THE ROUE OF PUBLIC ENTERPRISES IN NATIONAL DEVELOPMENT

A Case study of Kaduna Refining and Petrochemical Company (KRPC) Kaduna

By

ABDULLAHI MOHAMMED YAHAYA

NOVEMBER, 1999

TITLE PAGE

THE ROLE OF PUBLIC ENTERPRISES IN NATIONAL DEVELOPMENT

A CASE STUDY OF KADUNA REFINING AND PETROCHEMICAL COMPANY (KRPC) KADUNA

BY

ABDULLAHI MOHAMMED YAHAYA

A THESIS SUBMITTED TO THE POST GRADUATE SCHOOL AHMADU BELLO UNIVERSITY, ZARIA

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NOVEMBER, 1999

CERTIFICATION

This Thesis Entitled: "The Role of Public Enterprises in National Development: A case study of Kaduna Refining and Petrochemical Company (KRPC)," by Abdullahi Mohammed Yahaya meets the regulation governing the award of the degree of Master of Public Administration (MPA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

Dr. (Prince) K.E. Obaitan	.....	29/3/2005
Supervisor	Sign	Date
Mr. Yakubu Sankey	.....	29/3/2005
Head of Department	Sign	Date
Prof. S.B. Ojo	.....	26/2/05
Dean, Postgraduate School	Sign	Date

DECLARATION

I, Abdullahi Mohammed Yahaya, hereby declare that this Thesis is written by me and only me, and that it was not copied from any past research work. I also declare that both published and unpublished works or articles directly used in the Thesis are appropriately acknowledged.

NAME: Abdullahi Mohammed Yahaya

SIGN: 

DEDICATION

This one too, is dedicated to my Late Father, Alhaji Yahaya Mohammed who was responsible for ensuring I grow up as a disciplined and a responsible young man with the zeal to learn and learn. To his wife Hajiya Kande Halilu, the best mother any one can think of, and who still believes she should be uncomfortable to make me more comfortable.

To their grandchildren Fatima, Abduljalal and Nabila, my lovely children who always ensure that the reality of life does not fall into illusion.

And to their mother my lovely wife Aishatu Suleiman Ma'aji, To you all, I dedicate this work.

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Finally, all omissions, errors of judgement or misinterpretation of cause or effect, or other inaccuracies, surely remain my own short coming and cannot be attributed to those whose patience and understanding was very helpful to me.

ABDULLAHI MOHAMMED YAHAYA
NOVEMBER, 1999

ABSTRACT

This study is an evaluation of the Roles of Public Enterprises in National Development with Kaduna Refining and Petrochemical Company KRPC as a case study. The study was undertaken with the objective of identifying the role of KRPC in national development. To facilitate this, some hypotheses were developed, relating to the question of funding, manpower training and motivation, autonomy and their impact on the performance of the organisation.

The study employed the empirical approach in collecting data. The use of questionnaire, interviews, focus group discussions and observation, were therefore adopted. Secondary sources of data were also exploited as text books, journals, magazines, KRPC documents and official publications were also used for the purpose of collecting data.

The study found out that KRPC is not optimally performing and therefore cannot contribute optimally to national development. The tested hypotheses of the study also proved that the unimpressive performance of KRPC is basically caused by: lack of adequate and timely funding; lack of adequately trained and motivated manpower; and lack of autonomy.

To make KRPC more efficient and for it to contribute more effectively to national development the study recommends better personnel training and placement policy; more motivation for staff; and a greater autonomy for the organisation among other recommendations.

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ORGANISATION OF THE THESIS

This study is divided into five chapters.

CHAPTER ONE has to do with the introduction, statement of general problem, aims and objectives of the study, significance of the study, Hypotheses tested in the study, scope and limitations of the study, Research Methodology of the study and Definition of key terms frequently used in the study.

CHAPTER TWO contains the review of related literature, and seeks to provide theoretical framework for the study. Major works in the field of Public Enterprises and national development were therefore reviewed here and their relevance or otherwise to the present study were also highlighted.

CHAPTER THREE deals basically with the Nigerian oil policy and traces the history of the case study (KRPC) in terms of its ownership, management structure, activities and objectives.

CHAPTER FOUR contains data collected in the study and the analyses of such data. Using the data presented here, the study also tested all the hypotheses formulated.

CHAPTER FIVE is the concluding chapter where the conclusions of the study are presented on the basis of which recommendations are made.

CHAPTER ONE

1.1 Prologue

Countries world wide have the natural desire to develop. One out of many ways of ensuring this development especially in the developing countries is through the establishment and maintenance of Public Enterprises. Nigeria at independence in 1960 was identified as a developing nation with a low income economy. The private sector of the economy as in other developing countries was not bouyant and was largely dominated by foreign-owned and controlled companies. Government ministries and departments were also ill-equipped to respond satisfactorily to the social and economic development demands of a newly independent nation. They had (and still have) bureaucratic delays and inefficiency in-built in them. The magnitude and growth rate of demands for social and economic goods and services for social and economic goods and services were such that neither the private sector nor the government ministries could handle properly. There was therefore the need by the government to establish Public Corporations and Enterprises to handle such areas identified as important for the development of the Nation with greater efficiency. Public Enterprises were therefore conceived originally as instrument and strategy for social and economic development.

The exploration of oil and the discovery of oil in commercial quantity in 1956 and the subsequent growth in the importance of oil as an export item in Nigeria necessitated the establishment of a Public Enterprise, the Nigerian National Oil Corporation (NNOC) in 1971, to handle with greater efficiency, oil related matters in Nigeria. It was expected to, not only

regulate activities in the oil sector but also directly get involved in oil exploitation and exploration. NNOC, which later became Nigerian National Petroleum Corporation was therefore just like other public enterprises established to facilitate National development through the oil sector which has for long been responsible for about 90% of the country's earnings. This is in line with Section 16 of the Nigerian Constitution which provide inter alia ... that the Government shall ..... "(a) control the National Economy in a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity; (b) manage and operate major sectors of the economy"[1].

The establishment of Public Enterprises especially in the developing countries is therefore aimed at helping the Government in the discharge of its constitutional responsibilities of promoting the welfare of its people, ensuring economic stability and socio-economic development by providing social and economic infrastructures. This is made necessary especially in the developing countries like Nigeria where the private sector is not developed enough to handle such ventures which cannot also be conveniently and efficiently handled by the civil service.

1.2 Statement of the Problem

The plan to establish a Refinery in Kaduna was conceived in 1974 with the primary objective of relieving pressure on the then only existing Refinery at Port Harcourt. It was expected to assist in the refining of crude oil into high value petroleum products for use by Nigerians especially in the Northern part of the country,in order to meet up with the

tremendous and ever increasing demand for such products in the country. Kaduna Refining and Petrochemical Company, was thus expected to stop the importation of refined products, the corollary of which is depleting of the much needed foreign exchange and also to stop the wastage of funds and resources associated with petroleum product haulage from the Eastern part of the country to the North and all dangers associated with such haulage. In addition, it is also expected to come up with chemical products that will in no small way help industrial development and by extension general national development.

However, despite this lofty objective of K.R.P.C and subsequent re-organisations to ensure efficiency in the company and proper discharge of its roles towards national development, the Company still falls short of expectation. It is true that for long, the operation of the company has been epileptic until early 1998 when the Refinery Plant finally broke down. This problem is attributed to so many factors, prominent among which is lack of adequate finance and the subsequent failure to ensure the required periodic Turn Around Maintenance (TAM), failure to buy and maintain some required operational materials and equipment, lack of adequately trained and motivated workforce and incessant government interference in the operation of the Company. This among other things are said to have resulted in the inability of K.R.P.C to achieve its set objective. As a result, we have Petroleum products not only transported from the Eastern part of Nigeria for Northern consumption but also imported for the Nigerian market. A situation where Nigeria, a major crude oil producer and exporter is wasting its foreign earnings that ought to be used for other competing developmental purpose to import Petroleum

refined products because KRPC and other refineries in the country cannot be made to work efficiently is therefore produced. A situation in which much needed money, time and resources has to be spent on transportation of petroleum products from overseas, and from South to North because K.R.P.C cannot meet up with expectation. A lot of industries in the North also had to close up because they cannot get their raw materials from the non-functioning K.R.P.C. People are forced to spend days on queues and waste precious time in order to get fuel to carry out their activities, because K.R.P.C is not functioning properly, thus resulting in goods and services not reaching those in need on time and when they do, at a higher cost.

K.R.P.C., therefore for long has failed to function properly, and meet up with its established expectations. It has therefore not been able to effectively play its roles adequately towards national development.

The question that would naturally come to mind is: why has K.R.P.C failed in contributing to National Development? Is such failure a result of inadequate finance? Is K.R.P.C not manned by efficient and well motivated manpower or does lack of autonomy from N.N.P.C and the Government result to such a failure?

.3 **Aims of the Study**

The aim of this research work is to look at the Roles of Public Enterprises in National Development in Nigeria with particular interest in Kaduna Refining and Petrochemicals Company (KRPC). The study therefore aims at:

(a) Identifying how far KRPC had actually been able to meet up with its set objectives;

(b) Examining factors militating against KRPC's optimal realization of the set objectives;

(c) Ascertaining the adequacy or otherwise of the finances of KRPC and the impact of such on the performance of the organisation;

(d) Assessing the manpower need of KRPC vis-a-vis what it has on the ground;

(e) Measuring the degree of autonomy of KRPC and its impact on the performance of the organisation, and

(f) Recommending appropriate solutions to identified problems of KRPC in order to ensure that KRPC optimally contribute to the national development of Nigeria.

Fundamentally therefore, this study is aimed at looking at the expected role of KRPC in national development vis-a-vis what is obtained in reality. It will identify shortfall between reality and expectation and reasons for such shortfalls and on that basis recommend ways and means of ensuring optimal contribution of KRPC towards national development, based on its productive capacity.

1.4 Significance of the Study

The significance of this study cannot be overemphasised especially when one considers the importance of the oil sector to Nigerian national development. In a country like Nigeria; where the oil sector is responsible for over 90% of its foreign earnings; where industries, households and even the government rely heavily on the oil sector for energy; and where earnings from the sector is used for the development of the

country as a whole, a problem in the said sector can indeed not be ignored. This study which seek to look at the roles of the oil sector in national development of Nigeria, with the aim of identifying problems of the sector, and proposing possible solutions to such problems is not only significant but also timely in the Nigeria's reality of today where there seems to be no solution to the iminent collapse of our refineries.

The research is also significant on the basis of the fact that it will highlight to; Public Administrators; scholars of Administration, Managers of Public Enterprises; and the general public, expected roles of public enterprises especially K.R.P.C so that such roles can be appreciated and those concerned with K.R.P.C can do their best in ensuring that the organisation is made to actually play effectively its roles towards the national development of Nigeria.

The research work is also significant, as it is hoped it will provide for Public Administrators and Scholars, a base for further research into the roles of Public Enterprises in national development with special reference to N.N.P.C in general and K.R.P.C in particular. It is thus of significance to N.N.P.C management, K.R.P.C management, other public Enterprises Managers, Scholars, and students of Public Administration.

1.5 Hypotheses

Based on the aims of this research, the following Hypotheses have been developed and tested, using appropriate statistical instruments in order to get answers to the research questions:

i. That lack of adequate finance is a militating factor against KRPC's

optimal contribution to National Development.

ii. That inadequacy of well trained and motivated manpower in KRPC is responsible for its failure to contribute optimally to National Development.

iii. That lack of autonomy and too much interference by the Government hampers successful operation of KRPC.

1.6 Scope and Limitation

The scope of this study is limited to K.R.P.C, a subsidiary of N.N.P.C with particular interest on its activities, operation and management. Attempts have also been made to identify the mission and expectations of the founding fathers of the organisation, how much it is expected to contribute to national development and this shall be juxtaposed with what and how actually the organisation is doing.

The study naturally faced so many constraints which are largely instrumental to the limitation of its scope to just K.R.P.C and not the whole of N.N.P.C or even all public enterprises in Nigeria.

Time constraint is indeed one limitation faced by this study since it is expected to be completed within a given time frame. The Research is also constrained by financial limitation. Undertaking a research with a wider scope could indeed cost a lot, the scope thus is limited to the financial ability of the researcher and his financiers.

Other limitations the Research has to contend with, include non-cpoperative attitude of some respondents, especially some staff of K.R.P.C who refuse to co-operate claiming to be bound by OFFICIAL SECRECY. The research could not also lay hands on some vital and informative documents, files and reports that are classified by K.R.P.C as ~CONFIDENTIAL,~ despite assurance that information given would be used for academic purpose only. Some questionnaires administerd were also not returned. Some were returned unfilled.

Therefore whatever analysis, or conclusion drawn in this research are based on findings within the scope so identified and within the context of the mentioned limitations.

1.7 **Research Methodology**

The research method used in this research is largely investigative and findings are presented in a descriptive way. However, in some instances such facts are presented in analytical or even in a quantitative form.

Research Instruments:

In the course of data collection for testing the hypotheses of this research, the following methods and sources of data were used and exploited.

1. **Primary Sources:** This method includes preliminary visits to the organisation (K.R.P.C) where useful first hand information and data are collected. In addition, under the primary source of data, we also adopted the use of:

a) Interviews

b) Questionnaires

c) Observations, as methods of Data Collection.

A. Interview

Personal interviews by the researcher are conducted with both staff and non staff of K.R.P.C in order to obtain first hand information. This has the advantage of allowing for immediate response from the interviewees. Personal contacts with respondents also provided for flexibility in data collection, enhanced accuracy and helped to minimise distortion of data. The method is however time consuming, and some respondents are reluctant to respond or claim not to have time for the interview.

B. Questionnaire Method

Questions are drafted in the form questionnaire and distributed to various categories of K.R.P.C staff and others who have been so identified in our sampling procedure and staff who are expected to fill and return the questionnaire to the researcher. The questionnaire is designed in such a way that if adequately filled in, the researcher would be able to get sufficient information on matters concerning the study. It was also designed in a way respondents would find easy to respond. Questions to be responded to are in some cases provided with alternative responses. Some other questions are open ended and have respondents freely expressed their news as they deem appropriate. The method has the merit of allowing respondents enough time to think and express their feelings on issues contained in the questionnaire, which allows the researcher to obtain genuine views of the respondents. The method however, is financially costly and time consuming. Not all questionnaires distributed have been returned, some questions in the questionnaire have also been left unanswered.

Observations

In the course of gathering data in K.R.P.C the researcher was able to observe the organisation and workers at a closer range. Attitude or approach of workers to work was also observed. The researcher also sought for permission to go round the refinery as well as the Petrochemical Plant. Production department, Personnel and Administration department, all with the aim of personally surveying the organisation and its operation, observing existing situation and behaviours and drawing appropriate conclusion from such observations.

Secondary Sources

Information and data was also collected and used for analytical purposes through the secondary sources of data and these includes Text Books; Journals; K.R.P.C bulletins; Newspapers; Magazines; K.P.R.C records and files, in addition to other vital documents through which relevant information though second hand, are obtained.

This method also is less costly and fast in gathering information. However information obtained may be outdated or biased based on the authors view and not an objective representation of situation or issues at hand.

The population of the study

The population of this study 3,500 includes the staff of K.R.P.C. (Top/Middle and Lower Management Staff including Supervisors and Operatives) in administration and Personnel Department, Manufacturing Department, Maintenance Department, Production Programme and control Department, and Finance and Accounts Department. Since K.R.P.C. is a very importantly also a service organisation, other people and organisations enjoying the services of

K.R.P.C were also asked questions - and information derived from them used for analysis in this study.

Sampling Procedure

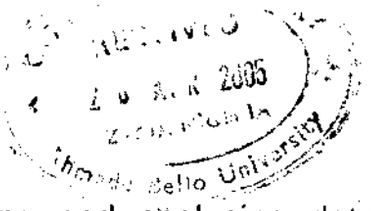
The total staff strength of K.R.P.C is 3,500 and we have a number of organisations, millions of people enjoying the services of K.R.P.C. Due to the size of this population frame, the researcher decided to reduce the population to a more manageable size that is more researcheable. Thus STRATIFIED RANDOM SAMPLING was adopted to obtain a researchable and a very representative sample of the population frame. Among K.R.P.C staff, a strata was created for the purpose of the research and in each strata 10% sample is taken randomly and used for the research in order to ensure easy administration of questionnaires and oral interview as shown in table (1) below:

Table 1:

SAMPLING PROCEDURE

S/NO	CATEGORIES (STRATA)	STRENGTH	10% SAMPLE
1.	TOP MANAGEMENT	300	30
2.	MIDDLE MANAGEMENT	500	50
3.	SUPERVISORS	200	20
4.	LOWER MANAGEMENT	1,500	150
5.	OPERATIVE/JUNIOR STAFF	1,000	100
	TOTAL	3,500	350

However for the purpose of the non-staff of K.R.P.C. simple random sampling method is used in selecting 50 people given questionnaires and the other 25 people to interviewed.



Data Analytical Procedure

The study adopted descriptive method of presenting and analysing data. However, for the purpose of analysing statistical and quantitative data, tables, are used for the presentation of such data, simple percentages and frequency counts used for the purpose of analysis.

