latter, development planning without public enterprises would amount to nothing. For a country like Nigeria with so much widespread poverty matched both by growing resources and expanding market, meaningful development means total mobilisation for speedy economic expansion and social reform. This implies that the productive forces of society must be related in such a way that the twin issues of economic growth and social equity (especially of income distribution) would be resolved simultaneously, such a unique solution is provided by the concept of a large public sector engaged in direct productive activities.

THEORETICAL FRAMEWORK:

A study of this nature requires a theoretical framework which is to serve as a basis of analysis and for understanding the findings of the study. For the purpose of this study is to evaluate the contributions of public enterprises to socio-economic development of Taraba State with particular reference to Taraba Investment and Properties Limited and Taraba Transport Corporation. Emphasis

was placed on the objectives of the organisations which will serve as a yardstick for measuring how much the organisations are contributing towards economic development. For the purpose of eva-luation and measurement of the successes or failures of the two organisations under reference, in contributing towards development of Taraba State, the researcher made use of Edward Suchman's (1974) criteria for performance measurement particularly the criteria of effort efficiency and adequacy of the performance being measured.

Based on Suchman's criteria for evaluation of performances, it is accepted that all evaluations must be premised on organisations objectives. Where an organisation is able to realise it's stated objectives, it can be said to have succeeded and where it fails in realising the stated objectives then it can be said to have failed.

Suchman therefore, proposed five distinct criteria with which the success or failure of a programme may be evaluated, these are:-

i) **EFFORT:** This is measured interms of the quantity and quality of activities that take place. It deals with an assessment of input without regard to output. Questions like "What did you do and How well did you do it are answered. The yardstick for measuring is base on effort it self. This type of evaluation assumes that specific activity is a valid means of attaining higher goals. See expenditure of TSTC and FTRIP on Table 4.2 as an intance of effort.

ii) **PERFORMANCE:** This measures the result of effort rather than the effort itself. To do this requires a clear statement of ones objectives and such questions as “how much is achieved in relation to immediate goals? Did any change occur? “Was the change the one expected?

This especially is important because the ultimate justification of public service or action in seeking public support must lie in the proof of effectiveness in meeting specified objectives.

Performance can be measured at different levels, and as Suchman cautions, it is important for each performance standard devised, to specify all significant conditions. This is because problems of performance rating or standards must be taken into consideration. For instance, in the period under study, TSTC had 47 functional vehicles spent N163,994,668.00 and generated revenue of N123,556,786 it also plied the following routes, Jalingo - Jos - Onitsha - Abuja, Aba - Yola and ran hired services to all parts of the country.

iii) **ADEQUACY OF PERFORMANCE:-** This relates to the degree of effective performance in relation to the amount of needs. In other words it is the adequacy of a programme in meeting the problem it was supposed to solve. Adequacy in Suchman’s view is a relative measure depending on what goals one had set and a measure of adequacy tells us how effective a programme has been interms of the total need. The common determinant of adequacy consists of measuring the impact of a programme.

iv) **EFFICIENCY:-** This measures how well a method is working and whether there are better ways of attaining the same results. It therefore, deals with the evaluation of alternative means of achieving same results in terms of cost, time, personnel etc. Efficiency here is seen as the capacity to produce results in proportion to the effort expended. This means that it is the ratio between effort and performance that is output divided by input.

v) **PROCESS:-** According to Suchman, this is an examination of the "hows" and "whys" of success or of failure. He points out that an analysis of process can have both administrative and scientific significance particularly where a programme is not working as expected. This is because locating the factors responsible for failure may led to modification of the programme, thereby making it work rather than disregarding it.

Suchman therefore, provides four main dimensions to the analysis of process as consisting of:-

a) The attributes of the programme itself.

b) Population exposed to the programme

c) Situational context within which the programme takes place.

d) The different kinds of efforts produced by the programme.

Using this theoretical framework, this study will therefore, evaluate the contributions of public enterprises to socioeconomic development of Taraba State by looking at the objectives vis-a-vis how they contribute to economic development of the state, how much efforts are made and put in for the

realisation of such objectives, how effective is the effort and how adequate the result of such efforts are in relation to the needs of the organisations under study. This will help to facilitate a careful and practical eva-luation of the contribution of public enterprises to socioeconomic development in Taraba.

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CHAPTER THREE

PUBLIC ENTERPRISES IN NIGERIA STRUCTURE AND FUNCTIONS OF SAMPLE ORGANISATIONS

This chapter highlights the organisation and management of public enterprises in Taraba State with special reference to Taraba Transport Corporation and Taraba Investment and Properties Limited. It also covers the historical background of public enterprises in Nigeria and the two public enterprises under study.

The development of public enterprises in Nigeria is without doubt a colonial legacy inherited at independence. During the colonial era government departments were established in the 1930s for the provision of essential infrastructural services necessary for the colonial exploitation of the economy. For instance, Railways, Ports, Road Networks, Telecommunications etc, were established to facilitate the process of carting away of goods for onward shipment to Europe. The government had to provide these necessary infrastructures rather than the private sector for obvious reasons such as lack of capital, low profitability of such activities at their initial stage. These departments were later converted into statutory corporation for simple reason of ensuring effective and efficient management. Apart from these departments the colonial government also established some commercial enterprises in the mining and manufacturing industries.

In the 1950s development corporations were established and their activities were dominated by large scale manufacturing in agro-based and agro-allied industries. These were in addition to the earlier established agricultural marketing boards in the 1940s spread in each of the then three regions and umbrella Board at the federal level. As earlier mentioned the boards were set up to serve the interest of the colonial masters. One of the main functions of the board was to make loans available to agents (produce buying agents) for the purchase of agricultural products such as cotton, groundnuts, hides and skins, rubber, cocoa, palm oil etc., for eventual exports to western metropolitan centres as raw materials.

Even though public enterprises in Nigeria were a British colonial legacy left during independence, it was not until the decolonialisation period (1950s - 60s) that the nationalist led government articulated a clear role for public enterprises as instruments for promoting national development. On the eve of political independence the few industries Nigeria had, were made up mostly of such low technology as bakeries, oil milling, rubber processing, saw milling. With this background the national and regional industrial policies and plans for the development were formulated. These policies being pursued by government on industrial and infrastructural development were enunciated in the annual budget speech briefings of finance commissioners and ministerial statements etc. This developmental role of public enterprises were set out clearly in the constitution of the Federal Republic of Nigeria 1989. According to section 12 of the Constitution the state shall ensure:-

a) The promotion of a balanced economic development including the diversification of industries and dispersal of industrial projects and infrastructural facilities throughout the federation.

b) That the material resources of the community are harnessed and distributed equitably and judiciously to serve the common good of the people.

c) That the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or a group. Immediately, after independence, the first republic government came up with development policy articulated in the first national development plan document of 1962 - 68. Some of the summarized objective of the national development plan were:-

i) To stimulate the establishment and promote the growth of industries that contribute both directly and materially to economic growth.

ii) To enable Nigerians particiapte to an ever increasing extent in the ownership, direction and management of Nigerian industries and trade.

The plan also elaborated policy - instruments and specific measures for achieving the stated objective viz:-

Government was to provide funds for direct participation in industries.

With this policy therefore, both the federal and regional governments established several development enterprises in Agriculture, Mining, Manufacturing, Transportation, Finance, Banking and Insurance.

With the demise of the first republic and the eventual intrusion of the military at the helm of political control in 1966, the first plan objective was suspended because of the civil war which broke out and lasted for four years. This situation hindered the establishment of more public enterprises. However, the subsequent development plans 1970 - 75 was successful. This development plan implemented vigorously some of the objectives laid down during the first development plan and added other policy goals in keeping with the overall development strategy. In 1967 there was the creation of twelve states, followed in 1976 with the creation of nineteen states, then twenty one states in 1987, thirty states in 1991 and now (1999) there are thirty six States in all. The notable development that followed all these creation were the establishments of similar public enterprises to the ones obtainable in the former regions and states.