1.8 Definition of Terms

1.	N.N.P.C	Nigerian National Petroleum Corporation.
2.	KRPC	Kaduna Refining and Petrochemical Company
3.	NNOC	Nigerian National Oil Corporation
4.	NATIONAL DEVELOPMENT:	Transformation of a Nation from one form to the other that is qualitatively and quantitatively better.
5.	PUBLIC ENTERPRISES:	Organisations wholly or by majority share, owned by the Government, engaged in activities of Commercial nature involving investments and returns, and whose activities are capable of being stated in terms of balance sheets and profit and loss accounts.
6.	Oil Boom:	Period when Nigerian Oil exports was its highest rate, when so much money was made by the Government in foreign currency.
7.	GDP:	Gross Domestic Product of a country.
8.	MANPOWER:	Number of people working or available for work.
9.	MANPOWER TRAINING:	The process of providing learning experience that would help workers to perform more effectively in their present or future work.
10.	MOTIVATION:	The propelling force behind any human

		action.
11.	OPTIMAL PERFORMANCE:	An action or achievement, considered successful in relation to set objectives of KRPC and based on the productive capacity of the organisation.
12.	AUTONOMY:	Control over K.R.P.C's affairs, by its own management, or independence from N.N.P.C., ministerial, and or presidential control.
13.	FUNDING:	Provision of money for an institution or project to achieve a specified goal.
14.	ROLE:	A complimentary or contributory part played towards achieving a given objectives.
15.	TAM	Turn Around Maintenance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter attempts to review existing literature on the concepts of National Development and Public Enterprises. It also looks at the justification for the establishment of Public Enterprises and their expected roles in National Development as seen by different scholars. The chapter then looks at the problem of measuring performance of Public Enterprises. The chapter is intended to provide a theoretical framework for the study.

2.1 Concept of National Development

The term 'Development' attracts several interpretations from different scholars. It is an ambiguous term that is generally seen as an end, as well as a means to an end. As an end it is seen as related to an image of life that is qualitatively better than its opposite - Underdevelopment.

As a means to an end, it is seen as a process that has indicators like "quantitative increase in the total or per capita output of goods and services"[1]. Other indicators include increase in income, literacy rate, and occupational mobility. The concept is therefore simply seen as related to both the process of, and the actual attainment of the 'good life' "which implies increased National power and prestige, material prosperity for most members of the society, optimized social cohesion, a high level of cultural excellence and optimum creativity"[2]. Development therefore is a multidimensional process involving the reorganization and reorientation of the entire economic and social system to ensure improvement in income, output, way of life and standard of

living of a people. Thus the concept involves changes of a society for better.

Walter Rodney on the other hand sees development as a many sided process that implies "Increase in skills and capacity, greater freedom, creativity, self discipline, responsibility and material well being for the individual. And for the social group it is has to do with the ability and capacity of such social group to gain control over its destiny"[3].

Here a linkage is created between individual development and societal development, where "the commulation of individual development characterized by increased skills and capacity could naturally result to an increase in the capacity of the society to regulate both internal and eternal relationships, the society's capacity in dealing with its environment, have command over nature and gain control over its destiny"[4] are all indicators of societal developments as maintained by Rodney.

A similar view was maintained by Kindleberger C. who simply sees development as "improvement in material welfare especially of people with lowest income, the eradication of mass poverty with its correlates of illeteracy, disease and early death, changes in the composition of inputs and outputs that generally includes shifts 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 the working age population rather than the situation of privileged minority and the correspondingly greater participation of broadly based groups in making decisions about the direction, economic and otherwise in which way they should move to improve their welfare."[5]

Subscribing to the same views, Dudly Seers sees National development as a multidimensional concept that is broader than mere economic development, and he asserts that it is "a normative term with meaning that depend on the priorities and values of the society in question".[6] Dudly Seers however just like other scholars agree that the whole question of Development is fundermentally related to the question of poverty, unemployment and inequality and believes "if all these have decline - there has been a period of development in the country."[7]

Development therefore must be seen as an ambiguous concept with no specific definition but a number of indicators that may be used in deciding whether a society is experiencing Development or not. Again, these indicators vary from one society to the other, from one scholar's point of view to the other.

However, the proposed sets of developmental indicators by Adelman and Morris seems to be all encompassing and acceptable in recognising Development. The indicators are classified into Economic, Political, Social and Cultural classes.

The Economic Indicators of National Development

Increased per capita Income/Per capita GNP; Increased rate of Growth; Abundance of Natural Resources; Increased Gross Investment rate; Good Character of Agricultural Organisation; High Level of modernization of techniques in agriculture; High level of adequacy of Physical overhead capital; High level of effectiveness of the tax system; High level of effectiveness of financial institutions; High rate of improvement of Human resources (Skills and Education); and Good structure of foreign trade (High volume of foreign trade and positive balance of trade and balance of payment).

Political Indicators of Nationl Development Include:

High degree of National Integration and National Unity; High degree of Centralization of Political Power; Existence of strong democratic institutions; High degree of freedom of political opposition and the press; High degree of competitiveness of political parties; Strong labour movement; Weak traditional institutions and elites; Politically weak military institution; High degree of Administrative efficiency; and Strong commitment of leadership to economic development;

Socio-Cultural Indicators of National Development on the other hand include: Small size of traditional agricultural sector; A high degree of Urbanization; Low level of dualism (Rich and poor, traditional and modern); High degree of importance of the indigenous middle class; High extent of social mobility; Good character of basic social organisation (existence of Nuclear family); High extent of literacy rate; High extent of mass communication; High degree cultural and ethnic homogeneity; Low level of social tension; Low rate of crude fertility; and High degree of modernization.[8]

On the basis of Alderman and Morris view therefore, Development can be seen as a multi-dimensional and multi-facet concept referring to a change of a Nation from one form to the other that is qualitatively better in socio-economic cum political terms.

However, some scholars especially from the West look at the concept of Development as an Euro-American term though culturally based, used to characterize the relative standard of living of the people between the highly industrialized Nations of the North and the consumer-import dependent Nations

of the South. It is here seen as a direct opposite of, or reduction in problems that characterize underdevelopment, such as lack of capital, insufficient savings, lack of technical know how, lack of entrepreneurial skills and lack of diversification of the economy. If it is the presence of these specific effects that cause underdevelopment, the way to overcome underdevelopment (and ensure development) is to remove them".[9]

Benjamin Higgins in agreement with this point of view maintains that Underdeveloped countries as opposites of developed ones are "those with per capita incomes less than one-quarter those of United States or roughly,less than $500 per year".[10] Countries where the government considers development a 'problem' in a way which calls for positive goals and policies for economic development. He also sees "Underdeveloped countries as those in need of, and regarded as candidates for assistance through the foreign aid programmes of the United States and other Western Countries"[11], those countries that can simply be seen as pre-industrialized.

Based on the above, Development therefore could simply be seen as an economic goal, which is characterized by per capita income of $500 and above, economic sufficiency, diversification of the economy and industrialisation. However, this view of development seems to be restrictive, as it excludes the question of level of civilization, political, cultural and spiritual values which indeed are important components of development. It is thus safe to look at development as a transformation of a society from one form to the other which is both qualitatively and quantitatively better, and it involves changes in production and distribution patterns, as well as reshaping of the complex socio-economic cum political processes and institutions of the society or Nation.

Thus making it quite obvious that development is a necessary condition for the improvement of the economy of a Nation in particular and by extension of the general welfare of the people in the said Nation.

2.2 The Concept of Public Enterprises

Though there is no single satisfactory and comprehensive definition of Public Enterprises, it is largely accepted as a business firm owned wholly or partially by the government. However, various scholars define Public Enterprises in different ways. For instance, W.F. Willoughby sees Public Enterprises as "Public organisations having some industrial or revenue producing character, services concerned with the administration or exploitation of the public domain, and the general supply services and manufacturing plants of the government"[13]. Such an organisation, he maintains, should have -

> a legal, administrative and financial autonomy. Each will have its organic act or charter providing for its creation and defining its jurisdiction, powers and duties; its board of directors, its directing staff and subordinate personnel, its own plants, equipment and other property possessed in its own name; its own revenue and expenditure system; its own distinct accounting and reporting system separate from that of the general government; and its own well defined sphere of activities'[14].

This view seems to be subscribed to, by the Onosode Commission of 1981 that defined Public Enterprises (referred to as parastatal) as "bodies in the main set up by government to carry out, in the public interest, various types of services. They include companies or enterprises in which government or its agencies own controlling financial interest. They function outside the civil service, but within the definition of the constitution"[15].

This simply implies that Public Enterprises are organisations established and operated by the government with a high degree of autonomy and freedom from the control of the civil service, and its staff are not subject to civil service rules and regulation; and it has its own governing board responsible for formulation of its policies and its management; and they are established to carry out some specific functions. This implies that Public Enterprises are state ownership and operation of industrial, agricultural, financial and commercial undertakings.

One other approach is provided by Praxy Fernandes where the two words in the concept - 'Public' and 'Enterprise' are explained. Here the word 'public' is seen to connote ownership, management, and control by public authorities as opposed to management, ownership and control by private individuals. The word 'enterprise' on the other hand refers to the activity which is inherently a business venture of an industrial or commercial nature[16]. Fernandes, however, in order to set apart Public Enterprises from other public sector organisations propose a model that can be used in identifying public enterprises. The said model contains five definable tests including:

i. The ownership test: A whole or at least 51 percent ownership and control by public authority. Such would then confer the right to manage and control the organisation on public authority.

ii. The field of Activity test: The activity of the organisation should be economic in nature such as industry, agriculture, trade or commerce and services, thus excluding non-economic activities such as military and judicial services.

iii. The concept of investment and returns: The economic activity should involve investment and the use of working capital on which return is expected. This however, does not exclude the possibility

of negative returns (loss).

iv. The Concept of Sales: The economic activity which could be production of goods or provision of servcies that must be offerred for sale at a price in the open market, without this, there is no enterprise.

v. The Concept of Balance Sheets and Profit and Loss Accounts: The said activity of business nature demands recording of progress using the Balance Sheet which indicates assets and liabilities at any point in time, and a Profit and Loss Account which indicates for a defined period in the income and expenditure inflow and outflow giving rise to either profit or loss.

On the basis of Praxy Fernandes model of Public Enterprise and the five tests it can thus be seen as:

> an organisation wholly or by majority share, publicly owned, engaged in economic activities within the sphere of agriculture, industry, commerce or services, involving investment and returns, and whose affairs are capable of being stated in terms of balance sheets and profit and loss accounts [17].

2.3 Origin And Development of Public Enterprises

The origin of Public Enterprises dates back to the 'Pre-civilization period', and scholars believe that they have since then been in existence in human societies in one form or the other, as instrument of control and direction of their economies and development. In the said 'Pre civilization' societies - Public Enterprises are believed to have existed on the basis of the dominant nature of the communal ownership of means of production and distribution in the agrarian

societies[18]. The communal ownership of land which was the basic factor of production, the way and manner the people work on the land, the way basic necessities like water and firewood were provided, the way paths leading to public places like the farm lands, rivers were taken care of by the whole community especially in Africa, all these suggest that in existence there are public undertakings which could with some modification be accepted as Public Enterprises.

The emergence of modern capitalism in the West after the Industrial revolution saw the development of opposition to the capitalist system. The capitalist system which provided that all means of production, distribution and exchange should be owned and controlled by private individuals that own capital and who could as determined by market mechanism, use such capital for profit, was opposed on the basis of the fact that it was prone to subjecting a large segment of the society to exploitation by a few capitalist. The opposition believes that the ownership of organisations responsible for the supply of essential services in the society by a few capitalist was not only exploitative but also wrong on both political and moral grounds as opined by Olopoenia (1981).

> It was then as now considered dangerous to the preservation of social order and justice for these services to be left in control of private capitalist who could hold the society to ransom whenever it suits their whims and caprises. It was also considered immoral for the society to allow an individual the access to weapon which he could use to intimidate a large segment of the society"[19].

On the basis of these oppositions therefore, the Government in capitalist societies took over the control and management organisations which supply

essential services to he society.

In socialist societies where all means of production, distribution and exchange are owned and controlled by the Government on behalf of the society at large, the justification for such, is premised on the belief that the root cause of injustice in any society is the ownership and control of means of production and distribution by a few at the expense of the majority whose labour is exploited by the former to enrich themselves. In other words, private ownership is seen as the root of all evils and the solution to it lies in the government taking over everything and managing it on behalf of everybody. In such societies Public Enterprises emerge naturally to manage and operate the economy.

On the other hand, in mixed economies as obtainable in Nigeria, both the government and private individuals engage in economic activities. That is means of production, distribution and exchange are owned and controlled by both the private and public sectors of the economy, where the two sectors are expected to operate harmoniously and symbiotically in ensuring the development of the society. In such situation the private sector is largely profit oriented where it always seek to exploit the market mechanism of demand and supply to maximise profit. The public sector on the other hand, largely represented by the Public Enterprise, has social or service orientation as it seeks to ensure the provision of some goods and services identified as essential to the people at a minimal cost and or more efficiently than the private sector. Such Enterprises set up by the Government in mixed economies are not primarily expected to make profit but essentially to satisfy the needs and yearnings of the people, provide essential goods and services for the people, provide job opportunities and generally stimulate National Development. However, in doing

all this, Public Enterprises are expected to generate some money to enable it break even or make some profit to be used for further re-investment, expansion or even the finance of other Government activities.

2.3.1 Evolution of Public Enterprises in Nigeria

The genesis of Public Enterprises in Nigeria, can be traced back to the colonial era when the British colonial Government established Government departments for the provision of essential infrastructural facilities needed for growth of the economy and general development of the society, such as Water works, electricity, railways, Ports, airports and telecommunication. These are facilities that can not be provided by the profit oriented private sector because they are capital intensive, require a lot of expertise, and are unattractive on the basis of profitability. Later, these departments were converted into corporations for more effective and efficient management.

The colonial Government in addition to the provision of essential infrastructures through the said corporations also established departments to take charge of the following industries as opined by Olopoenia (1981)

(i) Coal mining at Udi Hills
(ii) Stone quarrying at Aro
(iii) Saw Milling and Furniture making at Ijora
(iv) Cotton ginnery at Gusau
(v) Rice husking at Sokoto
(vi) Boat building at important ports.

These were later converted into corporations too.

The colonial Government in 1949 established in each region a Produce Development Board, to provide loans and grants to Public authorities for investment in schemes related to crop production and processing. The board was also responsible for encouraging investment in social projects. In 1954, these boards were re-organised and renamed development corporations.

In the 1940s, Agricultural Marketing Boards were also established in each of the regions, with the responsibility of providing loans to buying agents for the purchase and export of agricultural products like cotton, groundnut, cocoa and rubber. The Boards were also expected to form additional functions including

(i) Promotion of Agriculture - especially cash crop production
(ii) Marketing of agricultural products
(iii) Stabilising the prices of agricultural products
(iv) Provision of investment funds to Government.

At independence in 1960, the new independent governments both at the centre and the regions created so many public corporations in different sections including agriculture, mining, manufacturing, transport, Banking and insurance to facilitate rapid development of the new state. With the military take over in 1966 and the subsequent creation of more and more states the number and scope of Public Enterprises in Nigeria continued to grow, as each level of government saw the need to have and maintain them as facilitators of development. The oil boom of the 1970s also contributed significantly in facilitating the creation of more public enterprises in Nigeria.

The indigenization Act of 1977 aimed at improving the percentage of indigenous capital invested in the National economy also contributed to the increase in

number and scope of public enterprises in Nigeria. When the Government realized the difficulty involved in making Nigerians buy majority shares in business undertakings, it had to come in and buy such shares, thus converting the undertakings into public enterprises. Since then, public enterprises have indeed been playing significant roles and having much impact on the social and economic life of Nigerians.

2.4 Justification For The Establishment of Public Enterprises And Their Roles In National Development.

Public Enterprises are established for Social, Economic and or Political reasons by the Government. Socially, the Government has the responsibility for ensuring an equilibrium between demand and supply of social goods in the society where there is a failure of market mechanism to do so. The provision of social goods may not be very profitable and therefore unattractive to the private sector. The government therefore has to come in to provide such goods and services like portable water, Electricity, railway, health care services and other essential services through public enterprises because the service may not be adequately provided by the private sector at affordable rates. The Government does this simply in the discharge of its social responsibility to the society and or to protect the society from the likelihood of excessive exploitation in the hands of the private sector.

Economically, most developing countries are poor, and have acute shortage of capital, and entrepreneurs necessary for the stimulation of growth and development, through investment. The Government therefore, here comes in to ensure growth and development by investing in capital intensive enterprises, that could not have been established by the private sector with a weak

economic base. The justification for the establishment of such enterprises is therefore the desire of the government to stimulate growth and development.

Politically, it is considered unwise to leave the sectors of the economy responsible for the production of essential goods and services in the hands of private individuals, who could use them to intimidate and or hold the nation to ransom when they wish as opined by Olopoenia (1981). The Government therefore takes control of the essential sectors of the economy by establishing public enterprises to manage them, to guarantee that no few individuals at a time are capable of holding the nation to ransom, because of their control of such sectors, like the oil sector (N.N.P.C.), Defence sector (DIC), and Ports (NPA).