Infact, there also arose the need to establish more public enterprises in addition to the existing ones to cater for new emerging issues or challenges confronting the new states. This development was most pronounced during the period of Babangida's military junta (1985 - 93).

In the early 1970^{s} because of the oil boom, the indigenisation decree of 1972 was promulgated and amended in 1976. The purpose of which was to reduce foreign domination of commanding heights of the indigenous economy by transferring

most of the enterprises to Nigerians. On realisation however, that few Nigerians could not afford to buy shares, the offered, the Federal Government stepped in and bought majority of the shares of the affected enterprises mostly banks. At the same time more banks were established to enhance development of the various sectors of the economy. Such banks like Nigerian Bank for Commerce and Industries (NBCI) Nigerian Agricultural Co-operative Bank, Nigerian Industrial and Development Bank (NIDB) emerged. since independence to date, public enterprises became accepted to all the successive governments in the country both at the national and state levels, hence their developmental importance is not in doubt. The question now is not, whether public enterprises should stay, but how they would be sold in order for them to be productive, efficient and effective. This, therefore, explains the current ongoing privatisation and commercialisation drive embarked upon by the technical committee on privatisation and commercialisation (TCPC) now Bureau for public enterprise.

3.2 A PROFILE OFTARABA STATE:

Taraba State has an area of 51,000Km2 and lies within latitude 6°30, and 9°36 north and longitude 9°10 and 11°50, east and one of the states created in August 27th, 1991. The state was carved out of the defunct Gongola State now known as Taraba and Adamawa States respectively. The state capital lies on latitude 8°50

north and longitude 11°25, east. Taraba State is bounded on the North-East by Adamawa State, on the West and South East by Plateau and Benue States in that order. On its Eastern border lies the Republic of Cameroun. Based on the 1991 Provisional Census figures projected, the state has a population of about

One Million, Four Hundred and Eighty Thousand, Five Hundred and Ninety (1,480,590). The climate of the state is hot and dry for the most of the Northern part while to the Southern part it is cooler or mild.

Majority of the people of the state are farmers, herdsmen, fishermen and civil servants. The state is pluralistic in ethnic composition with rich but diverse historical and cultural heritage. For instance, the state has such ethnic groups like the Mumuye, Mambilla, Kuteb, Jukun, Chamba, Kullung, Zo, Kodai, Shomo, Munga, Kwanchi, Piya, Lo, Garuma, Jenjo, Fulani, Kaka, Yandang, Jibu, Jukun and Panso. Others are Kunini, Karinjo, Bandawa, Bambuka, Tiv, Kambu, Ndorro, Tigun, Hausa and Panyam.

The state is essentially an agrarian state with hardly any industries employing 100 or more workers. As a result, the state government is trying to transform the state into an agro-allied industrial economy. To achieve this objective, economic diversification is being pursue and encouraged through institutions like the Taraba Agricultural Development Project, Taraba Investment and Properties Limited, Water Board, Taraba Hotels, Highland Tea (joint) and Taraba Transport Corporation among others. These were established to stimulate employment, generation of , income and to achieve self sustained development for the state. The state has also put up a department for harnessing of mineral resources in order to encourage Solid minerals development activities found in such local government as Karim-Lamido, Sardauna etc.

3.3 TARABA INVESTMENT AND PROPERTIES LIMITED: BACKGROUND, FUNCTIONS AND STRUCTURE

One of the major problems confronting the government of Taraba is the improvement of the socioeconomic condition of the people living in both urban and rural areas of the state. The Taraba State has recognised the futility of total reliance on allocations from the Federation account. As that undermine its ability to perform its functions effectively and efficiently. Hence the decision to established and sustain an investment company that would be a catalysts in broadening the economic base of the state.

The company: It is within the above context that Taraba State Investment and Properties Limited was incorporated in 1991 as a public limited liability company wholly owned by the Taraba State Government. The company was incorporated with an initial share capital of N100,000.00 subsequently it has increased its share capital to N40m divided into N40 million ordinary shares of N1.00. It is headed by a Managing Director/chief executive as well as some staff recruited by the company under the supervision of the State Ministry of Finance and Justice. Presently, the company has it's head office building along Hammaruwa Way opposite Senior Staff Quarters Jalingo. The mission of the Taraba State Investment and Properties Limited is to be a diversified and innovative development finance institution engaged in the efficient and effective identification, articulation, promotion as well as management of both public and private investments to hasten industrial development of the state in particular and Nigeria in general. The company devised the following strategies for the achievement of its mandate:-

i) The pursuant of financial resources from within and outside the state for the company;

ii) Training of high calibre of manpower/managers capable of managing some of the States untapped natural resources - there by improving the company portfolio of investment and performance.

FUNCTIONS AND SERVICES:

As contained in its statement of objectives etc, the functions of the Taraba Investment and Properties Limited are:-

i) Provision of equity and loan funds to companies.

ii) Identification, planning, preparation and implementation of projects.

iii) Supervision of projects.

These objectives among other includes:-

i) Promotions of general and specific investments in the state with a view to accelerating its economic development.

ii) To conduct research and surveys relevant to industrial promotions in the state with emphasis on new areas of investment.

iii) Evaluation and appraisal of project proposals.

iv) Review of current monetary and economic policy measures as they affect the investment climate of the state.

v) To invest in equity or provide loan capital facilities to both private and public sector enterprises that are viable.

vi) To explore various sources of funds and to assist in raising finances such as debentures and bonds.

vii) To accelerate the provision of industrial infrastructure within the state which in turn will attract investors.

viii) To buy, sell shares and other convertible securities so as to enhance the liquidity of the company.

ix) To develop the knowledge of indigenes in areas of projecting, promotion, evaluation, appraisal and execution along professional lines especially suitable for industrial/commercial management;

Other services include the purchase or otherwise acquisition of houses, offices, workshops, buildings and premises and any fixed and movable machinery tools, engines, boilers, plants, implements, stock-in-trade, patents and patents right convenient to be used in or about the trade or business of engineers, blacksmith or machines. To purchase, take a lease options or licence, exchange or otherwise acquire in any part of the world, ranches farms, land concessions,

estates plantations and properties and to cultivate, improve, manage, develop or otherwise deal with or dispose of the same in any manner whatsoever and likewise to acquire and deal with any agricultural ranging, grazing, plantation, forest, fishing and trading, grant licence concessions, options, rights or privileges. To build, erect, construct, lay down, purchase, take on leave options license exchange or otherwise acquire in any part of the world any abattoir etc.

SCOPE OF OPERATIONS:

The scope of Taraba Investment Company Limited operations among others includes:-

i) To monitor and manage government investments in public companies and corporations;

ii) Provide investment information and expertise to government agencies and private investors;

iii) Provide for a fee financial and technical advise to private individuals and companies in the form of feasibility studies or otherwise assistance to a company in which it has invested.

iv) Provide company secretariat and legal services;

v) Other services are provided according to special circumstances. The company also maintains a flexible operating policy to accommodate a broad range of other requirements.

INVESTMENT POLICIES:

Taraba Investment and Properties Limited will consider investing in a project under the following conditions:-

i) The commercial, financial, technical and economic viability of the project;

ii) Prospect of a reasonable return on investment of at least 1.5% above the prevailing interest rate;

iii) Local sourcing of raw materials of at least 40% to assure sustainable operation of the project;

iv) Foreign exchange earnings or saving capacity of the project;

v) Creation of linkages (forward and or backward) with existing projects;

vi) Generation of employment for at least 10 people;

vii) Improvement in labour and management skills;

viii) Potentials for transfer of technological and scientific knowledge and skills;

ix) Maximisation of local value added by at least 10%.

ORGANIZATION AND MANAGEMENT OF TARABA INVESTMENT AND PROPERTIES LIMITED:

The managing director, who is the chief executive is responsible for the day to day running of the company. He is assisted by a team of management and senior officers comprising of divisional and departmental heads for projects promotion and investment supervision, finance and accounts and legal administration. The management is very important for the attainment of efficiency. The management is charged with the responsibility of implementing all the general and specific policies approved by the board of directors or by government policy statements.