Public enterprises in some cases are established as a symbol of National pride and independence. They are established to show to the world that the country is in control of its economy and is doing well, since there can not be true political independence without economic independence. It is true that ensuring economic freedom is beyond the capability of the private sector since it lacks the economic resources and political power to do so. The state therefore comes in to ensure all this through the establishment of public enterprises which are not only seen as symbol of National pride, but also symbols of National integration and National Development. This justification is used in explaining the 1972 indigenization decree in Nigeria that saw the transfer of ownership, control and management of so many enterprises from foreign hands to indigenous hands represented majorly by the public sector.

Governments also establish Public Enterprises with the aim of controlling some fundermental problems inherent in free market enterprise like inflation, exploitation and unemployment. It is difficult for the Government to control the price of a commodity over which it has no managerial control, just as it is impossible to force private enterprises to employ labour where they do not need it. It is however true that unemployment and inflation are serious social and economic problems, the Government therefore intervenes to solve such problems by establishing its own enterprises. Exploitation is a natural feature of free economies, to control excessive exploitation especially in essential goods without close alternatives like water, we have the Government establishing enterprises to ensure that the goods are adequately provided without necessarily subjecting the people to excessive exploitation.

Some public enterprises are established by the Government to make profit for the Government where the profit so made is to be used for provision of societal infrastructures and ensuring societal well being or for financing government and its activities. Some enterprises on the other hand are established to impact directly on the development of the society, especially in the economic sector. Such enterprises are established to accelerate development directly. In Nigeria today we have enterprises like Nigerian Agricultural and Co-operative Bank (NACB), Nigerian Industrial Development Bank (NIDB) seeking to facilitate agricultural and industrial development respectively by directly offering soft loans for the development of the sectors.

The justification for the establishment of public Enterprises and their roles in national Development can also be appreciated as summed up by Nyowuenyi (1976), who believes:

"Certain government essential services to the public need to be provided exclusively by the government with the view of providing them continuously and efficiently at reasonable prices so that the standard of living of the masses would be improved;

To provide goods and services at reasonable rate to people.

To eliminate or reduce some bureaucratic bottleneck inherent in the civil service;

To provide revenue to the Government and job opportunity for both skilled and unskilled labour;

To embark on enterprises by the Government in the interest of the Nation, which the private sector could not because of enormous capital and other resource requirements; and

To provide a conducive atmosphere for all to contribute towards Development.[21]

Based on the justification for the establishment of public enterprises so discussed, Public Enterprises can be classified on the basis of services they render and their role in National Development into: Public Utility Enterprises. Development and Finance Enterprise; and Welfare or social service Enterprises. Examples are as enumerated below using Nigeria:

PUBLIC UTILITY - Nigeria Ports Authority, National Electric Power Authority, Nigerian Railway Corporation, Water Corporations, Nigerian Steel Development Authority, Nigerian Telecommunications, Nigerian Minning Corporation, Nigerian Coal Corporation, Defence Industry Corporation, Nigerian Film corporation, Nigerian National Petroleum Company, etc.

DEVELOPMENT AND FINANCE - Nigerian Industrial Development Bank, Central Bank of Nigeria, Federal Mortgage bank, Agricultural Development Corporation, National Insurance Company of Nigeria, Export Credit Guarantee Corporation, etc.

WELFARE AND SOCIAL SERVICE - Nigerian Television Authority, Federal Radio Corporation, Welfare Board, Health management Board, Scholarship Boards, Library Boards, Housing Corporation, Sports Council, etc.

(see Appendix A)

The role of Public Enterprises as instruments of National Development has been appreciated and given room for by all Nigerian constitutions since independence and these could be said to have been summed up by the Vision 2010 Committee report (1997) which provided that ;

> ''Public enterprises are expected to ensure proper functioning of societal institutions, guide social and economic relations and facilitate the harnessing and effective mobilization of the Nation's resources for sustainable development. This is in line with the development vision of Nigeria, as a society committed to making the basic needs of life affordable for everyone and creating Africa's leading economy.''[23]

This is to be in line with the;

> aspiration of the ordinary man in a developing country for a better life, that is, for a situation in which his security is increasingly assured, his standard of living is rising, wider opportunities are developed for his children, where there is increased political stability and sustained economic development which only the government can do with the

resources which it can organise by establishing powerful enterprises that will turn the nation round" as opined by Philip Asiodu.[24]

In a nutshell, Public Enterprises are responsible for providing social services needed by the society. Since if the provision of goods and services are left in the hands of private enterprises they are bound to be monopolistic and exploitative and provided at the detriment of the interest of the majority in the society.

However, in a mixed economy as obtainable in Nigeria "both the Private and public sectors are expected to engage in activities capable of bringing about the development of the Nation"[22]. While private undertakings are mainly profit oriented and do things to maximise profit, public or Government undertakings are services oriented and desire to render social services which are important ingredient for economic and National Development. The private and public sectors are therefore expected to have a kind of complementary relationship with the public sector creating an enabling environment which will stimulate private sector savings and investments by providing conducive infrastructural facilities as maintained by Vision 2010 committee report.

The participation of Government in business through the establishment of Public Enterprises especially in projects considered strategic and the complimentary role such enterprises activities play to private entrepreneurs in ensuring National Development can therefore not be overemphasised. It should be noted here, as rightly pointed out by O. Teriba, that Public Enterprises are established outside the regular administrative machinery of Government because of the British conception of the civil service as a body largely ill-fitted by outlook, orientation

and practical experience of the management function of a commercial or quasi-commercial character. It is true that this conception is still what is obtained up till date as the civil service is still characterized by bureaucratic bottlenecks, inefficiency, corruption and other vices that make it impossible to do what Public Enterprises are doing towards development. Public Enterprises therefore are largely accepted as instruments for the attainment of social and economic development, because of its unique feature of combining the efficiency obtainable in the private sector and public ownership for the realization of public goal.

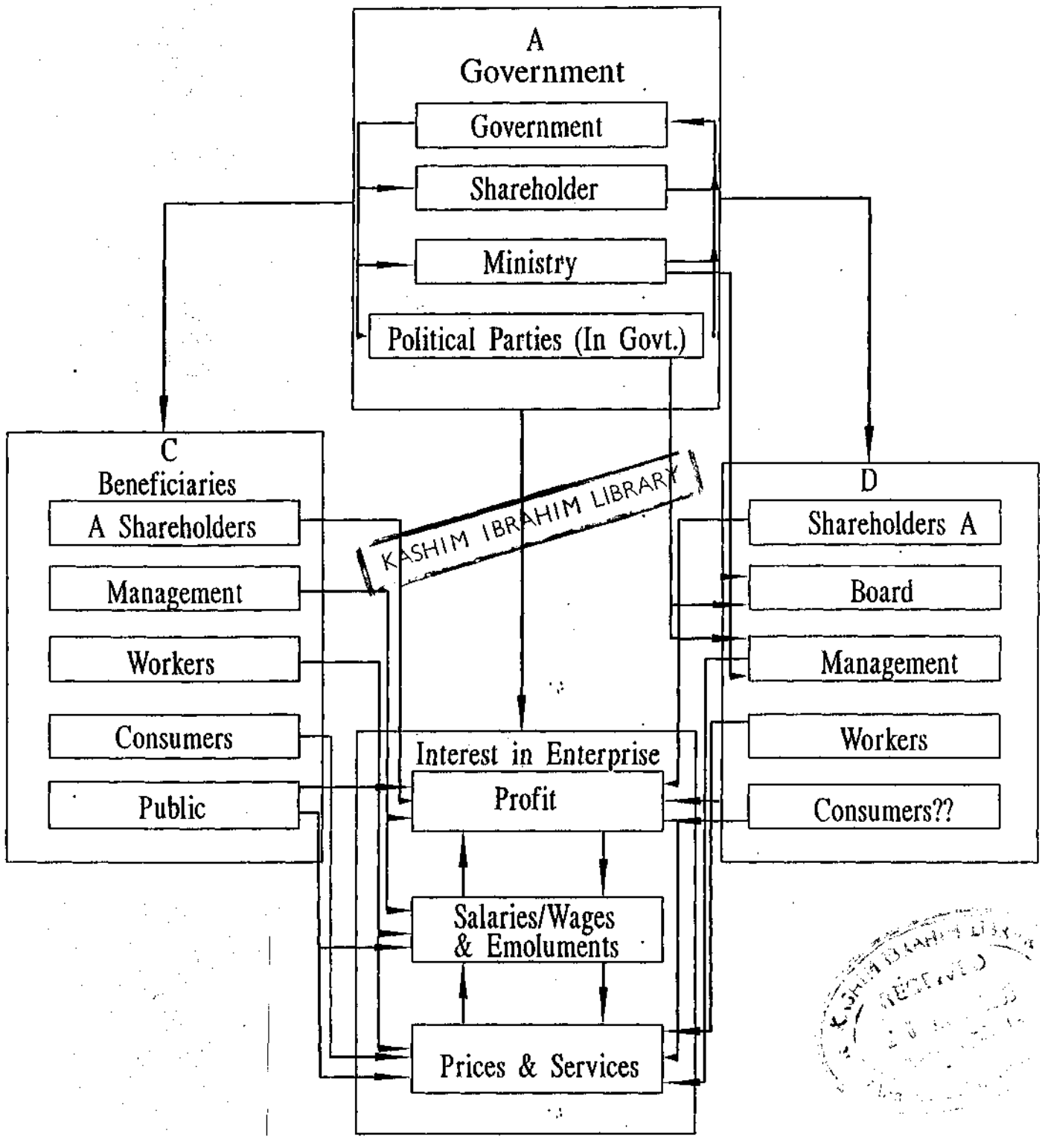
2.5 Conflict of Expectation and Problems of Evaluating Public Enterprises

In the private sector, Evaluation of Enterprises, normally is based on how much profit the enterprise is able to make. This is very straightforward because the goals of private enterprises is simply making profit, and where such enterprises are able to minimise cost and maximise profit, they are evaluated as doing well, and if they fail in making profit they are rated as doing badly. However in private enterprise, there still exist a kind of conflict of expectation between the owners and management especially where there is separation of ownership from control. This conflict normally arises as a result of the 'Owners' having objectives or philosophies that are different from those of the 'Managers'.

It is also factual that in the operation of Enterprises a significant proportion of the population is affected, either as consumers, workers of the enterprise or, as in most cases, the general public. In turn these operations are influenced by the civil servants, the politicians, schools and to some extent religious organisations. The expectation of these participants or group of people naturally vary and there is conflict of expectation.

This conflict of expectation is more pronounced in Public Enterprises where the participants are more, and the operation of the enterprises more complex. An efficient public enterprise may not necessarily meet the yearnings of some people or may at least dampen their expectation. Those with vested interest in alternatives or competing ventures would not be interested in the efficiency of such enterprises as the failure of such Public Enterprise may be their own gain. The general public on the other hand or specifically the consumer of the products of such Public Enterprise naturally would be interested in the efficiency of such enterprise and would always want to pay the cheapest price for the highest quality of service. The Government - owners of such enterprises on yet another hand would be interested in such efficiency but at a minimal cost, while managers of such enterprises may want to ensure such efficiency but with enough running cost. This conflict of expectation is represented by Kayode M.O (1980)[25] in a Schematic form as represented here in figure I. (please see overleaf)

Figure 1: Public Enterprise, The Government, The Beneficiaries and the Controlling Agents



KASHIM IBRAHIM LIBRARY

Source: Kayode M.O (1980)

There also exist conflict of expectation on performance of Public Enterprise personnel. There is the general belief that the unimpressive remuneration package in the public sector do adversely affect the performance and productivity of workers and management of Public Enterprises. Personnel here are expecting high renumeration for better productivity; while the Government is always interested in minimising cost. This conflict becomes more significant when one considers the fact that poor performance is not penalised nor is high performance rewarded in the Public sector; which makes workers and management of public Enterprises not very sensitive to productivity. 'Consequently, productivity tends to be lower than in the private sector and the effect of this of course is high productivity cost and high price' [26]. Consumers interest can therefore only be protected through subsidy. Which again is at the expense of tax payers (i.e against the interest of the Public at large). Thus, no matter what happens, poor performance generate conflict of expectations, even though they may not be recognised as such.'

Separation of management and ownership of Enterprises also naturally generate conflicts of expectation. This conflict become magnified in Public Enterprises where the owners are faceless. The Civil Servants or Politicians acting as 'Owners' of such enterprises lack the requisite commitment and clear objectives. As a result it becomes difficult to have Public Enterprises especially in Nigeria where the expectation of management is met. Consequently many members of the management have resorted to practices which though not in the best interest of the Corporation enable their expectations to be met. This conflict is said to arise as pointed out by Stephenson 'out of the division between those who give orders and those who receive them[27]'

Expectation from Public Enterprises therefore reflect a complex network and any attempt to narrow down the areas of conflict between two or more interest groups may widen the conflict areas with some other group. What is needed therefore is not the minimisation or elimination of the conflict but harmonisation of such conflicts. The failure of which in Nigeria has resulted to problems in the operation of Public Enterprises which were summarised by Professor Aboyade as follows:

> Whatever the laudable aims and however high hopes at initiation, one after another the Nigerian Enterprises have performed over the last two decades in a way that can only be described in polite language as disappointing. Not only has there been a low (indeed, often negative) return to capital invested, the low quality of management has compounded the high incidence of direct ministerial intervention in routine operations of the Public Enterprises. Poor internal administration and the pursuit, by arbitrary outside pressure, of non-economic policies of Government have meant inadequate (and sometimes patently defective) pre-investment, even in many cases of so called joint ventures. The extensive use of contractor Finance and Suppliers credit resulted not only in large leakages of Public funds but hampered the operational viability of many public enterprises through an overburdened and unrealistic capital structure [28]

Therefore conflict of expectation is not only created by poor performance but also resulted from conflict between politics and economics. What is clear from the above is that there is a lot of confusion about the purpose of public enterprises, confusion of purpose or objective which breeds conflict of expectation. Or as rightly put by Prof. Aboyade 'the Nigerian Public Enterprises

have resulted from policy confusion, inevitable contradictions of post-colonial social transition.... a defective appreciation of what a mixed economy truly means or should mean, and part is a residual of that universal (and probably eternal) genuine difference of view of how best to organise the productive forces of an underdeveloped economy'[29]

Since Public Enterprises are set up, as seen by Blunt 'as a new instrument for carrying out the wishes of the people',[30] and they seem not to be doing just that because of so many conflicts, all hands must be on deck to harmonize such conflicts. The first and perhaps the most important problem to resolve is, What exactly do we want from Public Enterprises? To date, there does not appear to be a clear answer either from the government or the Public or even from the Enterprises to this question. Apart from this there is also the question of which ventures should be operated by the government as Public Enterprises? The government in Nigeria is participating in all ventures including hotels, transport, breweries etc. While one may say there is nothing wrong with such involvement, the problem is the government not having clear reason for the involvement. While one can understand reason for Government involvement in the operation of Public utilities, particularly the high capital investment required, security and social service reason, one finds it difficult to understand why the Government is in Hotel business. The common position of most people is that the government should sell to the Public all those enterprises where the motive for government involvement is solely profit. This recommendation is normally in view of large amount of responsibility placed on governments of developing countries and the fact that government is not a business proposition. In addition, the government as rightly suggested by Aboyade should avoid interference in the management of Public Enterprises. The boards should be

allowed to manage the enterprises wholly. He observed;

> The boards are either not allowed to manage or at the other extreme permitted to 'over manage'. A board is hardly managing when its role in budgeting is no more than that of an observer. It is not uncommon for budgets of Public Enterprises to be incorporated with those of the supervising ministries and to be defended perhaps by Permanent Secretaries who are not necessarily the Chairmen of these bodies. Equally undesirable is the situation where boards or their Chairmen are involved in day to day management[31]

Public Enterprises should therefore be granted a high degree of autonomy, to operate in ventures that are important and accepted as public utilities. They must be seen operating not only harmoniously with private enterprises, but also facilitating the operation of such private enterprises by creating conducive atmosphere for the private enterprises which for long have been accepted as the engine of growth and development.

2.6. THEORETICAL FRAMEWORK

Evaluation of Public Enterprises is a very complex thing because of the complexity of the goals of such enterprises. However for the purpose of this study we can adopt Suchman's evaluation process, which can be presented graphically as a process involving six steps, that are interrelated as in figure 2 below:

EVALUATION PROCESS



Figure II

From the figure it can be seen that evaluation is a process which starts with the **FORMATION OF VALUE** which can either be explicit or implicit and varies from one society to the other. Value formation involves the identification of what is 'good' or 'desirable' for the society and it involves modes of organising human activity towards achieving that which is accepted as desirable. The next step is **GOAL SETTING** which essentially entails specifying the objectives of a programme, activity or enterprise which must be in line with the value already formed. This leads to the next step which is **ESTABLISHMENT OF MEASUREMENT CRITERIA**, which provide the basis of measuring goal attainment and how evaluation is actually to be undertaken. The next step is **IDENTIFYING GOAL ACTIVITY** which involves undertaking activities which must be directed towards the achievement of the set goal. Next is **PUTTING GOAL ACTIVITY INTO OPERATION**, otherwise called programme operation, which involves the operationalisation of the planned activity directed towards

achieving set objectives. Finally, we have **ASSESSMENT OF GOAL OPERATION** otherwise called programme evaluation which is aimed at finding out whether the operationalised activity is actually achieving the set objectives.