DIVISIONS OF THE COMPANY:

The company is comprised of the following three divisions:-

i) **INVESTMENT PROMOTION AND SUPERVISION DIVISION:**

This division which is headed by the investment manager is viewed as the main operational arm of the company. It is charged with the responsibility of initiating, promoting, implementing and supervising all industrial and commercial projects of the company. The division is further charged with writing feasibility studies for clients and raising investment finance from the capital and money markets as well as setting up a data bank.

ii) **FINANCE AND ACCOUNTS DIVISION:**

This division is charged with the duties of implementing the finance and accounting policies of the company. It is also to ensure that good financial

planning, adequate control, articulated management information system also assists in identifying sources of funds and finance for the company.

iii) **ADMINISTRATION AND LEGAL DIVISION:**

The administration and legal division is headed by the company secretary/legal adviser. It is charged with the responsibility of assisting the chief executive in running the administrative departments, monitor junior staff recruitment, discipline and training, maintain staff and company records and welfare. The division is also charged with the responsibility of giving legal advise; ensuring compliance with the laws and regulations of the Federal Republic of Nigeria by the company, its officers and employees. It also drafts legal documents.

OWNERSHIP STRUCTURE OF TARABA INVESTMENT AND PROPERTIES LIMITED:

Taraba Investment and Properties Limited is solely own by the Taraba State Government.

SOURCES OF FINANCE:

Taraba Investment and Properties Limited is financed by the state government and from loans guarantee by the government.

COMPOSITION AND FUNCTIONS OF BOARD OF TARABA INVESTMENT AND PROPERTIES LIMITED:

The Boards of Directors of Taraba Investment and Properties Limited (TRIP) consists of a Chairman and four (4) (members). All the directors but one the managing director/chief executive are part time. The company thus, has a policy board which considers and approves the programmes of the company. The Board also designs and interprets the strategies and objectives of the company. It also considers and approves the annual budget and capital expenditure of the company. The Board is charged with the responsibility of appointing the senior management staff of the company and empowered to direct and guide the management on matters of priority. It serves as a link between the company and the government.

TARABA STATE TRANSPORT CORPORATION: BACKGROUND, FUNCTIONS AND STRUCTURE.

The Taraba Transport Corporation came into being through a government pronouncement on August 28th, 1991 while Edict No. 3, 1998 formalized the existence of the transport corporation. The Taraba State Transport Corporation was a bye-product of the defunct Gongola State Transport Company known as Gongola Sun Shine Express.

The Taraba Transport Corporation Headquarters is presently on the outskirts of Jalingo located along Yola road. The mission of the Taraba Transport Corporation is to acquire, purchase and maintain motor vehicles for commercial purposes. This is to enhance mass transit within and outside the state, and to liaise with the federal government to promote mass transit services in the state.

FUNCTIONS AND POWERS OF THE CORPORATION:

As contained in the Edict of Establishment, the transport corporations has the following functions:-

i) Formulate and implement transport policies;

ii) Acquire, purchase, lease, mortgage, hold, construct or maintain any property movable or immovable required for or in connection with its functions and to sell, dispose or otherwise deal with any property.

iii) Subject to the approval of th state government borrow money for such securities as the corporation may determine.

iv) Ensure its properties against all forms of risk.

v) With the approval of the government make regulations
for the purpose of carrying into effect the provisions of this edict.

vi) The corporation shall appoint and exercise disciplinary control over all staff of the corporation.

vii) Pay the staff such remuneration in form of fees or allowances in respect of the performance of this function under edict as may be determined by the corporation. Other functions of the corporation shall be to:-

a) Provide and operate transport services.

b) To carry out such activities that appear to it to be necessary, requisite or advantageous for the purpose of carrying into effect its functions under this edict.

c) Impose and fix transport fares, fees and other charges in respect of services rendered by the corporation.

ORGANISATION AND MANAGEMENT OF TARABA TRANSPORT CORPORATION:

The General Manager who is the Chief Executive of the Corporation is responsible for the execution of the general policies of the corporation and management of its day to day affairs. The general manager is assisted by a team of management, senior officers and departmental heads.

There is a secretary to the corporation appointed by the Corporation who performs such functions as:-

a) Taking down and keeping minutes of the meetings of the corporation.

b) Conducting correspondence and keeping records of the corporation.

c) Keeping custody of the common seal.

d) Deputising for the general manager in the routine administration of the affairs of the corporation.

e) Performing all other duties as may from time to time be assigned by the Corporation or by the General Manager.

f) Conveying decisions of the Board to members of staff of the Corporation.

g) Arranging for payments of fees allowances of meetings and all matters affecting members.

OWNERSHIP OF TARABA TRANSPORT CORPORATION:

The Taraba Transport Corporation is wholly owned by the Taraba State Government.

SOURCES OF FINANCE:

The finances of Taraba Transport Corporation consist of grants, subventions and other payments made to it from time to time by the state government; the federal or any other government in Nigeria or any public body or institution in or outside Nigeria.

COMPOSITION AND FUNCTIONS OF BOARDS OF TARABA TRANSPORT CORPORATION:

The Boards of Directors of the Taraba Transport Corporation consists of the following members:-

The Chairman and nine other members who are appointed by the government.

All the members but one the General Manager/Chief Executive are part time. The company thus, has a policy board which considers and approves the programmes of the corporation and interprets the objectives and strategies of the company. It also considers and approves the budget and capital expenditure of the company.

The chairman and every other members other than ex-officio member hold offices for a period of 4 years and are eligible for re-appointment.

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CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

INTRODUCTION

One of the cardinal reasons for the creation of states and local governments in Nigeria is to bring the government closer to the people, and providing them with essential services that can improve their living standard. This forms the rationale for the establishing of public enterprises by the three levels of governments to make life more meaningful for citizens, reduce unemployment and poverty. This chapter therefore, presents and analyses data on the contributions of two public enterprises selected as sample to the development of Taraba State. These public enterprises are Taraba Investment and Properties Limited (TRIP) and Taraba Transport Corporation. The data is presented and analysed together with the findings of the research. The focus of the research is to evaluate the contributions of public enterprises to socio-economic development of Taraba State between (1995 - 2000).

TARABA INVESTMENT AND PROPERTIES LIMITED (TRIP) AND TARABA TRANSPORT COROPRATION (TSTC)

These two companies TRIP and TSTC are public enterprises wholly owned by the Taraba State Government. They were established to achieve certain objectives. As public enterprises, they act as catalyst in transforming the socio-economic development of the state by satisfying the yearnings of the people and at the same time generate revenue for the state. After eleven years of the

establishment of TRIP and TSTC, we felt it was good time enough to evaluate their contributions to the economic development of the state. In order to realise these objectives i.e to test the hypotheses guiding this study both primary and secondary sources of data were used. Findings of the impacts of the companies are presented according to the responses received through a questionnaire administered on the management staff, Junior staff, Junior staff and clients of the two companies. Personal observations of the researcher also yielded some information. Secondary data were extracted from records of business transactions of the two companies.

In the questionnaires sent out to elicit for information on the activities of the companies especially in terms of the quality, quantity, affordability and accessibility of such services as well as on the generation of revenue, a three part questionnaire was administered. The aim was to measure the impact of the services using some indicators such as revenue generation, employment etc. Ten (10) questionnaires to the management staff each for the two companies, thirty (15) each to the junior staff of the two companies and fifty (25) each for clients of the two companies. For the two companies therefore 100 questionnaires were administered as follows:- 20 questionnaires to the Management staff, 30 to middle/junior staff and 50 clients. The results as collated are presented, analysed and interpreted thus:-

TABLE 4:1 Questionnaires Distributed and Returned

	RESPONDENTS	PERCENTAGE
No. Returned	85	85
No. not Returned	15	15
TOTAL	**100**	**100**

Source: *Field Survey Questionnaire Distributed and Returned.*

The proportion of returned questionnaires to the number distributed was high. The average rate of returned questionnaires is considered to be acceptable for the purpose of making generalisation based on the data derived and analysed.

In our methodology section in Chapter One, the tool of analysis used was the mean score or simple arithmetic average which constitutes the main approaches for data analysis, interpretation and therefore test of hypotheses. In this case the mean for the two companies is 25% each and 50% for both. Where 85% responses were returned, it is judge to be above average.

HYPOTHESIS NO. 1:

That public enterprises in Taraba State have been able to generate enough revenue to enable them invest in major sectors of the economy and to reduce dependence on government grants.

In order to test this hypothesis, data for each of the years under study were obtained. Figures for the total annual revenue were obtained for the period under study. Responses obtained from survey questionnaire were used in the analysis.

Question No. 1: *How much revenue have you generated per annum since 1995 - 2000?*

Based on the available data collected the two samples enterprises were able to invest in the following business enterprises during the year under study. See quoted and unquoted investment for TRIP as part of its business activities.

TARABA INVESTMENT COMPANY AND PROPERTIES LIMITED

Schedule 1: QUOTED INVESTMENTS

		Bal at 31-12-2000	Bal at 31-12-2000
S/No.		**No. of Shares**	**Total Cost**
1.	UAC of Nig Plc	1,272,613	6,363,065
2.	United Nig. Textiles Ltd.	383,155	1,915,775
3.	John Holt Plc	288,067	144,033.5
4.	DEWAC Nig. Plc	160,802	80,401
5.	R. T. Briscoe Nig. Plc	13,500	6,750
6.	African Petroleum Plc	181,440	90,720
7.	National Oil Plc	141,696	70,348
8.	UTC Nig. Plc	92,719	46,359.5
9.	PZ Industries Nig. Plc	296,875	1,484,375
10.	Unipetrol Nig. Plc	337,500	1,687.50
11.	Ashaka Cement Plc	1,873,461	9,367,305
12.	PSB Int. Bank	2,745,532	1,372,766
13.	First Bank Nig. Plc	1,662,756	8,313.78
14.	Nat. Merchant Bank Plc	2,426,155	12,130,775
15.	Afri Bank Nig Plc	803,750	40,187.5
16.	Union Bank of Nig. Plc	2,717,405	13,587,025
17.	Total Nigeria Plc	425,250	212,625
18.	Dunlop (Nig.) Plc	89,571	44,785.5
19.	B.O.C Gass Nig. Plc	360,324	180,162
20.	Smithcline Beecham Plc	100,000	500,000
21.	Vita Foam Nig Plc	150,000	75,000
	TOTAL NO. OF SHARES/ VALUE	***16,522,571***	***48,084,147***

TARABA INVESTMENT COMPANY AND PROPERTIES LIMITED

SCHEDULE II: UNQUOTED INVESTMENTS

		Bal at 31-12-200	Bal at 31-12-2000
S/No.		**No. of Shares**	**Total Cost =N=**
1.	Kaduna Textile Plc	7,271,240	36,35,620
2.	Dorman Long & Amalgamated	970,924	4,854.62
3.	Nigeria Life & Pen Consultants	110,000	55,000
	Total No. of Shares/Value	***8,352,164***	***4,176,082***

Source: *Field Survey.*

Information collected shows that TRIP has since began to reap some financial be-nefits from its investments in both quoted and unquoted companies. This according to management has been as a result of the autonomy the company enjoyed in investment decisions from the state government. It is in view of this that more investment capital should be given to TRIP from the state government as the company has shown that great prospects lie ahead given the same investment autonomy the company enjoys. From the research conducted the company was not subvented monthly for the period under study but its loans for investment were sometimes being guaranteed by the state government. It's investments are in portfolio companies, property development, and investment in small and medium scale business. These have started yielding benefits to the state government as shown on Table 4.5.

TABLE 4:2 TRIP AND TSTC ANNUAL REVENUE GENERATION:

Year	TRIP	TSTC
1995	11,535,921	28,158,060
1996	14,851,789	31,005,896
1997	20,817,048	34,005,855
1998	33,562,240	37,470,994
1999	27,920,820	35,593,459
2000	14,868,928	36,902,774
TOTAL	**123,556,736**	**203,137,038**

Source: *TRIP & TSTC Annual Reports and Accounts for the years 1995 - 2000.*

From Table 4.5 above one can deduce that the two companies have been able to generate revenue from their business activities (particularly for TRIP) to sustain them. For TSTC, the research conducted shows that by the year 2000 the company had 41 functional vehicles of the following categories.

Trailers	-	10
Lorries	-	10
Pick-Up Vans	-	10
Buses 814	-	5
1414 Buses	-	6
TOTAL	**-**	**41**

This total of 41 vehicles has contributed to its success in revenue generation. The research conducted revealed that part of its revenue was used in the procurement of vehicles in the years under study.

Question No. 2: *How much per annum have you received as revenue from other sources since 1995?*

GOVERNMENT GRANTS:

Based on an assessment of the opportunities in the Nigerian economy currently and in the foreseable future, Taraba Investment and Properties Limited and Taraba Transport Corporation have as their business objectives the promotion of small and medium scale projects in manufacturing, Agriculture/food processing, Tourism, Property Development ventures, trading and mass transportation within and outside Taraba State. This therefore, requires quite a substantial amount of capital given the absence of private investors in the state capital. The imperative need to harness the material resources, promote planned and balanced socio-economic development placed the burden of providing TRIP and TSTC with such capital on the shoulder of the state government. It should be noted that these two companies receive funds from the state government inform of grants and subventions yearly and monthly. TRIP is not subvented monthly but receives grants yearly and in some cases the state government guarantees loan from commercial banks to it. Taraba Transport Corporation to, receives yearly grants and subventions to pilot its affairs and personnel cost. TRIPS other sources of funds are through its portfolio holdings in quoted and unquoted companies and estate management and trading activities whereas TSTC source of funds in addition to the yearly grants is loans guaranteed by the state government to acquire more buses to it's fleet.

Question No. 3: *How much have you invested in your activities and other businesses since 1995?*

INVESTMENT BY TRIP AND TSTC

In view of the great task bestowed on TRIP and TSTC to act as catalysts in the the socio economic transformation and development of the state, the companies have witnessed changes in their operations and investments activities especially in the areas of share acquisition, inter state mass transportation, project financing and implementation etc. Table 4.3 below shows TRIP and TSTC's annual business investment in naira during the years under study. These activities particularly for TRIP were in shares reflected on quoted and unquoted on the stock exchange market as well as in establishing new industries in the state such as property development, polythene factory in Jalingo, Taraba Oil Mills Baissa, Investment in port folio companies and in small and medium scale business businesses.

TABLE 4:3 ANNUAL INVESTMENT GRANT FOR TRIP AND TSTC

	TRIP	**TSTC**
Year	**Investment in Naira**	**Investment in Naira**
1995	8,758,743	15,716,132
1996	15,312,983	26,103,632
1997	29,254,919	26,103,632
1998	14,437,735	26,329,224
1999	9,582,772	34,871,024
2000	70,376,589	34,871,024
TOTAL	**147,543,745.00**	**163,994,668.00**

Source: *Annual Account and Reports of TRIP and TSTC*

Table 4:2 above shows the yearly grants received by both TRIP and TSTC. In 1995 the two companies received as take-off grant from the government the sums of (TRIP) 8,758,743 and TSTC) 15,716,132 as business capital. In the following year 1995 TRIP's business capital rose to 15,312,983 showing an increase of 6,554,240.00 on the previous years investment. TSTC in 1996 had as business capital 26,103,632 with increment of 10,387,500.