It is true that in most cases evaluation process begins when activities are already going on, where the evaluator may come in at any point of the circular process which therefore implies that the sequence may vary, depending on when evaluation actually begins.

Suchman also proposed five categories of criteria for measuring the success or failure at any given programme or activity. These are **EFFORT, PERFORMANCE, ADEQUACY OF PERFORMANCE, EFFICIENCY AND PROCESS.**[32]

Effort

Through the criterion of Effort, Evaluation is based on the success or failure of the quantity and quality of activity that takes place. This represents an assessment of input or energy, regardless of the output. Such question as 'What did you do?' and ~How well did you do it?~ are answered.

The yardstick for measuring effort here is based on either the ~capacity for effort or the effort itself~. This type of evaluation assumes that the specific activity is a valid means of attaining higher goals, and according to Suchman even while not giving key answers, it is valuable in that it indicates that at least something is being done in an attempt to solve a problem.

Effectiveness

Performance or effect criterion measures the results of efforts rather than the

effort itself. Essentially, it requires determining how much is accomplished relative to the immediate goal.

Adequacy of Performance

Adequacy of performance or success criterion refers to the degree to which effective performance is adequate to the total amount of need. In other words, a measure of adequacy tells us how a programme has been in terms of the denominator of the total need.

Efficiency

Efficiency is concerned with the evaluation of alternative paths or methods in terms of cost that is, in money, time, personnel and public convenience. In a sense, it represents a ratio between effort and performance, that is, output divided by input.

Process

According to Suchman, this is an examination of the ~how~ and ~why~ of success or 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 lead to modification of the programme thereby making it work rather then discarding it.

Suchman provides four main dimension to the analysis of process dealing with:

(a) **The attributes of the programme itself:**

This involves specification of the attributes of the programme that make it more or less successful. It attempts to make a diagnosis of specific

causes of success or failure that are intrinsic in a programme. This therefore means a breakdown of the component part of a programme to see what role each is playing towards the whole.

(b) Population exposed to the programme:

This is a specification of the recipients who are affected by the programme.

(c) Situational context within which the programme takes place:

This involves a specification of the condition under which the programme is a success or not.

(d) The different kinds of effects produced by the programme:

This deals with specifying the effects produced by the programme and what aspects of such will be used as criteria for the final judgement.

Since a study of this nature requires a theoretical framework which is to serve as a basis of analysis and theoretical foundation on which the study is based, for the purpose of this study which is an attempt to examine the Role of Public Enterprises in National Development with particular reference to K.R.P.C, emphasis would be placed on the corporate objectives of the organisation which will be used as a yardstick in measuring how much the organisation is doing towards National Development. For the purpose of Evaluation and Measurement of the success or failure of KRPC in contributing towards National Development the researcher is adopting Edward Suchman's criteria for performance measurement, particularly the criteria of EFFORT, EFFECTIVENESS and ADEQUACY OF PERFORMANCE.

Based on Suchman's criteria for evaluation of performance it is accepted here that all evaluations must be premised round organisational objectives. Where an organisation is able to realise its stated objective, it can be said to have succeeded and where it fails in realising the stated objective then it can be said to have failed. Efforts are also put in to ensure the realisation of the organisational objectives where we see people engaged in activities aimed at ensuring the realisation of the organisational objectives. Such efforts can only be assesed or evaluated as effective if they bring results related to organisational objectives. Adequacy of performance on the other hand is measured in relation to total need where effective effort is measured in relation to how adequate it is, in providing for what is needed.

Using this theoretical framework, this study will therefore assess the role of K.R.P.C in National Development by looking at its objectives vis-a-vis how it is actually doing in realising such objectives; how much efforts are put in for the realisation of such objective, how effective is the effort and how adequate the result of such efforts are in relation to the needs K.R.P.C is set up to satisfy. This, we believe will facilitate a careful and practical assessment of the roles of K.R.P.C in national development.

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CHAPTER THREE

NIGERIAN PETROLEUM POLICY

3.0 Introduction

In this chapter we will be discussing the policy thrust of Nigerian Petroleum Management, embracing: Government participation in the oil industry; Oil and the Nigerian economy; and the Development of Oil industry in general. The chapter also reviews the historical evolution of KRPC; Ownership structure and management of KRPC; Activities of KRPC and Objectives of KRPC.

3.1 Government Participation in the Oil Industry

Not until 1966, Nigeria imports petroleum products through multinationals without much Government participation. Government significant interest was indicated by the financing of the establishment of the Port Hacourt refinery which was commissioned in 1966, to supplement imports of Petroleum products to meet the domestic requirements of petroleum products. Prior to this, Government involvement was limited to regulation of activities in the oil industry majorly operated by foreign companies, and collection of royalties and other dues offered it by the oil companies. ''This was partly due to the fact that oil was very insignificant to the economy before the late sixties and the relative lack of trained personnel and expertise''.[1]

By 1971, a year after the Nigerian Civil war, oil had started becoming more important to the Nigerian economy. To strengthen and establish government control in the sector therefore, the Nigerian Natioanl Oil Corporation (NNOC) was established by Decree in 1971 as an integrated oil company. It was also

in that year, that Nigeria joined the organisation of Petroleum Exporting Countries (OPEC). The NNOC was responsible for both upstream and downstream activities in the oil industry. As a result of these developments, there was a change in the status of the Government in the oil industry where it is now an active participant with more say in the running of the oil industry. The Government therefore decided to use such active participation to achieve its goals of rapid industrial and commercial development of the country. Government therefore acquired 33% equity interest in the Nigerian Agip Oil Company (NAOC) in 1971 and 35% in ELF.[2]

Meanwhile, the Ministry of Petroleum resources whose functions were mainly regulatory was operating concurrently with the NNOC. However in 1977 the ministry was merged with NNOC to form Nigerian National Petroleum Corporation (NNPC). NNPC combined the commercial functions of the former NNOC (exploration, production, transportation, processing of oil, refining, marketing of crude oil and it's refined product), with the regulatory functions of the former ministry. It was also given the responsibility of carrying out research in connection with petroleum or anything derived from it and promoting activities for the purpose of turning to good account the results of such research.

In 1975, the Federal Government, appointed the Oputal panel of inquiry to examine the causes of the then experienced shortages of petroleum products. The panels findings which were accepted by the government were.

"1. National demand had outstripped domestic refinery capabilities, and;

2. Local marketing companies lacked the financial resources to:

a. Undertake the importaiton of substantial quantities of petroleum products required to augment domestic production.
b. Construct infrastructures and facilities to receive, market and distribute products to all consumption centres in the hinterland, and
c. Construct large capacity refineries to satisfy local demand."[3]

The recommendations of the panel accepted by the government were.

i. Government should take over the importation of Petroleum Products from the oil companies.
ii. Government should expand domestic refining capacity.
iii. Government should expand the product importation and reception facilities as part of a nation wide system of pipelines to facilitate petroleum products distribution in long run.[4]

As a result of the government acceptance of these recommendations, policies, and actions were pursued in line with the recommendations which resulted in:

a. The promulgation of the petroleum control Decree which give the Ministry of Petroleum resources the exclusive right to import and fix the price of petroleum products;
b. The promulgation of the Petroleum Equalization Fund Decree which was enacted to ensure that price of petroleum products are the same thoughout the country;
c. The Government take over of majority ownership, of the major petroleum marketing companies (including shell, BP, Esso, Mobil and Total) in line with the indigenization decree.
d. The Government expanding domestic refining capacity to 445,000 barrel, per day by 1989 and spending about 8 billion US dollars in the process, by establishing two additional refineries.

Table 2: **Refining Capacity of Nigerian Refineries**

REFINERIES	COMMISSIONED	CAPACITY	CURRENT STATUS
Port Harcourt	Old (1966) New (1989)	210,000 bpd (120,000 bpd)	Overdue for Turn around maintenance. contract yet to commence. Completion unlilely before February 2000
Warri	1978	125,000 bpd	Overdue for Turn Around Maintenance. contract yet to be awarded. Completion unlikely before February 2000
Kaduna	1980	110,000 bpd (70,000 bpd)	Turn Around Maintenance awarded to Total for $219m. Turn Around Mainteance likely to be completed in July 1999

Source: NNPC, Total, Mobil/Shell Refineries study (1997)

(Capacity figures in bracket are actual Operating Output in 1996)

The installed capacity of these refineries is equal to about 140% of domestic demand. The constuction of the new Port Hacourt Refinery was intended to export refined products which was achieved for only a short period of time. Thus, while the installed capacity of Nigeria's Refineries is 445,000 bpd only about 270,000 bpd are being provided for domestic consumption since 1994; according to NNPC, Total, Mobil/Shell Refineries Study of 1997. Further to this other crucial steps were taken as expressed below:

"e. Government also built fuel reception station complete with storage tank at the Atlas Cover Jetty and Mosimi can receive up to 30% of National demand and storage;

f. Government also constructed about 5,000 Kilometer pipeline of varying diameter traversing the entire country to transport crude and refined petroleum products to and from refineries.

g. For the storage of refined products 17 exports and 3 refinery-based tank farms were constructed. In addition 9 inland depots were built for the storage and distribution of liquefied petroleum gas;

h. Nigeria's refining import reception was and distribution infrastructure were also engineered such that domestic production even at 70% capacity utilization can meet national demand. In the event of domestic refining falls to 50% of installed capacity, the import reception facilitre can meet up to 30% of National demand, thus filling the gap."[5]

These Government's policies and actions over the years in the oil sector was fundamentally intended to ensure sufficiency of all petroleum products to all Nigerians in recognition of the importance of petroleum products among Nigerians. Inspite of these, there still has been so many cases of fuel shortages which infact reached a crises point between 1977-1998. This shortages of the Petroleum Products is normally explained by the failure of the Government to properly maintain the refineries. For instance the Turn Around Maintenance (TAM) expected to be carried out every 2 years is not adhered to in the Nigerian Refineries. For instance KRPC's TAM was delayed for 6 years; Warri Refinery delayed for 5 years; Port Hacourt Refinery delayed for 4 years. Besides, Refinery Plants usually require revamp and retrofit programmes at longer intervals to ensure high capacity utilization which also has not been undertaken

in Nigeria's refineries. These inadequate maintenance culture is therefore seen as the cause of the failure of the Nigerian Refineries to satisfy domestic demands in line with the Nigerian Petroleum policy. In addition to these, there are also so many cases of sabotage in the form of vandalization of pipelines, smuggling, hoarding and diversion of petroleum products which all militate against the success of Nigerian petroleum policy in achieving achieve its objectives.

3.2 **Oil And The Nigerian Economy**

The exploration of oil in Nigeria was not given attention by the Government until the second part of the 50s. At independence in 1960, the volume of output of crude petroleum was only a little over 6million barrels. This volume is to be on the increase uptil 1965 when it rose to a little less than 100 million barrels for the year. In 1966 it rose to 152 million barrels which was the peak. (see Table 1). The trend was affected by the Nigerian civil war because the oil producing areas were in the war zone. However we had a very significant increase in production and this marked the beginning of the oil boom years, which marked its peak in 1974 with 823, 301, 493 barrels produced[6].

Table 3: Annual Production of Crude Petroleum in Barrels (1958 - 1977)

Year	Agregate Output in Barrels
1958	1,876,062
1959	4,092,611
1960	6,367,187
1961	16,801,896
1962	24,623,691
1963	27,913,479
1964	43,996,895
1965	99,353,794
1966	152,428,168
1967	116,553,292
1968	51,907,304
1969	197,204,486
1970	395,855,825
1971	368,875,217
1972	665,283,110
1973	750,444,836
1974	823,301,493
1975	651,317,502
1976	757,635,701
1977	767,710,147

Source: 1. Annual Report: Petroleum Division of Federal Ministry of Petroleum Resources Lagos (for 1958 - 1969)

However, despite this positive production trend uptil 1966 (as indicated in our Table 3, above) Nigeria's petroleum products requirements were met by importation of refined products by private multinationals like Shell, ESSO, BP and Total. Shell, BP and the then three regional Governments sponsored the establishment of the first refinery in Nigeria at Port Harcourt which was commissioned in 1966 with a capacity of 35,000 barrels per day (bpd). This domestic production supplemented by imports met the petroleum products requirements of the nation until the early 1970s when demand outstripped supply and for the first time a nationwide fuel shortage was experienced.

The oil sector contributed significantly to Gross Domestic Product (GDP) of Nigeria with the percentage share rising from 0.06 percent in 1960 to 3.82 percent in 1966/67 and 42.02 percent in 1974/75. In the recent past in1994 it accounted for 18.5 percent, in 1995 22.6%, in 1996 20.4%, in 1997 19.0%, in 1998 15% (Economic/Financial Review by Central Bank of Nigeria 1998) and 1999 it is expected to contribute 26.0 percent of the projected GDP as expressed in the 1999 budget of the Federal Republic of Nigeria.

The oil sector since independence has also been responsible for a very significant position of Nigeria's foreign exchange earnings. Its portion of the foreign exchange earnings rose from 7% which was N28.6 million in 1963 to N97.4 million in 1967 representing about 20% of the Federal Government's foreign exchange earnings. This rose by 1972 to N808.1 million, about 65.7 percent; and the upward trend continued uptil 1976 when the foreign exchange earnings was N6,176.1 million, about 85%

of the total earnings.[7] This has remained so uptil date with little fluctuations. This shows that Nigerian foreign exchange earnings largely depend on earnings in the oil sector, implying implies that Nigerian foreign exchange earnings is very susceptible to whatever changes that may occur in the world oil market. These foreign exchange earnings as we all know are used in the purchase of non petroleum imports of goods and services, in the servicing of foreign debts, transfers abroad or simply to build up the country's reserve abroad among others.

It must also be noted that the petroleum industry has made a very significant contribution to the Nigerian economy by contributing a great percentage of the total revenue accruing to the Federal Government. The contribution which was just N3.4 million in 1960 rose to N17 million in 1963, N176.4 million in 1970 after the civil war and N735 million in 1972 which was as much as 53.38 percent of the total revenue accruing to the Federal Government.

In 1974 and 1975 it contributed as much as 71.4 and 80.8 percent of the total revenue accruing to the Government respectively.[8] The trend of increase in the percentage of total revenue contributed by the oil sector has been maintained uptil date. In reviewing fiscal data further, as enunciated by the then Minister of Finance in his 1998 budget briefing, Oil revenue receipts in terms of domestic sales, crude oil sales and royalty receipts accounted for - $7.899 billion in 1995; $10.891 billion in 1996; $12 billion in 1997 and in 1998 it was ₦257 billion.

3.3 Historical Evolution of Kaduna Refining and Petrochemical Company.

The History of K.R.P.C can be traced back to 1908 when oil prospecting began in Nigeria by a German Company, the Nigeria Bitumen Corporation in the Araromi area of the present Ondo State. In 1937, after the first World War Shell D'arcy was awarded sole concessionary rights to prospect oil in the area covering the whole of Nigeria. However, it was in 1956 that oil was discovered in commercial quantities at Oloibiri in the Niger Delta area, after several years of search and investment of over ₦30 million.

In order to increase the pace of exploration other companies like Mobil, Gulf, Agip, Safrap (now Elf), Tenneco and Amoseras (now Texaco/Chevron) also came in. Oil production and export which started in 1958 at the rate of 5,100 barrels per day reached its peak in 1979 of 2.4 million barrels per day, thus making Nigeria attain the status of major oil producer, ranking seventh largest oil producing country in the world.

The period immediately after independence in Nigeria was characterized by the desire for fast development and the establishment of structures to ensure such development. These structures include Public Enterprises as stated by the second National Development Plan (1970-74). As the nation further advanced public enterprises were daily becoming a tool for public intervention in the development process. Their primary purpose being to further stimulate and accelerate economic development under conditions of capital scarcity and structural defects in private business organisations. There are also basic consideration arising from the dangers of leaving vital sectors of the National economy to the whims of the private sector often under the direct control of foreign large scale industrial combines. Public Enterprises are thus the crucial

factors in Nigeria's quest for true national economic independence[9].

In line with the above, in 1971, a year after the Nigerian Civil War, the Federal Government took over the control of the nation's major natural resources especially those found in the oil sector leading to the establishment of Nigerian National Oil Corporation (N.N.O.C) via Decree No. 18 of 1971. Hitherto, Government involvement in the oil sector was limited to the collection of royalties and other dues offered by the private owned oil companies and the making of rudimentary laws to guide and regulate the activities of the foreign oil companies through the Ministry of Petroleum Resources. With the increase in the importance of the oil sector, which came to be responsible for about 90% of the Nigerian economic earnings and the subsequent establishment of the Nigeria National Oil Corporation in 1971 to handle oil related matters on behalf of the Government, public sector roles in the oil industry gradually progressed from a regulatory one to one of direct involvement in oil exploitation and exploration. In the same year (1971) the country also became a member of the organisation of Petroleum Exporting Countries (OPEC).

In 1977, the Nigerian National Petroleum Corporation (N.N.P.C) was established by the provision of Decree 3 of 14 April 1977, from a merger of the defunct Nigeria National Oil Corporation (NNOC) with the Ministry of Petroleum Resources (MPR). With this development, NNPC took over the activities of the two bodies and operated under a centrally administered organisation with a Group Board of Directors and a Group Managing Director as the Chief Executive.