In 1997, TRIP's business capital still went up to 29,254,919 and TSTC maintained same amount as 1996. The difference on TRIP's business volumes shows an increase of 13,841,936.00. In 1998 TRIP and TSTC got 14,437,735 and 26,103,632 respectively. In 1998. TRIP's capital dropped by 14,817,184.00 on the previous years investment while TSTC maintained same amount as 1997. In the year following 1999, TRIP and TSTC got 9,532,776 and 34,871,024. Showing a further decrease of 4,854,954 and increase of 8,541,800 in that order.

In the year 2000, TRIPs and TSTC capital investment stood at 70,376,589 and 34,871,024; showing an increase of 60,793,813 over the year 1999. While TSTC maintained same figure as 1999.

As could be seen from the figures in table 4.2 above, the amount of capital investments for TRIP and TSTC shows that for the first three years (3 years) and two (2) years respectively the investment capital for the two companies kept going up. The reason given for this by the management in the case of TRIP was as a result of interest on deposits and dividends that accrued to the company due to her management of government portfolios in both private and public

companies whose transfers in the company yielded. As for TSTC the reason given was as a result of prudent management of their vehicles which encouraged the government to purchase more vehicles for the present fleet.

The data collected shows that 1998 and 1999 witnessed a period of low investment for TRIP and slight increase for TSTC. The reason for TRIP was due to increase in the price of shares fluctuation and the lack of commencement of the second phase of privatization. During the first phase, the state government released money to the company to be given to civil servants as loan to buy shares which accounted for the increase in the first three years investment capital.

Question No. 4. ***What are your sources of funds for investment.***

a) Loan b) Subvention c) Profits d) Others specfied

During the course of this research work, our investigation revealed that the two companies received from government capital grants for their business activities. In addition to loans guaranteed by government to the two institutions. TSTC in addition to grant received from government monthly and loan guarantees by government, it receives monthly subventions for payment of staff salaries. See table 4.2 for grants for the respective years.

Question No. 5 *What percentage of your investment fund was acquired through grants from government yearly.*

TABLE 4.4 PERCENTAGE OF INVESTMENT GRANT YEARLY

Year	TRIP	TSTC
1995	-	-
1996	175%	166%
1997	191%	100%
1998	49.4%	101%
1999	33.6%	132.4%
2000	734.4%	100%

Source: *Research Survey.*

Table 4.6 above shows the percentage increases of capital grants from government to TRIP and TSTC. Reasons have been advanced for the fluctuations under table 4.2.

Question No. 6 *Into Which business activities did your organisations invest its profits so as to reduce dependence on governments.*

From the Questionnaire sent to management staff of the two corporations, respondents of TRIP say, they invested their profits in port folio companies, property development and investment in small and medium scale businesses. Respondents of TSTC say it has no business outlay however, profits are ploughed back in the procurement of vehicles.

Question No. 7: *To what extent has your organisation achieved its objec**tive?***

Most of the respondents say they achieved their objectives to a greater extent; looking at this vis-a-vis the capital releases and the revenue the two companies were able to generate and ploughed back to generate more revenue for the period under study 1995-2000.

On the whole, therefore, the activities of these companies as shown have generated substantial revenue for the government. By this our hypothesis that public enterprises in Taraba State have been able to generate enough revenue to enable them invest in major sectors of the economy and to reduce dependance on government is accepted.

HYPOTHESIS NO. 2

That the activities of public enterprises in the areas of finance, commerce and services have reduced unemployment in Taraba State.

To test this hypothesis two indices were employed. First is the numerical strength of the staff of the two enterprises TRIP and TSTC in terms of employees and secondly, a look at the activities of these institutions as they relate to employment. Data were collected from primary and secondary sources. These data are presented and analysed below:-

Question No. 1

What were the annual staff strength of your organisation from 1995 - 2000?

Table 4:5 ANNUAL STAFF STRENGTH OF TRIP AND TSTC

		TRIP			TSTC			
Year	Senior	Middle level/ Junior	%	Total	Senior	Middle level/ Junior	%	Total
1995	17	24	98	41	12	52	82	64
1996	17	24	11	41	15	69	82	84
1997	17	30	64	47	14	66	11	80
1998	17	30	11	47	14	77	84.6	91
1999	18	40	69	58	16	71	81.6	81
2000	18	40	69	58	21	90	81	111
TOTAL	**1224**	**188**	**322**	**292**	**92**	**425**	**422.2**	**511**

Source: *Field Survey.*

From the table above it can be seen that in 1995 the two companies had 41 and 64 staff comprising of senior and junior staff representing 98% and 64% respectively. This number remained the same for TRIP and considerable increase of Twenty (20%) for TSTC in 1996. 1997 witnessed another increase of six (6%) staff for TRIP and a marginal drop of (4%) for TSTC. In 1998 TRIP's staff strength remained the same as 1997 while the junior staff for TSTC went sharply by additional eleven (11) representing 84.6%.The figure for 1999 witnessed reasonable increase for TRIP in both senior and junior staff levels. TRIP had additional increase of eleven (11%) and TSTC drop by six (6%) in the junior and two increment at the senior representing 81.6%. The figure, however, remains the same for TRIP in 2000 and tremendous increase for TSTC with additional five senior staff and twenty (20) junior staff.

From the analysis above it can be observed that the staff strength of TRIP has not been and still is not large enough vis-a-vis the general level of unemployment in Taraba State and two reasons have been advanced to explain this development is the relatively young status of the two establishments. The other reason given was as a result of the difficult period in which the companies came into existence, that is the era of the structural adjustment programme (SAP). The stringent policy framework of SAP called for rationalisation and restructuring of public enterprises by reducing government role in the economic sector of the country through the process of privatization and commercialization. These reasons not withstanding TRIP in particular has been able to maintained a relatively consistent staff strength in the period under study.

In the case of TSTC from the analysis above, the figures do not really give a picture of any remarkable increases in the number employment. Two reasons were given for this. The first reason was the embargo on new employment. The second reason was the movement of staff to federal establishments; particularly those at the management level. The reason for the increase in the staff strength at the junior level was the urgent need for drivers as a result of procurement of new vehicles.

Question No. 2: *What factors were responsible for the increase or decrease in the establishment strength of your organisation from 1995 - 2000?*

Two reasons were given for each of the two corporations TRIP has it that the decrease in the establishment strength over the years under study was (1) the relatively young status of the establishment. The second reason given was as a result of the difficult period in which the company came into existence i.e the era of the structural adjustment programme (SAP).

TSTC's reason accounting for fluctuations in staff strength are (1) embargo on new employment. The second reason was the movement of staff to federal establishments, particularly those at the management level and the procurement of additional vehicles gave room for employment.

Question No. 3: *How many people were directly employed through your subsidiaries.*

TABLE 4:6 EMPLOYMENT THROUGH SUBSIDIARIES.

	TRIP		**TSTC**	
Year	**Senior**	**Junior**	**Senior**	**Junior**
1995	-	-	-	-
1996	-	-	-	-
1997	-	-	-	-
1998	-	-	-	-
1999	5	14	-	-
2000	2	4	-	-
TOTAL	**7**	**18**	**-**	**-**

Source: Field Survey.

From the table above, it can be seen that TSTC has no subsidiaries and therefore no employment was recorded by it in this regard. TRIP has two subsidiaries namely:-

a) Polythene factory, Jalingo with a total number of 18 staff made up of both junior, middle and senior staff.

b) Taraba Oil Mills Baissa had 6 Staff two (2) senior and four (4) juniors in all.

Question No. 4.

Please indicate the degree of control that government has on employment?

TABLE 4:7 Degree of Control by Government on employment.

	Very High	High	Low	None
TRIP			20%	
TSTC	100%			

Source: *Field Survey.*

From the table above, it can be seen that the two institutions displayed two different characteristic in terms of government control. While TRIP enjoys little interference on employment representing 20% TSTC does not TSTC virtually enjoys little autonomy as the government dictates everything concerning employment representing 100%. This can be seen in the appointment of General Managers, heads of departments and special approval for recruitment in the corporation. Unlike in TRIP where it enjoys very high autonomy except in the appointment of board members.

Question No. 5 ***How has the degree of control by government affected the performance of the corporations?***

TABLE 4:8 Effect of Degree Control by Government

Name of Enterprise	V. High	High	Low	None
TRIP			20%	
TSTC	100%			

Source: *Field Survey.*

The table above shows the effect of degree of control by government. TSTC is absolutely 100% controlled by the government unlike TRIP whose control is mainly through appointment of members of the board and the grants which it receives from the government but it's recruitment policy is not determine by the government. The go-vernment does not regulate its business activities which accounts for its relative success.

Question No. 6 *Have the services/goods of the organisation listed below become more or less affordable since 1995.*

TABLE 4:9 ***Respondents views concerning affordability of sample enterprises services/goods***

Name of Enterprises	Affordable	No Affordable	Don't know	Total
TRIP	32 (91%)	3 (9%)	-	35 (100%)
TSTC	28 (80%)	7 (20%)	-	35 (100%)
Average	85.5%	14.5%	-	100%

Source: *Research Survey.*

From the above data it can be deduced that, the services of the enterprises surveyed were affordable to 85.5% percent to Tarabans 14.5% percent indicated that the services were not affordable. Our observation about this group (business and civil servants) is that they are either not well paid or their businesses not doing well culminating in their inability to enjoy the services of these enterprises.

Question No. 7 *Is service delivery of the enterprises listed below more efficient and accessible?*

TABLE 4:10 ***Respondents views concerning efficiency and accessibility of service delivery?***

Name of Enterprises	Efficient & Accessible	Not Efficient & Accessible	Don't know	Total
TRIP	27 (77.1%)	8 (22.9%)	-	35 (100%)
TSTC	30 (85.7%)	5 (14.3%)	-	35 (100%)
Average	81.4%	18.6%		100%

Source: *Field Survey*

From the data on table 4.12 above we can see that 81.6 percent of clients of the enterprises selected as sample said the service delivery was efficient and accessible. 18.6 percent said the services were not efficient and accessible.

Going by the analysis of hypothesis NO. 2 above which is: That the activities of public enterprises in the areas of finance, commerce; and services have reduced unemployment in Taraba State is correct and therefore accepted.

HYPOTHESIS NO. 3

That the lack of operational autonomy is one of the most serious obstacles to public enterprises contributions to economic development of Taraba State.

In order to know whether financial and operational autonomy have enhanced TRIP and TSTC's contributions to the socio-economic development of Taraba State, data were collected from primary and secondary sources and from the management staff of the two companies for analysis.

Test of Hypothesis 3:

For analytical purposes, we first of all examine the degree of government control on the two institutions and secondly, the resultant effect of this degree of control on effort towards achieving the sets goals and objectives of the two enterprises.

Question No. 1: *Does your enterprises enjoy operational autonomy?*

Yes **No** *Tick appropriately.*

TABLE 4:11 Degree of operational autonomy.

Name of Enterprise	Yes	No
TRIP	80%	
TSTC		100%
Total	100%	100%

Source: *Field Survey*

From the questionnaires sent to the management staff of the two enterprises, 80 percent of the respondents of TRIP agreed that the government of Taraba State

exercises low degree of control in all areas of investments, resulting in the achievement of sets goals.

Respondents of TSTC agreed by 100 per cent that the government exercises a large degree of control as seen in the table above.

Question No. 2 *Are your companies free to borrow money for their business operations?*

Yes No

TABLE 4:12 Degree to Borrow

Name of Enterprise	Yes	No
TRIP	70%	
TSTC	30%	
	100%	

Source: *Field Survey*

From the table above it can be deduced that respondents of the two enterprises agree that they are free to borrow but subject to government control representing 80% and 30% respectively.

Question No. 3 *Are decisions imposed on your organisation?*

Yes No

TABLE 4:13 Degree of imposition by government.

Name of Enterprises	Yes	No
TRIP	20%	
TSTC	100%	

Source: *Field Survey.*

From table 4:15 above twenty percent of the respondent of TRIP agreed that decisions are sometimes imposed on the corporation in the area of finance and appointment. All the respondents of TSTC representing 100 per cent agreed that decisions are imposed on the management of the corporation.

Question No. 4 *How has the degree of imposition by government impeded efficiency.*

TABLE 4:14 Degree of imposition by Government

Name of Enterprises	V. High	High	Low
TRIP		-	30%
TSTC	100%	-	-

Source: *Field Survey.*

From the above table one can deduce that the degree of imposition by government is very high representing hundred percent in the case of TSTC and thirty percent for TRIP. All the respondents of the two enterprises argued that most of their major decisions require high professional and technical expertise but are not given the free hands to do so. For instance, TSTC does not have the

right to employ except with executive approval and this has hampered its activities most of the time.

From the above analysis our hypothesis No. 3, which states that the lack of operational autonomy is one of the serious obstacles to public enterprises contributions to economic development of Taraba State is hereby accepted.

RESEARCH FINDINGS

FINDINGS FROM DATA ANALYSIS AND TEST OF HYPOTHESIS

These findings are presented in two sections comprising of findings derived from secondary and from the analysis of primary data.

The findings on the first hypothesis showed that Taraba Investment and Properties relied heavily on the state government for its investment capital this is necessitated by government efforts to promote planned and balance socio economic development through public enterprises especially given the dearth of private investors within the state. During the period under study the Taraba Transport Corporation too, depended solely on the state government for monthly subventions, capital grants and loan guarantee for procurement of its vehicles as the test of the hypothesis revealed. Thus in view of the great task bestowed on both TRIP and TSTC to act as catalysts in the development process, TRIP particularly received alot of business investments, this is borne out by the schedules of quoted and unquoted companies in which it holds shares. The company to has investment, in a polythene factory in Jalingo and in the Baissa Oil Mills Baissa in Kurmi Local Government Area of the state. The data elicited showed that the company as well as the state government has since started to reap profits from its investments. Taraba Transport Corporation as the research conducted showed had greatly contributed in revenue generation but has no other investment except in its transport vehicles; and this had made it to be dependent on the government for monthly subventions, the ability of TRIP therefore to generate revenue from its investment made the company to sustain

it self financially without waiting for monthly subventions to service its overhead costs. This has thus justified the establishment of the company, especially by reducing the burden on government and on the scarce resources of the state.

The findings further showed that the contributions of TRIP within its short period of existence was made possible by the high degree of autonomy the management of the company enjoyed. This, thus showed a high degree of autonomy being enjoyed by the company in this functional areas viz investments, financial and administrative operations. TSTC's contributions were seen and measured in the volume of passengers, number of routes plied and the revenue generated to the government. Unlike TRIP, TSTC has no other functional business operation other than mass transport business. The findings of the second hypothesis showed TRIP on the average employed more staff (Table 4.6) than those who left the services of the company for one reason or the other. So also was Taraba Transport Corporation. The two companies have therefore contributed in providing employment to citizens of Taraba State.

The findings on the third hypothesis showed that the two enterprises selected for the survey exhibited different characteristics in their mode of operations control and services. While TRIP enjoyed operational autonomy to an extent TSTC did not because of high degree of control and bureaucratic interference in its operations. From the foregoing, one can deduce that the two companies have suffered from very high and low degree of control there by hindering the contributions of both companies to socio-economic development of the state.

Regarding the view of the clients of both TRIP and TSTC and their junior staff, respondents agreed that the services of the two companies were affordable, efficient and accessible. Only few respondents said the services of the two companies were not efficient and affordable perhaps it could be due to their lack of awareness of the existence of these companies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This study was an evaluation of the contributions of public enterprises to socioeconomic development of Taraba State. In the first chapter, we examined the importance of public enterprises in developing nations and the role which they are expected to play in economic development. The significance of the study was said to study selected enterprises using a sample survey for Taraba State.

The literature reviewed, dealt on the contributions of public enterprises to economic development in developing countries with special reference to Nigeria.