The corporation (NNPC) so formed, was expected among other things to handle activities related to oil exploration, exploitation, processing, refining, production, distribution, marketing, research and development as well as the administration and Finance of the Oil industry as a whole. Thus it is not only expected to play regulatory role but also participatory role. The stated activities were managed at the Group's central Headquarters in Falomo Ikoyi - Lagos, with branches at Warri, Port Harcourt, Kaduna and Abuja, the Federal Capital Territory.

It should be noted here that by 1977 there existed in Nigeria only one Refinery in Port Harcourt managed by N.N.P.C and it could not cope with Petroleum products requirements of the nation, most of which were met through importation. In 1978 therefore, the Warri Refinery was commissioned to supplement the existing Port Harcourt Refinery and later in 1980 the Kaduna Refinery which is now part of K.R.P.C was commissioned to normalise the situation. This was followed by the commissioning in Kaduna of the Petrochemical's plant by February 1988.

In 1987 it became clear to the management of N.N.P.C that as a result of technological changes, expansion in the span of its activities, associated with rapidly growing work-force and more aggressive international financial and economic competition now prevalent in the oil industry world wide, a reorganization of the corporation was necessary. Therefore in 1988 the Federal Government approved the reorganization of N.N.P.C into a commercial, integrated international oil company geared towards efficiency, profitability and autonomy. Thus, the corporation's structure and organisation was changed from a centrally administered government parastatal to a government owned group with six Directorates, headed by six Executive Directors, responsible for

CORPORATE SERVICES, EXPLORATION AND PRODUCTION, REFINING AND PETROCHEMICALS, ENGINEERING AND TECHNICAL, COMMERCIAL AND INVESTMENTS, and FINANCE and ACCOUNTS. We also have the Nigerian Petroleum Investment Management Services (NAPIMS) Lagos headed by a co-ordinator.

The re-organisation also saw the creation of eleven subsidiaries of N.N.P.C. which are placed under the supervision of the OPERATIONS DIRECTORATE.

"These subsidiaries are engaged mostly in exploration, production, processing, transportation and marketing of crude oil, Natural Gas, other products and derivatives of the N.N.P.C.

The subsidiaries are:-

1. Kaduna Refining and Petrochemical Company Limited (K.R.P.CO - Kaduna.
2. Warri Refining and Petrochemical Company Limited (W.R.P.C) - Effurun - Warri.
3. Port Harcourt Refining Company Limited (PHRC), Port Harcourt.
4. Nigerian Engineering and Technical Company Limited (NETCO) - Lagos.
5. Nigerian Gas Company (NGC) - Warri.
6. Nigerian Liquified Natural Gas Company Limited (NLNG) - Lagos which is a joint venture between NNPC, SHELL, ELF, & AGIP.
7. ELEME Petrochemical company Limited (EDCL), Port Harcourt.
8. Hydrocarbon services Nigerian Limited (HYSON) in affiliation with Calson Bermuda Limited - Lagos.
9. Pipeline and Product Marketing Company Limited (P.P.M.C) Lagos - Abuja.

10. Integrated Data Services Limited (IDSL), Benin.
11. Nigeria Petroleum Development Company Limited (NPDCL) NPDC - Benin[10].

Since KRPC, one of the eleven subsidiaries of N.N.P.C is the main focus of this study. It is necessary to look at it more closely.

The Federal Government's decision to construct the third Nigerian National Petroleum Corporate (NNPC) refinery in Kaduna was in 1974 along with that of the second NNPC refinery located at Warri[11]. However, it was decided that work would commence on the construction of the third refinery whenever the projection of the consumption of petroleum products justified it[12]. The whole idea was to supplement the refinery plant at Port Harcourt and to discourage wastage of foreign exchange used for refined product importation.

By early 1975, in view of the fuel shortages experienced then, the Federal Government decided that work on the Kaduna Refinery should be advanced[13]. It was envisaged that the Refinery was to be a simple hydroskimming type in order to meet up with the fuel demand then. It was therefore established for the purpose of refining crude oil into high value petroleum products and exploitation of other related profitable business in co-operation with other subsidiaries of N.N.P.C. for the overall corporate interest of N.N.P.C. in particular and the whole Nation in general.

The feasibility studies carried out before the take off of the KRPC project took into consideration the consumption of various petroleum products within the Northern Zone on the basis of which the Refinery was designed with a capacity

of refining 60,000 barrels per stream day (BPSD). This was later changed to 100,000 BPSD based on the Federal Government policy on refineries, which also led to the modification of the refinery from a simple hydroskimming refinery into an integrated refinery, capable of producing wider variety of petroleum products, including lubricating base oils. Hence, it becomes necessary to import suitable paraffin based crude oil from Venezuela, Kuwait or Saudi Arabia[14].

Other products of the refinery include fuels such as Liquified Petroleum Gas (LPG), petrol, automative gas oil or diesel oil, kerosene, fuel oil and sulphur and those from the lubricating oils complex are base oils, asphalts and waxes.

The location of the Refinery in Kaduna is justified on the basis of security. Since the first two refineries in Nigeria are located in the oil producing areas of the south, it was considered, security strategic to locate the third one in the north and not in the same area with others "as this would make the country vulnerable in the case of any sabotage"[15].

The extensive market research carried out on the petroleum products demand throughout the country showed that the Northern part of the Country had an increasing demand pattern and it was apparent that it would cost less to transport the crude oil by pipeline than it would be easy to transport the refined products to the Northern markets by rail or road[16]. This factor contributed to the decision to construct the third refinery in the North, in Kaduna, which is a central location for distribution of Petroleum products to depots in the northern zone.

The Kaduna refinery has made the unique feature of not being close to its source of crude oil unlike other refineries worldwide. It is located strategically 700 kilometers from the coast. Crude oil comes in through the 16 inch pipeline, which also take products when the refinery is shut down for Turn Around Maintenance[17]. It was designed to process both imported and Nigerian crude oils into fuels and lube products[18]. It was constructed by Chiyoda Chemical Engineering and construction Company (Now Chiyada Corporation) of Japan. In 1986, the design capacity of the fuels plant of the refinery was increased from 50,000 BPSD to 60,000 BPSD, bringing the total refinery installed capacity to 110,000 BPSD[19].

In March 1988 the 30,000 Linear Alkyl-Benzene plant under the then petrochemical sector of NNPC was commissioned.

The plant is designed to derive its entire raw materials including utility supplies from the Refinery. In the wake of the recent commercialization exercise it was decided that the two plants should be merged into a single subsidiary company of NNPC in view of their interdependence, common goal and proximity. The company thus formed is the Kaduna Refining and Petrochemical Company Limited (KRPC).

Built at the cost of ₦504 million, the KRPC complex occupies an area of 2.89 square kilometres of land given by the Kaduna state Government and situated along Kachia road at the Southern outskirts of Kaduna [20]. It has since been recognised as the biggest single project in Nigeria and one of the largest of its type in Africa[21].

3.4 Ownership Structure and Management of KRPC

The Kaduna Refining and Petrochemical company is wholly owned by the Federal Government of Nigeria. It is a company that is managed on behalf of the government by the Nigerian National Petroleum Corporation as a subsidiary of the corporation. It however operates as a semi autonomous production unit of the NNPC which is fully owned by the Government[22].

Money for the finance of the operation of the company is generated mainly from the proceeds of the sales of the Refinery and Chemical Plants productions and from the sales of tins, and drums produced by the tin and drum manufacturing plant. However, major financial commitments of the company like the Turn-Around Maintenance are normally met by the parent corporation NNPC or directly by the Federal Government.

3.4.1 Organisational Structure and Management of K.R.P.C

The management of K.R.P.C has at the apex a Managing Director/Chief Executive who oversees the organisation. He co-ordinates the activities of the various departments and units in the organisation. The managing Director takes key decision based on the recommendations of his immediate subordinates and with approval of the corporate Headquarters. The managing Director who in line with the NNPC corporate policy must be a qualified chemical engineer with vast knowledge and experience. The Managing Director is responsible to the Group Managing Director of NNPC who controls all the subsidiaries of NNPC from the corporate Headquarters.

The next person on the Hierarchy of KRPC management is the **EXECUTIVE DIRECTOR - OPERATIONS** who also is expected to be an engineer but not

necessarily a Chemical Engineer. He is responsible for overseeing all operational activities of the company which includes production, maintenance, manufacturing, power, utility, fire and safety and the petrochemical departments. The Executive Director Operations is also expected to co-ordinate all the activities of the above mentioned departments and report directly to the Managing Director/Chief Executive. He deputise for the Managing Director whenever he is not available.

The third ranking officer in the management of KRPC is the **EXECUTIVE DIRECTOR SERVICES**. He is responsible for co-ordinating all services and related activities. He also reports to the Managing Director/Chief Executive. This post is normally occupied by a lawyer, social scientist or an Administrator. The Executive Director Services has under his or her control the Administration and Personnel Department, Finance and Accounts, Security, Public Affairs and Stock Management Departments. He is responsible for supervising these departments and liaises with the Executive Director Operations to ensure that all activities in the various Departments in the company are properly coordinated and executed.

KRPC has a management Executive Committee known as MEXCOM comprising of the Managing Director, the two Executive Directors, the Company Secretary and various Heads of Department. This Committee normally meets every Tuesday where key issues are discussed and decisions taken. The Managing Director is the Head of this committee responsible for decisions on important issues like staff welfare, awards of major contracts and the general day to day operation of the company. A graphic representation of this organisational structure is shown in Appendix B.

3.5 Activities/Products of Kaduna Refining and Petrochemical Company

Kaduna Refining and Petrochemicals company is engaged in various activities that enable it produce many products that are very strategic to the social and economic well being of the Nation. These activities are divided into two units. The Refining unit and Petrochemical unit. Each unit has its own peculiar activities and their products are different from that of the other units.

3.5.1 THE REFINERY

The K.R.P.C Refinery comprises FUELS PLANT and LUBES PLANT. "The fuel plant is made up of twelve process units capable of processing 60,000 BPSD of Nigerian crude oil into various petroleum products namely:
Liquified Petroleum Gas (LPG), Motor Gasoline, Kerosine, Diesel Oil, Fuel Oil and Sulphur.

While the "Lube Plant consisting of eight units has the capacity to process 50,000 BPSD of imported crude oil into: Lube base oil - For the manufacture of shoe sole Asphalts - for roofing felts, manufacturing Waxes - for the manufacture of candles derived from the imported crude sourced from Kuwait, Venezuela or Saudi Arabia (Arabian Light Crude).

The fuels plant of KRPC is designed to process Nigerian crude oils in the No 1 crude Atmospheric and Vacuum Distillation Units. The rest of the fuels section is designed to process a mixture of fractions from the domestic crude as well as from the imported crude used in the lube plant. The products from the fuels plant are: Liquefied Petroleum Gases (LPG), Premium Motors Spirit (PMS), Dual Purpose Kerosene (both for household and aviation usage), Gas oil, Fuel oil and sulphur.

Furthermore, the Vacuum Distillation units-2 at the Lube plants is designed to process 144m^3/hr of CDV-2 (imported crude) long residue into waxy distillates required for the production of base oil in the downstream units. Its major products are light spindle oil, heavy spindle oil, Light machine oil, medium machine oil and short or Vacuum Residue - 2.

THE PETROCHEMICAL PLANT

3.5.2 The petrochemical plant of KRPC established to provide the Nation with an adequate supply of petrochemical products and in line with the Nigerian Government desire to convert its natural resources to the highest commercial values in order to satisfy increasing domestic demands is engaged in so many activities and produces a number of products. The following products are Petrochemical products processed at the KRPC linear Alkyl/Benzene Petrochemical plant.

Solvent (for end users)

Deparaffinated Kerosine -	Insecticides, paints, vanishes, degreasers, metal cleansers, polishers for shoes, floor and furniture.
Benzene-Aromatic Solvent -	Pharmaceuticals, paints and lacquer and industrial chemicals.
Linear Alkyl Benzene -	Powdered and Liquid detergents.
Heavy Alkylate -	Transformer Oil, Thermal Fluids Lubricating oil & Greases.

The petrochemicals complex is located adjacent to the Refining plant and has an output capacity of 30,000 metric tonnes of linear Alkyl Benzene a year and 2,700 metric tonnes of Heavy Alkylate a year.

3.5.3 DRUM MANUFACTURING/FILLING UNIT.

K.R.P.C has also in place a product line to manufacture DRUMS AND TIN CANS to meet with the ever increasing demand for durable containers. The manufacture of Drums and Tin cans by KRPC was to compliment the company's other activities - provide containers for the products of the company. It was also established to compliment the already existing containers in the market.

The Drum manufacturing plant has two lines with a capacity of producing 8784 drums per day. The lines produce both asphalt and lubricating drums. ASPHALT Drums are produced with flat steel sheets of 0.8mm thickness. While LUBRICATING OIL DRUMS are produced with flat steel sheets of 1.2mm thickness. These drums are not only used for KRPC products but are also sold to vegetable oil manufacturers and other users of tins and drums as containers for their products.

3.6 OBJECTIVES OF KADUNA REFINING AND PETROCHEMICAL COMPANY.

The objectives of K.R.P.C can be said to have expression in the K.R.P.C mission statement. "KRPC is in the business of refining crude oil into high value petroleum and petrochemical products by efficient and safe operation at minimum cost"[23]. This implies that the objective of KRPC is basically to safely, efficiently and effectively refine crude oil into high value petroleum and petrochemical products for National and International consumption. It therefore has the objective of minimising cost and maximising profit. The mission statement in addition also states that "KRPC will also continue to operate the Tin, Drum and Petrochemical plants commercially as profitable business opportunities in co-operation with other arms of NNPC in the√√68X corporate interest".[24]

The mission statement of KRPC clearly indicate that the object of the organisation is fundamentally profit making and this profit is to be made by efficiently refining crude oil into various petrochemical products at a minimal cost to be sold at a profit. The organisation as indicated by the mission statement is not only restricted to refining petrochemical products for profit but also venture into the production of Tins and Drums and other related profitable ventures in conjunction with other subsidiaries of N.N.P.C.

The objectives of KRPC more explicitly stated is however:

> "Diversifying the national stock of resources by increasing the value added to crude oil and natural gas resources, structural transformation of the national economy by producing basic raw materials capable of giving rise to small and intermediate manufacturing industries for various end use applications. Savings in foreign exchange outlays through import substitute value of locally manufactured petrochemical end use goods"[25].

This objective of KRPC is informed by the position Nigeria occupies among crude oil producing countries in the world which it is sixth, with a production capacity of 1.3 million barrels per day (OPEC Quota) and the fifth major exporter of Crude Oil. For all this to have any developmental meaning for Nigeria, the country must not be seen to be importing its petroleum products requirements as was the case prior to the commencement of operation of the Warri Refinery in 1978; when 90% of such products requirements were imported. The establishment of Port Harcourt Refinery in 1979 and K.R.P.C later was therefore fundamentally aimed at ensuring SELF SUFFICIENCY IN PETROLEUM PRODUCTS IN NIGERIA.

The fundamental objective of KRPC in addition to making profit for Nigeria is therefore that of ensuring self sufficiency in the provision of petroleum products in Nigeria. In ensuring this sufficiency, KRPC is however expected to make profit by optimization of the capacity of its plants, reduction of plants operating costs, development of new products from existing facilities and extending refining services to other countries. In addition it also has the objective of FACILITATING THE DEVELOPMENT OF INTERMEDIATE, SMALL AND LARGE SCALE MANUFACTURING INDUSTRIES by providing them with needed raw materials in order to ensure the Development of the country in general.

END NOTES

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19. KRPC Handbook. Opcit p. 10

20. Ibid.

21. Ibid p. 21

22. NNPC News Opcit p.3

23. Egwuenu, C.I. ''The Nigerian petroleum Laws and Regulations as they affect a commercialized NNPC''. A paper Presented at a Seminar on the Statutory Control of the Petroleum Industry; on 24th - 25th April 1989, Department of Petroleum Resources. Lagos - pp. 93-94.

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25. Ibid.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.0 Introduction

In this chapter all relevant data collected from various sources for the purpose of this study will be presented, evaluated and analysed. The hypotheses developed for the study will also be tested in this chapter using the data collected from the samples of the study. Information and data collected from questionnaire administered and responses from interviews conducted will therefore be presented in this chapter and be used in testing the hypotheses of the study, on the basis of which conclusions can be reached.

Of the 400 questionnaire administered based on the established sample of this study, 80 representing 20% were given to top and middle management staff of KRPC. 270 representing 67% were also given to lower management, supervisors and junior staff while 50 representing 12.5% questionnaire were given out to residents of Kaduna. As earlier stated, stratified random sampling technique was used in deciding who the questionnaire is administered on. In addition to questionnaire, 50 respondents were also interviewed from within and outside KRPC.

Out of the 400 Questionnaire administered only 262 representing 65.5% were returned of which 52 were from the top and middle management; 180 from the supervisors, lower management and junior staff; and 30 from the general public.

4.1 Structure of the Chapter

Three hypotheses were tested in this chapter which are:

i. That lack of adequate finance is a militating factor against KRPC's optimal contribution to National Development;

ii. That inadequacy of well trained and motivated manpower is responsible for KRPC's failure to contribute much to National Development, and

iii. That lack of autonomy and too much interference by the Government hampers successful operation of KRPC.