To provide a framework for this study, we adopted Suchman's criteria for evaluative research.

Two public enterprises were evaluated with respect to their contribution to socio-economic development of Taraba State. In the course of doing that the organisation and management of Taraba Investment and Properties Limited and Taraba Transport Corporation were examined. It provided a historical background of the evolution of the two enterprises, its objectives and organisation structure. The nature of their operations and activities were also discussed.

The data collected in the course of this study were analysed. Data were collected from primary and secondary sources and presented in tabular form and analysed. Using simple averages and percentages.

CONCLUSION:

Having tested the three hypothesis, proposed in Chapter One of this study, the major findings are hereby summarised below

The first hypothesis tested showed that TRIP and TSTC were able to generate revenue in the years under study. This has enhanced their investment capacity. Their ability to generate revenue for investment made them financially less dependent on government thereby reducing the burden on government's limited funds.

The second hypothesis was related to the contributions of TRIP and TSTC in reducing unemployment. The data at our disposal showed TRIP and TSTC have provided employment to many Tarabans thereby reducing unemployment.

The third hypothesis was tested, and showed that TRIP enjoyed high degree of control while TSTC did not. This level of autonomy enjoyed by TRIP was found to have enhanced efficiency in TRIP's efforts to achieving set objective. From the findings of hypothesis 3 therefore, we concluded that TRIP and TSTC have substantially contributed to economic development in the years under study.

RECOMMENDATIONS:

Having analysed the three hypotheses, and findings on the two sample enterprises, we recommend thus:-

Taraba Investment and Properties Limited and Taraba Transport Corporation as shown by the first hypothesis have continued to registered substantial profits which has helped in augmenting the state government with essential fiscal receipts to back up its socio-economic development programmes. This investment however, on a closer look reveals it to be lower in scope and quantum than is expected to cope with huge development task being faced by the state in this era of revenue deterioration accruing to the state government from the federation accounts. It is in view of this that we recommend that the state should channel more capital to both TRIP and TSTC so as to enhance their investments opportunities in the area of property development, expansion of polythene factory in Jalingo and Taraba Oil Mills Baissa in addition to its portfolios holding in other companies and to open more routes and acquire buses to augment the ones on ground.

a) During the course of this studies quiet a number of respondents said they did not feel the impact of the two companies as sample survey. Some even said they hardly hear of their existence. It is in view of this that we recommend that both TRIP and TSTC should endeavour to advertise their services for adequate coverage.

b) Another recommendation which we wish to proffer to the government for adoption which will ensure spectacular growth of the economy for the two organisations is to expand on the present fleets of TSTC for adequate coverage and to open more routes to all other state's of the federation. TRIP should make investment opportunity known to all and sundry and at the same time make interesting members of the public to acquire shares in its company.

c) Another recommendation is that government should completely remove its hands from the direct control exercised on TSTC to allow it function professionally well, and to give more investment autonomy to TRIP.

d) Another recommendation is that government should closely monitor the activities of TSTC to ensure accountability and to check recklessness of officers and drivers to drive home more revenue.

During the course of this research, a problem that came to light was the issue of delays in response to memo by government and ministries, inadequate data/information on various investible projects regarding the two enterprises. We strongly recommend that government should remove all the stringent bureaucratic bottle necks so as to allow these institutions function well.

Finally, further research into similar or follow-up studies are recommended so as to correct or contribute further in the development of these sectors and to compare the findings of this study and those of later studies.

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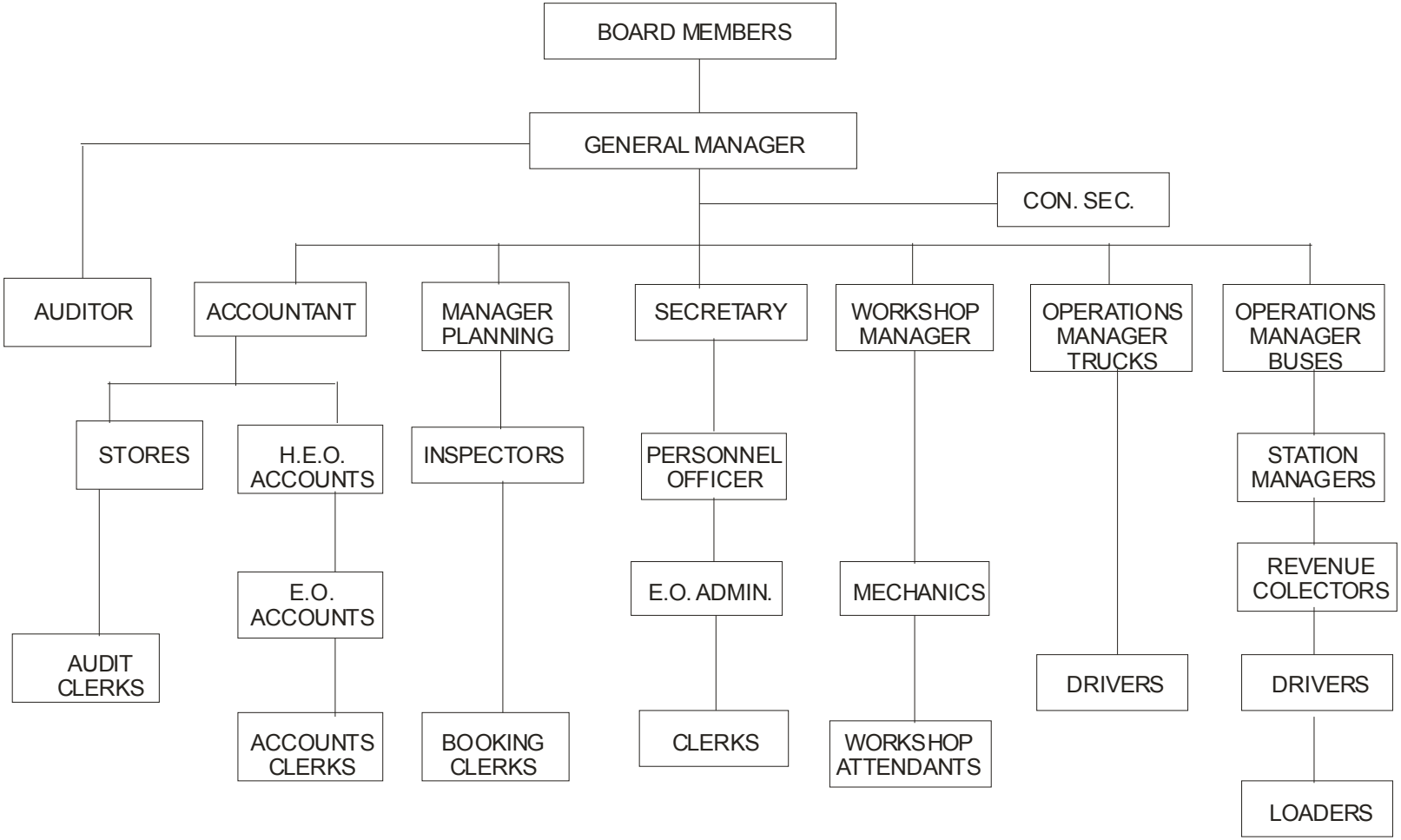
Taraba Investment and Properties Ltd. HAND BOOK. 1991

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Taraba State at a Glance: HAND BOOK 1991