The chapter is therefore divided into three sections with each section testing a hypothesis. However, the chapter starts by establishing the Role of KRPC in National Development and measuring its performance.

4.2 KRPC's Objectives/Performance

The study is able to establish through the Government Petroleum policy and the mission statement of KRPC that the fundamental objective of the organisation is refining crude oil into high value petroleum and petrochemical products. It is expected to ensure regular availability of refined fuels and other petrochemical products at dispensing stations. In doing these, KRPC is in addition expected to contribute to National Development by providing: employment; raw materials for industries; infrastructural Development. Respondents were very unanimous in agreeing that these objectives of KRPC are fundamental to National Development.

However, Kaduna Refinery which was commissioned in 1980 with established capacity of refining 110,000 barrels of crude oil into high quality petroleum product per day has been proven to be operating below capacity as shown by

the records of the department of petroleum resources below in table 4.1

TABLE 4.1

YEAR	EXPECTED PRODUCTION (m^3)	ACTUAL PRODUCTION (m^3)
1995	152,645,280	33,062,277
1996	152,645,280	62,421,307
1997	152,645,280	11,143,99.6
1998	152,645,280	NIL*
1999	152,645,280	3,130,999

Source: Department of Petroleum Resources.

* In 1998 there was no production, because of the breakdown of the Refinery plant and the subsequent TAM.

Similarly, respondents to interview and questionnaires were also of the opinion that KRPC is not performing optimally and therefore not adequately meeting up with its set objectives as shown in Table 4.1 below: How will you rate the performance of KRPC.

Table 4.2

Performance of KRPC

N-262

Responses	KRPC Top/Middle Mgt. Staff	Lower Mgt Supervisory Staff	Resident	Total	%tage
Very Good	-	-	-	-	-
Good	13	15	-	28	10.8%
Fair	33	110	12	155	59%
Poor	6	30	10	46	17.6%
Very Poor	-	25	8	33	12.6%
Total	52	180	30	262	100%

Source: Survey by the Researcher

From Table 4.1; it can be seen that the opinion of Respondents on KRPC's performance is not very impressive, since 59% of the Respondents maintain that the performance is just fair, therefore indicating that KRPC is not optimally contributing to National Development. The effect of this failure to make KRPC perform optimally is: Disruption and often paralysis of social and economic life of the Nation due to the epileptic supply of petroleum products; capacity under-utilisation of the Refinery Plant; closure of industries and repeated breach of public peace, characterised by long queues.

4.3 **Hypothesis One**

Funding, is an important determinant of the performance of any organisation. No organisation can be able to perform optimally without adequate funding, for

the purchase of materials, equipments and payment of personnel entitlements. Against this backdrop, we propose the hypothesis that lack of adequate funding is a militating factor against KRPC's optimal contribution to National Development. In an attempt to test this hypothesis, the study first tried to establish how much KRPC actually needs for its operation and activities, how much it is actually in need of, for optimal performance and how much it is actually given. We also attempted to find out the impact of the level of funding, so made available to KRPC's has, on the operation and performance of KRPC. Here, the researcher relied on KRPC financial records, responses from interview and questionnaire administered on Top/Middle management staff of KRPC, lower management, Supervisor and Operating staff of KRPC.

4.3.1 **Expenditure Profile of KRPC**

The records of KRPC finances indicate that from 1991 to 1998, there is continues increase in its expenditure profile as shown in table 4.2

Table 4.3

Projected Expenditure Profile Of KRPC

YEAR	TOTAL EXPENDITURE (All figures in Millions Naira)
1992	1,271.09
1993	1,327.96
1994	2,930.98
1995	3,683.37
1996	4,893.14
1997	6,139.29
1998	7,749.62

Source: Finance and Accounts Department KRPC **(See Appendix C)**

The total expenditure indicated in 1998 exclude the Turn Around Maintenance (TAM) cost, the contract that was awarded to Total at the cost of $219m.

It is worthy of note here that the expenditure profile presented in table 4.2 above is KRPC's share granted it by N.N.P.C. as it's own share of ₦2 per litre out of the ₦11 paid at pump station. It is expenditure incurred in refining, distribution, maintenance of assets and overheads. Capital expenditure of the company are normally paid for, directly by Government through the N.N.P.C.

4.3.2 Adequacy of Funds for KRPC Operations

Top management staff interviewed were asked if there is adequate funding of KRPC operations. 30 top management staff of KRPC were interviewed and they responded as shown in table 4.3 below.

Table 4.4

Adequacy of Funding

N = 30

Adequate Funding	Funding	Percentage
Yes	3	10
No	25	83.3
No Response	2	6.7
Total	30	99.9

Source: Survey By Researcher

As shown in the table above, 25 respondents representing 83.3% are of the opinion that there is no adequate funding of KRPC operations while only 3 respondents representing 10% are of the view that funding is adequate. When further questioned the top management staff are unanimous in the opinion that the ₦2.00 per liter given to KRPC is very inadequate. It is their common view that the cost of maintaining and operating KRPC can only be comfortably borne, if it is given ₦5.67 per litre of petroleum product sold at ₦11.00.

The respondents to the questionnaire administered also have a similar opinion on the inadequacy of funding for the operation of KRPC as indicated in their

response to the question. How will you rate the adequacy of KRPC's finance, as shown in table 4.4 below.

Table 4.5

Adequacy of KRPC Funding

N = 232

Responses	Top/Middle Management Staff Respondent	Lower Management /Supervisor Responses	Total	Percentage
Very Adequate	-	-	-	-
Adequate	-	14	14	6
Inadequate	40	130	170	73.3
Very Inadequate	12	30	42	18
Total	42	174	226	97.4

Source: Survey By Researcher

Of the 226 questionnaire returned by KRPC staff, 40 respondents among the Top/Middle Management staff and 130 Lower Management/Supervisor and Junior Staff, a total of 170 representing 73.3% are of the opinion that KRPC is inadequately funded. 42 respondents representing 18% are of the view that it is very adequately funded and a mere 14 respondents representing 6% are of the opinion that the company is adequately funded. On the basis of this

responses, it can be concluded that KRPC is inadequately funded.

4.3.3 Effect of Inadequate Funding to the Performance of KRPC

To ascertain the effect of this inadequate funding on the performance of KRPC staff and by extension the organisation as a whole, the lower management Supervisors were asked to rate the adequacy of Materials/Equipments used in carrying out their responsibilities. Their responses is shown in Table 4.5 below.

Table 4.6

Adequacy of Materials/Equipments in KRPC

N = 180

Responses	No	Percentage
Very Adequate	8	4.4
Adequate	53	29.4
Inadequate	109	59.4
Very Inadequate	9	5
No Responses	3	1.6
Total	180	99.8

Sources: Survey by the Researcher

Responses in the returned 180 questionnaire from the Lower Management, Supervisors and Junior Staff of KRPC, indicate Materials/Equipments needed for effective discharge of their responsibilities are inadequate. This, as indicated in table 4.5, is the opinion of 107 respondents representing 59.4 percent of the respondents. 9 of the respondents representing 5 percent are even of the view

that such materials are very inadequate. However 53 of the respondents representing 29.4% of the respondents believe the materials/equipment are adequate and 8 respondents representing 4.4 percent believe that the materials/equipment are very adequate.

Based on data presented in table 4.4 and 4.5 above, two conclusions can be established. One being that funding in KRPC is inadequate and the other being the fact that because of the inadequacy of such funds KRPC staff have to work with inadequate materials/equipments in the discharge of their functions. This has the negative effect of militating against the staff performance and by extension the whole organisational performance.

Through interviews and focused group discussions, especially with top management staff of KRPC this study is able to establish that the root cause of KRPC's problem is inadequate funding for it's operation, rehabilitation, refurbishing, and maintenance of its equipments and plants. The money released by the Government for this purposes is very much inadequate and is in most cases not released timely. For instance the Turn Around Maintenance of the KRPC refinery was delayed for 6 years because of the Government's failure to release funds for the purpose, until 1998 when the Refinery finally broke down. In May 1998 the TAM contract was awarded to Total which was expected to finish the job in seven weeks. Total however, could not finish the job within the agreed 7 weeks because it had under estimated the scope of the work from the on set. Inadequacy of funding again therefore resulted to Total using unskilled and cheap labour for the TAM, using substandard materials and delaying the whole process. Therefore, inadequate and untimely funding of KRPC remain the most important militating factor against it's optimal performance and

contribution to National Development.

This inadequacy of funding of KRPC and its effect on the performance of KRPC was summed up by the Managing Director of the Company when he said: "Inadequate funding has been worsened so much that, the release of funds have not been quarterly, it has not been in accordance with the agreement which we had, we are always one hundred, two hundred million naira behind and this has very strong influence on we can run this place efficiently"[2]

In view of the above presented and analysed data, the first hypothesis of this study which states that lack of adequate finance is a militating factor against KRPC's optimal contribution to National Development is hereby accepted as true and therefore upheld.

4.4 Hypothesis Two

Performance of organisations to a very large extent depend on the adequacy of well trained and motivated manpower. Where this, is lacking it becomes very difficult for organisations to function effectively realize their objects and contribute to National Development. On the basis of this understanding we propose in our hypothesis two, that inadequacy of well trained and motivated manpower is responsible for KRPC's failure to contribute optimally to National Development.

To test this hypothesis two basic areas are examined, which are, adequacy of well trained personnel and staff motivation in KRPC.

4.4.1 Adequacy of Trained Manpower in KRPC

To establish the adequacy or otherwise of manpower in KRPC, the Top and Middle Management Staff of KRPC were asked how adequate is manpower in KRPC, and they responded as shown in table 4.6 below.

Table 4.7

Adequacy of Manpower in KRPC

N = 52

Responses	Respondents No.	Percentage
Very adequate	11	21.2
Adequate	30	57.7
Inadequate	6	11.5
Very Inadequate	2	3.8
No Response	3	5.8
Total	52	100

Source: Survey by the Researcher

From table 4.6 above it can be seen that 21.2% of the respondents (Top) Middle Management Staff) believe that manpower is very adequate in KRPC, while 57.7% are of the opinion that the manpower is just adequate. On the other hand only 11.5% of the respondents are of the view that manpower in KRPC is inadequate. On the basis of the data above, we can conclude that manpower resource is adequate in KRPC.

To establish how trained the manpower resource is, the Top and Middle Management staff of KRPC were further asked to rate the adequacy of Trained manpower in KRPC, and they responded as shown in table 4.7 below.

Table 4.8

Adequacy of Trained Manpower Resource in KRPC

N = 52

Variables	Respondents No.	Percentage
Very adequate	3	5.8%
Adequate	13	25%
Inadequate	29	55.8%
Very Inadequate	5	9.6%
No Response	2	3%
Total	52	100%

Source: Survey by the Researcher

Table 4.7 above, clearly indicate that trained personnel are not adequate in KRPC, since it is the opinion of 55.8% of the respondents that it is inadequate. 9.6% of the respondents are even of the view that trained manpower is very inadequate. 25% of the respondent are however of the view that trained manpower is adequate in KRPC, just like 5.8% that believe it is very adequate. Thus on the basis of this, one can conclude that Trained manpower is inadequate in KRPC.

To further ascertain this, the Lower Management, Supervisors and junior staff questionnaire further asked respondents to indicate if they have even been given training opportunity.

Table 4.9

Training Attendance

N = 180

Attendance	Respondents No.	Percentage
Yes	58	32%
No	116	64%
No Response	6	3.3%
Total	180	99.3%

Source Survey By Researcher.

Of the 180 respondents 58 representing 32 percent said they have been given the opportunity to undergo one form of training or the other, while 116 representing 64 percent claim they have not been given such opportunity. This shows that KRPC does not engage itself very much in training its staff. Money meant for training is said to be very inadequate.

Thus indicating that the lack of adequate training is also caused by inadequacy of funding.

Trained manpower resource is a most important element in the performance of any organisation and the achievement of the organisational objectives. In KRPC, trained manpower is inadequate especially in the technical section of operation

of Plants. Interviews and observation by the researcher also proves that placement of personnel in KRPC is not based on scientific manpower planning and job analysis, consequently in KRPC we have the manpower not placed in correct numbers, quality and skills and mixed specifically to suit achievement of company's goals and objectives.

The training programme in KRPC though impressive does not also encourage off the job training and development in conventional schools. It places emphasis on part time courses, and on the job training which may not be comprehensive enough for the development of personnel towards greater efficiency. The Nigerian College of Petroleum Studies Kaduna and the Petroleum Institute Warri open to KRPC staff patronage is not also regularly patronized by the staff because possession of additional qualification is not a guarantee for promotion, therefore staff are not very much encouraged to go for training.

A review of the personnel records of KRPC indicates that only 442 personnel of KRPC representing 12.6% of the total staff strength were allowed one form of training or the other between 1996 and 1998. This is not adequate and it is attributed to lack of fund to be used in training the staff.

Since availability of well trained and properly placed manpower in any organisation is an important ingredient for efficiency, high productivity and effective realization of organisational objectives, its inadequacy in KRPC can be seen as a hinderance to its optimal performance and by extension its contribution to National Development.

4.4.2 Motivation and Performance in KRPC

Motivation, which is generally seen as the driving force behind actions is accepted as an important determinant of performance. Where a staff is adequately motivated his performance tend to be high and the reverse is the case where he is not adequately motivated where such performance will be low. Since the cumulative of individual performance is the organisational performance, it then follows that the totality of individual motivation will give us the organisational motivation outlook.

This study is able to establish that motivators in place at KRPC include a good salary package, housing facilities, catering services, various allowances, various loans for staff, school for staff children, health-care services, transport services and other welfare packages offered by KRPC. KRPC staff interviewed are very unanimous in the view that this motivation package is indeed motivating. However, when asked to rate how motivated they are in the questionnaire, the staff of KRPC seems to have a contrary view as shown in Table 4.9 below.

Table 4.10

KRPC Staff Motivation Rating

N = 232

Responses	Top Mgt Staff Response	Lower Mgt Supervisors Response	Total	Percentage
Highly motivated	28	4	32	13.8%
Motivated	20	47	67	29.9%

Not motivated	2	123	125	53.9%
No Response	2	6	8	3.4%
Total	52	180	232	100%

Source: Survey by the Researcher

From Table 4.9 above, it can be seen that 53.9% of the Respondents among KRPC staff are not adequately motivated while 42% believe they are adequately motivated. It must here be noted that as shown in Table 4.9, majority of the Respondents that believe they are motivated are from the Top/Middle Management cadre and most of those with negative opinion are among the junior staff. Motivation here is measured on the basis of how staff feel about their compensation packages, allowances, training, welfare and the general condition of service.

A random interview conducted by research to substantiate this data indicate that the junior staff and lower management staff who feel inadequately motivated are mostly complaining of the health hazard they are continuously exposed to, without adequate allowance for it, the shifting system, subordinate relations and inaccessibility to loan facilities especially among the junior staff. Other complaints especially among lower management staff are related to lack of adequate housing provision by KRPC. the 50 housing unit within the complex and the 65 houses at Barnawa were said to be highly adequate. There are also complains against the inability of the company to provide for a staff secondary

school and delay in promotion, other staff also complain of the delay that now characterize collection of Housing and Car loans in the company. All these among other things are the justification they have for concluding that they are not adequately motivated. They generally believe they should be treated better in order to be more productive and ensure optimal performance of the company.

In view of the fact that the data presented above indicating the inadequacy of well trained and motivated manpower in KRPC and the fact that it is proven to have negative effect on the performance of KRPC the second hypothesis has been proven right and therefore upheld. This is based on the fact that trained and motivated manpower is an important pre-requisite for effective performance of any organisation.

4.5 Hypothesis Three

For most organisations to function efficiently, they require a high degree of autonomy. Where organisations are subjected to too much interference and not allowed the free hand of taking decisions and actions especially on pressing issues that concerns them, their successful operation become very difficult. On the basis of this understanding we therefore propose the third hypothesis of this study which states that lack of autonomy and too much interference by the Government hampers successful operation of KRPC.

This will enable us have a picture of the degree of autonomy of KRPC in terms of who takes decisions, who implement them, and the level of freehand KRPC has in taking action, especially on issues that require immediate attention .

4.5.1 Autonomy of KRPC

In order to assess the level of autonomy of KRPC, staff of the organisation were

asked in the questionnaire to rate the autonomy of KRPC. In their responses, respondents were of the opinion that KRPC is not autonomous as shown in table 4.10 below.

Table 4.11
Autonomy of KRPC

N = 232

Responses	Top/Middle Management	Lower Management	Total	Percentage
Very Autonomous	6	19	25	10.8%
Autonomous	10	30	40	17.2%
Not Autonomous	34	128	162	69.8%
No Response	2	3	5	2.2%
Total	52	180	232	99.9%

Source: Survey by the Research

From Table 4.10 it can be seen that it is the opinion of a higher percentage of KRPC Staff respondents 69.8% that KRPC is not autonomous. While 17.2% are of the view that it is autonomous in addition to 10.8% that even believe it is very autonomous.

In addition to the questionnaire responses presented in table 4.10, data from the interview conducted with 50 staff of KRPC further confirm that KRPC is not autonomous as shown in table 4.11 below.

Table 4.12

Autonomy of KRPC

N = 50

Autonomous	Number	Percentage
Yes	7	14
No	41	82
No Response	2	4
Total	50	100

82% of the respondents to the interview are of the view that KRPC is not autonomous, while only 14% are of the opinion that the organisation is autonomous. This confirms that questionnaire responses.

Further investigation reveal that this lack of autonomy is attributable to the 100% ownership of the company by the Federal Government that what happens in the company. The company here is not allowed to take decisions on major issues but is allowed only to decide on day to day running of the company which must be in line with the overall policy decided by the Government. This lack of autonomy is generally linked up by respondents to the control exercised over KRPC by both NNPC and the Ministry of Petroleum Resources and even the Presidency.

To establish which areas in the operation of the KRPC is subjected to interference, Questionnaire respondents in the Lower Management, Supervisors

and Operatives were asked to identify such areas of interference and their responses is presented in table 4.12 below.

Table 4.13

Government Interference in KRPC Operation

N = 180

Areas of Operation	Frequency	Percentage
Employment	160	88.9
Administration/Management	172	95.6
Commercial/Finance	150	88.3
Operations	30	16.7

Source: Survey by the Researcher

From the table above it can be seen that 88.9 percent of the respondents are of the opinion that Employment in KRPC is interfered with by the Government 95.6% for the respondents are also of the view that the Management and Administration of KRPC is interfered with, while 83.3% are of the opinion that Commercial and Financial activities of the Company are not free from Government interference. However only 16.7% of the respondents believe that operation of the plants are subject to Government interference, implying that operations are largely free from Government interference.

Because of the interference by the Government through NNPC, the Ministry of Petroleum Resources and the Presidency, KRPC is not allowed to have its own personnel policy like other enterprises, based on its objectives and needs. It is instead subjected to a personnel policy that is based on political consideration especially in relation to Senior Officers. It is expected to abide by the principle of quota system, catchment area (all the Northern States), and it is the Government that decide "When, and the number of workers to employ or retrench, and when embargo is imposed on employment" as claimed by the Head of Personnel and administration of the Company in our interview.

Major Administrative and Management policies of the Company is also decided by the Government and is passed to KRPC for implementation through its parent company the NNPC. The Managing Director of KRPC is directly responsible to the Group Managing Director of NNPC at the Corporate Headquarters, who oversees all NNPC subsidiaries on behalf of the Government through the Ministry of Petroleum Resources. The Managing Director of KRPC can not take any major management decision without clearance from the corporate headquarters where the Group Managing Director also receive instruction from the Ministry. So to a very large extent there is interference in the Management and Administration of KRPC.

On commercial and financial operation of KRPC, the interference by the Government is very prominent because it is the government that decide the cost of KRPC products and also what percentage of the total sales of KRPC should go back to KRPC for refining, distribution maintenance and overhead. The Government is also responsible for deciding how much to be given and when for major repairs in the Company like the TAM. Interference in the operations

of the plants of KRPC is minimal most likely because of the technical nature of such operations. Here KRPC personnel are allowed freehand in operating the plants. The operation of the plant can not however be totally said to be free of all interference because it also relies on management for the provision of materials and equipment needed for the operation. Where this materials are not provided at the right time and required quantity, the operation can negatively be affected.

4.5.2 Impact of Government Interference on KRPC Performance

To assess the impact of Government interference on the performance of KRPC. Questionnaire respondents were asked whether such interference has positive or negative impact.

Respondents to the question of the impact of such interference by the Government on the performance of KRPC were largely of the view that such interference has negative impact on the performance of the organisation to National development as shown in table 4.14 below.

Table 4.14

Impact for the Government Interference on KRPC Performance

N = 53 Top Management Staff

Responses	Frequency	Percentage
Positive Impact	3	5.8%
Negative Impact	47	90%
No Response	2	3.8%
Total	52	99.6%

Source: Researchers Survey

The table 4.14 above indicates that the Top/Middle Management staff of KRPC are almost unanimous in the opinion that the interference in the activities of KRPC has negative impact on performance of KRPC, as 47 representing 90% of the respondents are of the opinion that Government intervention in the operation of KRPC is detrimental to optimal performance of the organisation. While only 3 respondents representing 5.8% are of the view that such interference has positive impact.

Responses from interview indicate that such negative impact of interference in employment is manifested in having unqualified and unsuitable people employed to handle sensitive positions in the organisation because of socio political consideration, the corollary of which is incompetence and inefficiency, because the people so employed often possess little or no knowledge of the operations of the organisation and can therefore not effectively discharge responsibilities given to them. This is in line with the view expressed by the Abisoye Panel of inquiry (1996) that the inefficiency witnessed KRPC is not unconnected with the calibre of Staff employed due to government interference, who lack the basic technical expertise to run the affairs of such a strategic organisation.

Financial Commercial operation of KRPC as earlier pointed out in another part of this study, is largely controlled by the government that decide the prices of KRPC products, the share to be given to KRPC how and when KRPC receives money for maintenance and so on. This is seen as inimical to efficient management and optimal performance of KRPC, especially where funding by the government is inadequate, and the money is always not released on time.

The interference by the Government in the Management of the Company also negatively affect the performance of the organisation by refusing the management of KRPC a free hand to take decisions and actions on issues without seeking for clearance from the ministry. This simply implies that emergencies cannot be taken care of. Interview conducted also indicate that the management of KRPC is more or less like an agent of the government without the authority to use any personal initiative. This fact is made clearer in the words of a one time minister of Petroleum resources who said anybody who works or run the corporation does so at the pleasure of the Government. It is the business of the government to decide how the corporation is managed and by whom?. This implies that KRPC cannot do much in solving its own problem and facilitating greater performance.

Though one must appreciate the fact that KRPC is a project of strategic importance that could not be left without any form of control, the fact still remains that where such control becomes too much it becomes inimical to organisational efficiency and performance. Truly, the Government has the responsibility of keeping eyes on ventures that are of strategic importance to National Development and Socio-Political stability of the Nation, but this does not mean such ventures should not be allowed to operate with any degree of autonomy because by doing so that government is contradicting it's initial objectives of setting such ventures separately from the normal machinery of Government as obtained in the civil service. This is a summary of the general view of the respondents interviewed.

In the light of the above, the third hypothesis of this study, that lack of autonomy and too much interference by the Government hampers successful operation of KRPC is proven right and therefore upheld.

END NOTES

1. N.N.P.C News - A monthly Bulletin of the Nigerian Petroleum Corporation Vol.20 No.5, April 1999.
2. K.R.P.C Managing Director. Interview Response 22 June, 1999.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter deals with the summary of the whole study and the conclusion made on the basis of the findings of the study. Recommendations are also made here by the researcher on ways of improving the performance of Public Enterprises and their contribution to National development with particular reference to KRPC.

5.1 Summary

The study generally, is an attempt to evaluate the role of Public Enterprises in National Development with particular interest in Kaduna Refining and Petrochemical Company. The study therefore looked at the National Oil Policy; in order to appreciate the set goals and objectives of KRPC which is predicated on the need to ensure the availability of home refined petroleum products at dispensing stations and the provision of raw materials for small and intermediate manufacturing industries from crude oil and natural gas. Through these activities KRPC as an NNPC subsidiary is to generate revenue for the Government through the sales of Petroleum products in domestic and foreign markets, aid in saving foreign exchange by stopping the importation of refined petroleum product; in addition to earning foreign exchange through exportation of Petro-Chemical products. Further to these also KRPC is to pursue the provision of employment opportunities for Nigerians, thereby improving the standard of living of its host community and generality of Nigerians. These can be summed up as simply

contributing to NATIONAL DEVELOPMENT. In line with these elaborately set objectives of KRPC, the study attempted to evaluate the performance of KRPC by establishing three hypotheses which were tested in the study.

The study adopted the usage of questionnaire and interview methods in obtaining data from the staff of KRPC and residents of Kaduna. Text books, KRPC documents, Newspapers, Magazine, and Journals were also used to obtain additional information.

5.2 Findings and Recommendations

From the study it was found out that the performance of KRPC and it's contribution to National Development is fundamentally below expectation. These findings are in line with the adopted theoretical framework for the study - Edward Suchman's PERFORMANCE MEASUREMENT CRITERIA, where organisational objectives are used for the measurement of performance of an organisation. In specific KRPC's performance was therefore measured vis-a-vis it's initial set objective which is largely service oriented rather than purely profit motivated and it was found as an organisation to have failed in meeting with its set objectives resulting in its failure to optimally contribute towards National Development.

The study proved beyond doubt that lack of adequate funding is a militating factor against KRPC's optimal contribution to National Development.

The study also found out that by increasing its allocation from pump price of petrol from N2 - N5 - the organisation could meet reasonably its estimated operation cost in line with the position of KRPC management.

Adequate funding, for capital expenditure normally provided by the government should be released on time. Cost of major repairs, purchase of spare parts, equipment, raw materials should be assessed on time and paid for by the government fully and without delay. This is to avoid the breakdown of the plants as experienced in 1997, part of the backlash effect of irregular and inefficient disbursement of funds.

In order to facilitate timely maintenance of KRPC plants and also ensure that the company remains in continuous production, it is suggested that the company should be allowed to receive it's earnings directly from the sales of petroleum products and utilize such earnings for maintenance purpose without recourse to the Federal Government or the Federal Ministry of Finance.

It is also recommended that a percentage of foreign exchange accruals from exports of ''unutilised'' crude and petroleum products should be made available to KRPC for the importation of required spare parts. In addition the government should also encourage local fabrication of such spare part, by technical schools and research institutions and other private organisations to minimise the use of foreign exchange for import on the use of such spares. Further to this, government must provide enabling environment for such public and private organisations to thrive and operate.

KRPC should also develop a more liberal manpower training and development programme for all levels of its employees by providing them ample opportunities for further studies on and off the job. This would undoubtedly provide KRPC's employees with sufficient knowledge and technical experience best suited to contain the challenge of running, operating and managing this ever important

organisation. Refresher courses should be made a regular part of employee training and development to enable them keep abreast with changes and improvement in their respective areas of specialization.

Adopting this strategy of staff training and development in addition to adopting scientific approach in the process of staff placement and other key matters like manpower planning and effective job analysis would further ensure optimal manpower utilization.

In order to ensure efficiency and commitment from its staff KRPC should also improve on its motivational strategies. These may be achieved by ensuring prompt payment of their entitlements such as salaries, allowances, loans and grants. Additionally, a more reliable and comfortable transportation for the staff; more housing accomodation for the staff. The provision of well staffed and equipped schools in the complex should be more seriously addressed. All these combined together would serve to motivate staff and make them more productive.

On autonomy, it is here recommended, that government should grant more autonomy to KRPC. It should be allowed a reasonable measure of operational freedom in the handling of its own affairs especially those related to recruitment and selection of it's staff: development of an effective personnel policy; budgeting; and plant operations and management. It is only with such a level of autonomy that KRPC could ensure that the right personnel are recruited and placed on the basis of merit. With this, KRPC could also properly identify its operational and technical needs and be able to meet them promptly and efficiently with minimal bureaucratic bottlenecks. This way too it is expected

that KRPC could possibly develop a sound initiative and creativity and therefore be more comfortably positioned to contribute towards National Development.

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APPENDIX

Appendix A	:	Schedule of Federal Parastatals as classified by the President on Parastatals 1981
Appendix B	:	KRPC Management Structure
Appendix C	:	KRPC Operating Financial Projection 1994 - 1998
Appendix D	:	Nigerian Refineries Capacity
Appendix E	:	Nigeria Daily Refining Output
Appendix F	:	Petroleum Products Average Daily Sales
Appendix G	:	Questionnaire
Appendix H	:	Interview Schedule

APPENDIX A

APPENDIX 1A

SCHEDULE OF FEDERAL PARASTATALS AS CLASSFIED BY THE PRESIDENTIAL COMMISSION ON PARASTATALS, 1981

Category 'A'

ESSENTIALLY REGULATORY, SOCIAL, ECONOMIC, CULTURAL, POLITICAL OR EDUCATION (OTHER THAN RESEARCH INSTITUES, POST-SECONDARY INSTITUTIONS OF LEARNING AND TEACHING HOSPITALS) AND DEPENDING ON GOVERNMENT FUNDING.

Remains within the Unified Grading and salary system with Annual Budgets being subject to approval by Government, but retains the freedom to hire and fire.

1. Administrative staff college of Nigeria (ASCON)
2. Centre for Black and African Arts and Civilization
3. Citizenship and Leadership Training Centre
4. Export Promotion Council of Nigeria
5. Federal Electoral Commission
6. Joint Admission and Matriculation Board (JAMB)
7. Law Reform Commission
8. National Board for Technical Education
9. National Commission for Museums and Monuments.
10. National Council for Arts and Culture
11. National Dock Labor Board
12. National Fertilizer Board
13. National Library of Nigeria
14. National Population Bureau
15. National Provident Fund
16. National Steel Council (as envisaged in Decree No. 60 of 1979)

17. National Teachers Institute
18. National Universities Commission
19. National Youth Service Corps (NYSC) Directorate
20. Nigeria Pilgrims Board
21. Nigerian Enterprises Promotion Board
22. Nigerian Institute of Medical Laboratory Technology
23. Nigerian Press Council
24. Nigerian Securities and Exchange Commission
25. Nigerian Shippers Council.

Category 'B'

RESEARCH INSTITUTES, TEACHING HOSPITALS, UNIVERSITIES AND OTHER POST SECONDARY INSTITUTIONS OF LEARNING AWARDING DEGREES AND DIPLOMAS, DEPENDENT ON GOVERNMENT FUNDING

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budgets being subject to approval by Government.

1. Ahmadu Bello University Teaching Hospital
2. Centre for Management Development
3. Cocoa Research Institute of Nigeria
4. Council of Legal Education
5. Federal Government-owned Universities
6. Industrial Training Fund.
7. Forestry Research Institute of Nigeria
8. Industrial Training Fund
9. Kainji Lake Research Institute
10. Lagos University Teaching Hospital
11. Lake Chad Research Institute of Nigeria
12. Leather Research Institute of Nigeria.

13. National Cereals Research Institute
14. National Eye Centre
15. National Horticultural Research Institute
16. National Institute for Ocenography and Marin Research
17. National Institute for Policy and Strategic Studies
18. National Root Crops Research Institute
19. National College of Nigeria
20. Nigeria Building and Road Research Institute
21. Nigeria Civil Aviation Centre
22. Nigerian Institute for Oil Palm Research
23. Nigeria Institute for Trypanosmiasis Research
24. Nigeria Institute of Medical Research
25. Nigeria Store Products Institute
26. Nigeria Institute for International Affairs
27. Petroleum Technology Development Fund
28. Petroleum Training Institute
29. Projects Development Institute (PRODA)
30. Rubber Research Institute of Nigeria
31. University College Hospital, Ibadan
32. University of Benin Teaching Hospital
33. University of Ife Teaching Hospital
34. University of Nigeria Teaching Hospital, Enugu
35. Veterinary Research Institute of Nigeria

Category 'C'

ESSENTIALLY REGULATORY, SOCIAL, ECONOMIC, POLITICAL CULTURAL OR EDUCATIONAL (OTHER THAN RESEARCH INSTITUTES POST-SECONDARY INSTITUTIONS OF LEARNING AWARDING DEGREES AND DIPLOMAS AND TEACHING HOSPITALS) AND INDEPENDENT OF GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budget not being subject to approval by Government.

1. Central Bank of Nigeria.

Category 'D'

QUASI-COMMERCIAL, (INCLUDING BROADCASTING) AND DEPENDENT ON GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budgets being subject to approval by Government.

1. Anambra/Imo River Basin Authority
2. Benin/Owena River Basin Development Authority
3. Chad Basin Development Authority
4. Cross River Basin Development Authority
5. Federal Capital Development Authority
6. Federal Radio Corporation of Nigeria
7. Hadejia Jama'are River Basin Development Authority
8. Lower Benue River Basin Development Authority
9. National Electric Power Authority
10. National Sports Commission
11. News Agency of Nigeria
12. Niger Delta Basin Development Authority
13. Niger River Basin Development Authority
14. Nigeria Film Corporation
15. Nigeria Television Authority (N.T.A.)
16. Ogun/Oshun River Basin Development Authority
17. Post and Telecommunication
18. Sokoto Rima Basin Development Authority
19. Upper Benue River Basin Development Authority

Category 'E'

ESSENTIALLY COMMERCIAL OR INDUSTRIAL BUT DEPENDENT ON GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) System with Annual Budgets being subject to approval by Government

1. Ajaokuta Steel Company Ltd
2. Associated Ores Mining Company Ltd
3. Central Water Transportation Company Ltd
4. Defence Industries Corporation
5. Delta Steel Company Ltd
6. Federal Housing Authority
7. Jos Steel Rolling Mills Ltd
8. Katsina Steel Rolling Mills Ltd
9. National Root Crops Production Company Ltd
10. National Steel Council (Exploration and Metallurgical Research division)
11. Nigerian Airports Authority
12. Nigerian Airways Ltd
13. Nigerian Beverages Company Ltd
14. Nigerian Coal Corporation
15. Nigerian Cocoa Board
16. Nigerian Cotton Board
17. Nigerian Dairies Company Ltd
18. Nigerian Food Company Ltd
19. Nigerian Grains Board
20. Nigerian Groundnuts Board
21. Nigerian Oil Palm Board
22. Nigerian Ports Authority

23. Nigerian Poultry Production Company Ltd

24. Nigerian Railways Corporation

25. Nigerian Root Crops Board

26. Nigerian Rubber Board

27. Nigerian Superphosphate and Fertilizer Co. Ltd

28. Oshogbo Steel Rolling Mills Ltd.

COMMERCIAL OR INDUSTRIAL WHOLLY OWNED BY GOVERNMENT AND INDEPENDENT OF GOVERNMENT FUNDING

Autonomous employer status within the Unified Grading (but not Salary) System with Annual Budgets not being subject to approval by Government.