APPENDIX I

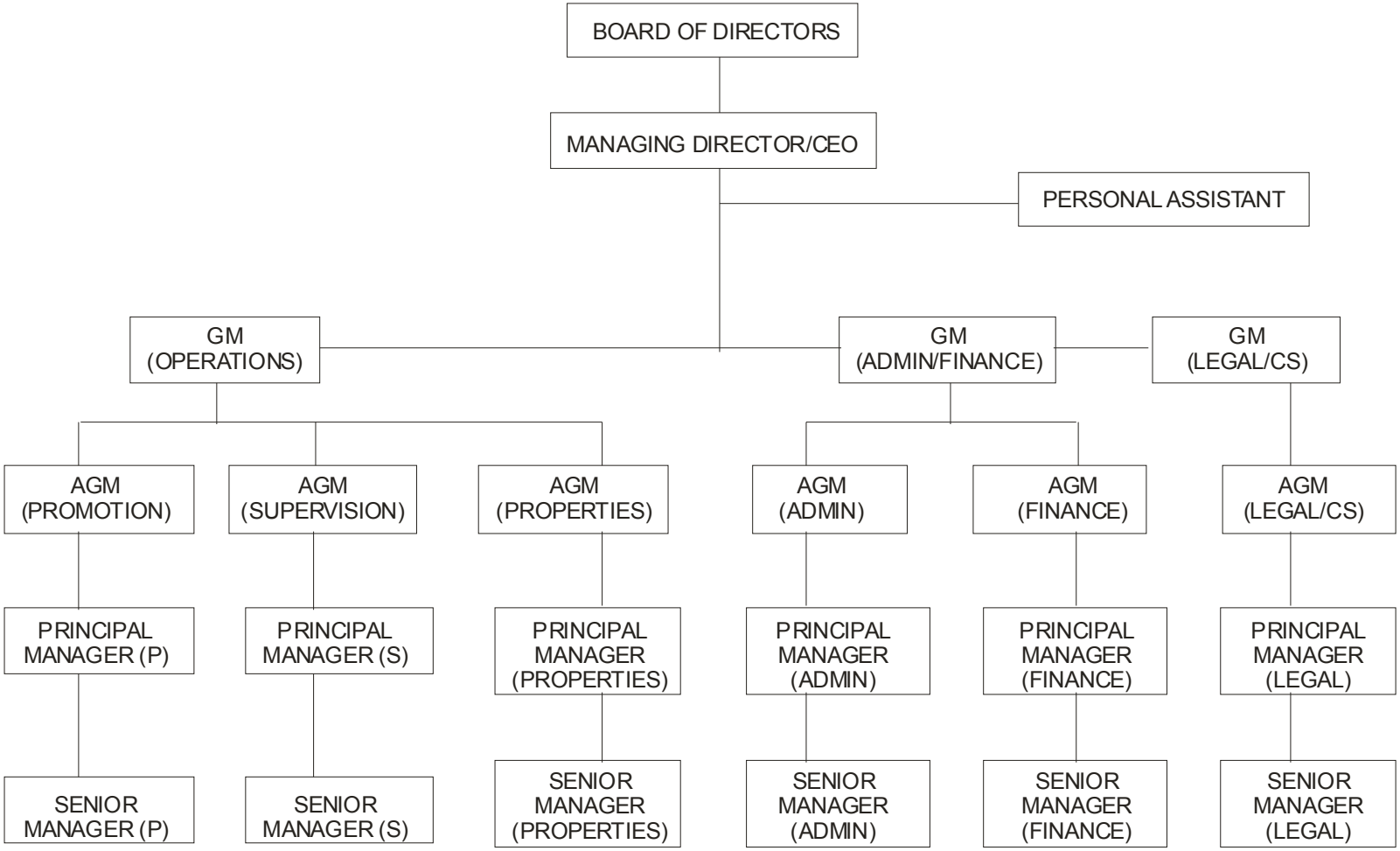
ORGANISATIONAL CHART OF TARABA STATE TRANSPORT CORPORATION (TSTC)



Source: Taraba State Transport Corporation.

APPENDIX II

TRIP LIMITED ORGANISATIONAL CHART



Source: Taraba Investment and Properties Ltd. 1991.

APPENDIX III

An evaluation of the contributions of public enterprises to socio-economic development of Taraba State

Questionnaire to Management Staff of Taraba State Corporation and Taraba Investment and Properties Limited.

Dear Respondent,

I am a Master student conducting research: “The Evaluation of the Contribution of Public Enterprises to Socio-Economic Development of Taraba State. The questions below are designed to measure the views of management staff of Taraba Transport Corporation and Taraba Investment and Properties Limited about the affordability and quality of their services regarding their contributions to economic development.

You are please requested to answer the few questions below as possible. You are not required to write your name or address, only your occupation is required.

Your responses will remain strictly confidential for this piece of research.

Thank you.

ABOKI SALLAH B.

1. How much revenue has been generated per annum since 1995 - 2000?

1995	
1996	
1997	
1998	
1999	
2000	

2. How much per annum have you received as revenue from other source since 1995 -2002?

3. How much have you invested in your activities and other businesses since 1995 ?

1995	
1996	
1997 1998	
1999	
2000	

4. What percentage of your investment funds was acquired through grants from Government yearly.

5. Which business activities did your organisation invest its profits so as to reduce dependence on government?

6. To what extent have your companies achieved their objectives?
7. What were the annual staff strength of your organisation from 1995 - 2000?

	SENIOR	MIDDLE LEVEL/JUNIOR
1995		
1996		
1997		
1998		
1999		
2000		

8. What factors were responsible for the increase or decrease in establishment strength of your organisation from 1995 - 2000?

9. How many people were directly or indirectly employed through your subsidiaries?

10. Please indicate the degree of control that government has on employment?

	Degree of Control of Government			
Employment:	Very High	High	Low	None

11. How has the degree of control by government affected the above areas?

	Effect Degree of Control of Government			
Employment:	Very High	High	Low	None

12. Does your enterprises enjoy operational autonomy? Yes ( ) No ( )

13, Are your organisations free to borrow money for its business?
Yes ( ) No ( )

14. Are decisions imposed on your organisation?
Yes ( ) No ( )

15. How has the degree of interference by the Government impeded efficiency or enhanced efficiency in the following areas
a) Investment b) Finance c) Decision making.

APPENDIX IV

An evaluation of the contributions of public enterprises to socio-economic development of Taraba State

Questionnaire to client of Taraba State Transport Corporation and Taraba Investment and Properties Limited.

Dear Respondent,

I am a Master student conducting research on: "The Evaluation of the Contributions of Public Enterprises to Socio-Economic Development of Taraba State. The questions below are designed to measure the views of client of Taraba Transport Corporation and Taraba Investment and Properties Limited about the affordability and quality of their services regarding their contributions to economic development.

You are please requested to answer the few questions below as possible. You are not required to write your name or address, only your occupation is required.

Your responses will remain strictly confidential for this piece of research.

Thank you.

ABOKI SALLAH B.

1. What is your occupation? .....

2. Have the services/goods of the organisations listed below become more or less affordable?

Name of Enterprises	Affordable	Not Affordable	Don't know	Total
TSTC				
TRIP LTD.				

3. Is service delivery of the enterprises listed below more efficient and accessible?

Name of Enterprise	Efficient & accessible	Not efficient & accessible	Don't know	Total
TSTC				
TRIP LTD.				

4. Have you any other suggestions to make that would improve the services of these Companies in desired direction: .....
.....
.....

APPENDIX V

An evaluation of the contributions of public enterprises to socio-economic development of Taraba State

Questionnaire to junior staff of Taraba State Transport Corporation and Taraba Investment and Properties Limited.

Dear Respondent,

I am a Master student conducting research on: "The Evaluation of the Contributions of Public Enterprises to Socio-Economic Development of Taraba State. The questions below are designed to measure the views of client of Taraba Transport Corporation and Taraba Investment and Properties Limited about the affordability and quality of their services regarding their contributions to economic development.

You are please requested to answer the few questions below as possible. You are not required to write your name or address, only your occupation is required.

Your responses will remain strictly confidential for this piece of research.

Thank you.

ABOKI SALLAH B.

1. How would you rate the services of your company?
   Satisfactory ( ) Not Satisfactory ( )

2. What is the level of patronage of your company by customer?
   Impressive ( ) Not Satisfactory ( )

3. How would you describe the performance of your company so far?
   a) Encouraging b) Not encouraging.

4. Could you suggest any possible ways of improving the services of your company?…….....
.....
.....