1. Federal Mortgage Bank of Nigeria

2. Federal Savings Bank

3. National Cargo Handling Company Ltd

4. National Insurance Corporation of Nigeria

5. New Nigeria Newspapers Ltd

6. Nigerian Agricultural and Co-operative Bank Ltd

7. Nigerian Bank for Commerce and Industry

8. Nigerian External Telecommunications Ltd

9. Nigerian National Shipping Line Ltd

10. Nigerian National Supply Company Ltd

11. Nigerian Re-Insurance Corporation

12. Sapele Gas Plant

13. Tourist Company of Nigeria Ltd.

Category 'G'

COMMERCIAL OR INDUSTRIAL WITH GOVERNMENT CONTROLLING INTEREST INDEPENDENT OF GOVERNMENT FUNDING AND HAVE NEVER OPERATED WITHIN THE UNIFIED GRADING AND SALARY SYSTEM.

Category 'C' (contd)

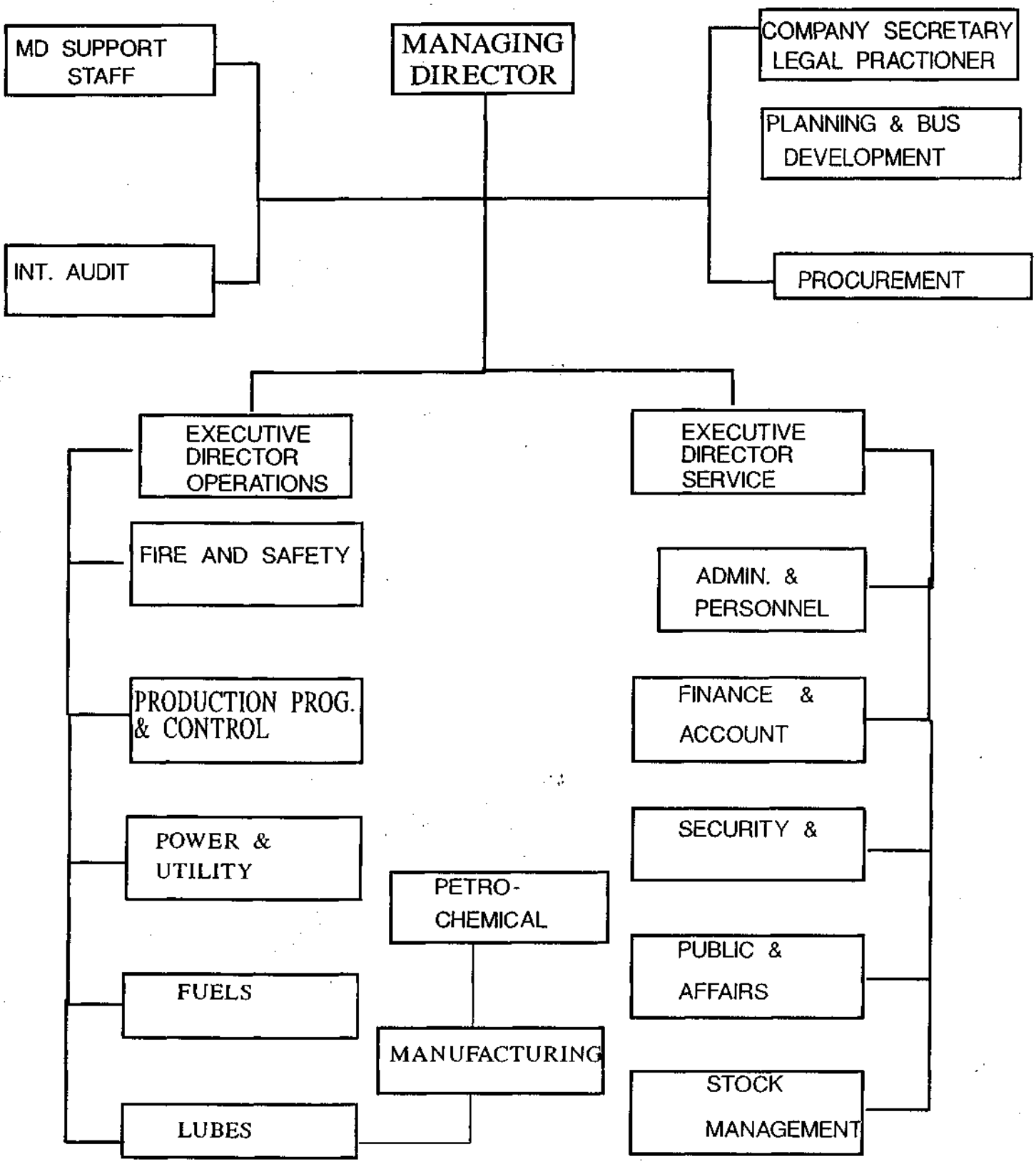
Autonomous employer status outside the Unified Grading and Salary System with Annual Budgets not being subject to approval by Government

1. Aba Textile Mills Ltd
2. African Petroleum Ltd
3. Agip (Nig) Ltd
4. Allied Bank for Nigeria Ltd
5. Ashaka Cement Company Ltd
6. Bonny Liquified Natural Gass Ltd
7. Chase Merchant Bank (Nig) Ltd
8. Durbar Hotels (Nig) Ltd
9. Electricity Metter Company Ltd
10. Elf (Nigeria) Ltd
11. Gulf Oil Company of Nig. Ltd.
12. Impresit Bakolori Nig. Ltd
13. International Bank for West Africa Ltd
14. International Merchant Bank for Nig. Ltd
15. Lafiagi Suga Company Ltd
16. Mifergun Nimba Company Ltd
17. National Grain Production Company Ltd
18. National Livestock Production Co. Ltd
19. National Oil and Chemical Marketing Co. Ltd
20. National Salt Company Ltd
21. National Shrimp Company Ltd
22. New Nigerian Salt Company Ltd
23. Nigeria - Arab Bank Ltd
24. Nigeria Engineering Construction Ltd
25. Nigeria Hotels Ltd.

26. Nigerian Industrial Development Bank Ltd
27. Nigerian Machine Tools Company Ltd
28. Nigerian Merchant Bank Ltd
29. Nigerian National Fishing Company Ltd
30. Nigerian National Paper Manufacturing Co. Ltd
31. Nigerian National Petroleum Company Ltd
32. Nigerian Newsprint Manufacturing Ltd
33. Nigerian Paper Mills Ltd
34. Nigerian Security Printing and Minting Co. Ltd
35. Nigerian Transformers Ltd.
36. Nigerian Yeast and Alcohol Manufacturing Co. Ltd
37. Opobo Boatyard Ltd
38. Road Construction Company of Nig. (in Liquidation)
39. Savanah Bank of Nigeria Ltd
40. Shell Petroleum Development of Nigeria
41. Specomills Textile Ltd
42. Savannah Sugar Company Ltd
43. Sunti Sugar Company Ltd
44. The Daily Times of Nigeria Ltd
45. Union Bank of Nigeria Ltd
46. Unipetrol Nigeria Ltd
47. West African Distillers Ltd.

Appendix B

THE OGANISATIONAL CHART OF KRPC



APPENDIX C

K.R.P.C OPERATING FINANCIAL PROJECTION 1994-1998

(ALL FIGURES IN MILLION NAIRA EXCEPT OTHERWISE INDICATED)

S/N	YEAR	1992	1993	1994	1995	1996	1997	1998	1994-1995	%
A	Processing Fee									
1	- Oil refining	490.09	757.04	1,996.43	2,467.49	3,388.57	4,263.82	5,394.61	17,510.92	68.33%
2	- L.A.B Products	215.06	305.21	854.78	1,112.19	1,369.77	1,700.83	2,127.23	7,164.80	27.96%
3	- Reimbursables	0.00							0.00	0.00%
4	Tin & Drums Revenue	55.19	148.00	102.62	134.69	176.78	232.02	304.53	950.64	3.71%
5	Other Income	5.19	0.25	0.28	0.33	0.40	0.48	0.57	2.05	0.01%
AA	TOTAL INCOME	761.49	1,213.48	2,954.11	3,714.70	4,935.52	6,197.15	7,826.94	25,628.41	100.00%

AA1	TAM RELEASES	1,462.29	353.00							
B	EXPENSES									
1	Processing Material & Utilities	337.41	311.38	463.72	524.59	647.22	748.22	274.40	3,258.29	12.83%
2	Labour and Bonafide	103.91	230.00	265.50	356.30	581.65	756.14	982.98	2,942.57	11.59%
3	Maintenance (excel labour)	457.09	466.06	438.56	506.19	610.59	704.95	823.20	3,077.43	12.12%
4				495.78	644.52	837.87	1,099.24	1,416.01	4,483.42	17.65%
5	Petrol Costs									
	Tin and Drum	55.97	122.72	79.76	103.68	134.79	175.22	227.79	721.24	2.84%
6	Operational Costs	39.31	75.44	140.65	147.68	155.06	162.82	170.06	777.17	3.06%
7	Consultancy Fees			265.73	354.45	449.08	583.80	758.94	2,403.00	9.46%
8	Leasing Charge			459.87	597.83	777.17	1,010.33	1,313.42	4,158.62	16.37%
9	H.Q. Overhead charges			62.66	103.38	134.40	174.72	227.13	702.29	2.77%
10	Long life analysis	210.05	122.96	258.75	360.01	564.97	734.45	954.79	2,872.97	11.31%
	Others (General Admin									
BB	TOTAL EXPENSES	1,271.09	1,327.96	2,930.98	3,683.37	4,893.14	6,139.29	7,749.62	25,397	100.00
BB1	TAM EXPENSES	2,475.66	353.00	503.04	616.23	749.51	865.11	1,009.92	3,779.71	
	PROFIT BEFORE DEPRE.	(510.20)	(114.48)	23.13	31.33	42.38	57.26	77.32	231.41	
	DEPRECIATION	11.06								
	NET INCOME BEFORE TAX	(521.26)	(114.48)*	23.13	31.33	42.38	57.26	77.32	231.41	
	TAM EXCESS DEFICIT	(1,015.37)	(0.02)	(538.94	(616.23)	(746.51)	(865.11)	(1,009.92)	(3,779.71)	

ASSUMPTIONS: $1 = ₦30.00 DOMESTIC INFLATION 1994 = 50% THEREAFTER 30% ANNUALLY FOREIGN INFLATION 5% ANNUALLY

(FIGURE DERIVED FROM PROCESSING FEE, TIN AND DRUM MANUFACTURING PROJECTIONS)

APPENDIX 'D'

NIGERIA: REFINERIES CAPACITY

REFINERIES	COMMISSIONED	CAPACITY
Port Harcourt	Old (1966) New (1989)	210,000 bpd (120,000) bpd
Warri	1978	125,000 bpd (80,000) bpd
Kaduna	1980	110,000 bpd (700,000) bpd

(Capacity figures in bracket are actual operating through puts in 1996)

Source: NNPC, Total, Mobil/Shell Refineries Study (1997)

APPENDIX 'E'

NIGERIA: DAILY REFINING OUTPUT (270,000 BPD)

(MILLION LITRES PER DAY)

REFINERY	PETROL (PMS)	DIESEL AGO)	KEROSENE DPK	TOTAL
Kaduna	2.83	2.23	1.07	6.13
PortHarcourt	6.43	2.88	2.60	11.91
Warri	4.37	2.43	1.77	8.27
TOTAL	13.63	9.48	5.54	28.65

Source: NNPC, Total, Mobil/Shell Refinery Study 1997.

APPENDIX 'F'

NIGERIA: PETROLEUM PRODUCTS

AVERAGE DAILY SALES (IN MILLIONS OF LITRES)

PRODUCT	1991	1992	1993	1994	1995	1996	1997
PMS	18.082	18.422	19.638	18.424	15.140	14.730	13.803
AGO	7.321	8.832	10.545	8.952	6.405	7.033	7.033
HHK	8.603	6.544	7.644	7.103	3.816	5.268	5.595
FUEL OIL	3.260	2.616	2.218	0.240	1.753	2.180	1.397
TOTAL	37.260	36.414	30.045	34.719	27.115	29.210	27.827

Source: NNPC

INTERVIEW SCHEDULE

1. What is the objective of KRPC
2. How will you rate the performance of KRPC in meeting with this objective
3. Is KRPC adequately funded.
4. Do you have enough materials/equipments to work with?
5. What is the effect of the above on KRPC performance.
6. Do you think KRPC has adequate trained manpower
7. What is provided by KRPC to motivate it's staff
8. Is the provided motivates adequate to ensure high productivity of KRPC Staff.
9. What do you think can be done to ensure a more motivated workforce in KRPC
10. Is KRPC autonomous?
11. If no, how is its activities interfered with, and by which authority?
12. What is the effect of such interference.

Department of public Administration,
Institute of Administration,
Ahmadu Bello University, Zaria
Kaduna.
October, 1999.

Sir/Madam,

QUESTIONNAIRE INTRODUCTION

I am a Master in Public Administration Student in the above named institution. I am conducting an academic research on THE ROLE OF PUBLIC ENTERPRISE IN NATIONAL DEVELOPMENT - A CASE STUDY OF KADUNA REFINING AND PETRO-CHEMICAL COMPANY.

This Questionnaire is expected to help me in obtaining all the necessary information for my research. Your co-operation is therefore highly solicited for, in filling the questionnaire to enable me get the required information for the research. You are hereby assured that ALL INFORMATION GIVEN SHALL BE TREATED CONFIDENTIALLY AND WILL BE USE FOR RESEARCH PURPOSE ONLY.

Yours Faithfully,

Abdullahi M. Yahaya.

QUESTIONNAIRE FOR KPRC LOWER MANAGEMENT, SUPERVISORS AND OPERATING STAFF

SECTION A: PERSONAL INFORMATION

1. Age: _____
2. Sex: _____ Male ( ) Female ( ) (tick where appropriate)
3. Nationality: _____ State: _____
4. Qualification: GCE/Equiv. ( ) OND/A LEVEL ( ) Masters Degree ( ) HND ( ) Other specify _____
5. Length of service with KPRC _____ years.
6. Department/section _____

SECTION B: KPRC OBJECTIVES/PERFORMANCE

7. Are you aware of why KPRC was set up Yes ( ) No ( )
8. If yes above, why is it set up:-
   (a) To provide jobs for the unemployed ( )
   (b) To make available petroleum products to the people at cheaper rate ( )
   (c) To generate revenue for the Government by profit maximization ( )
   (d) To facilitate development of other industries by making available for them, their required raw materials ( )
   (e) A combination of A ( ) B ( ) C ( ) D ( ) (Where appropriately)

9. How do you rate the performance of KPRC in achieving the set objectives. Very Good ( ) Good ( ) Fair ( ) Poor ( ) Very Poor ( )

10. What do you think is responsible for this _____

_____

SECTION C: KPRC FINANCE AND PERFORMANCE

11. Is your section adequately financed. Yes ( ) No ( )

12. How adequate are materials/equipments you used for carrying out your responsibility supplied. (a) Very adequate ( ) (b) Adequate ( ) (c) Inadequate ( ) (d) Very inadequate ( )

13. Do you think KPRC is adequately finance. Yes ( ) No ( )

14. How will you rate Financial Management in KPRC. Very Good ( ) Good ( ) Fair ( ) Poor ( ) Very Poor ( )

15. How do you think the finances of KPRC can be improved

_____

_____

SECTION D: KPRC MANPOWER MOTIVATION AND PERFORMANCE

16. Are you satisfied with your compensation package Yes ( ) No ( )

17. Have you ever been given Training opportunity Yes ( ) No ( )

18. What is done by KPRC to make you more productive.

    (a) Good salary package for its workers ( )

    (b) Provision of Housing facilities ( )

    (c) Provision of Transport services ( )

    (d) Good Management style and super-ordinance relations ( )

    (e) Good training programme for staff ( )

    (f) A combination of A ( ) B ( ) C ( ) D ( ) E ( ) (tick

appropriately), other specify _____

19. How will you generally rate your motivation by KPRC. Very well () Well ( ) Fairly well ( ) Not well ( )

SECTION E: KPRC AUTONOMY

20. How do you rate the autonomy of KPRC:- Very autonomous ( ) Autonomous ( ) Not autonomous ( )
21. What is the level of control of KPRC BY NNPC:- Very High ( ) High ( ) Low ( ) Very Low ( )
22. What is the level of control of KPRC by the ministry and presidency:- Very High ( ) High ( ) Low ( ) Very Low ( )
23. What do you think is the impact of this level of control

_____

_____

24. What area of KPRC activities is subject to Government interference
    (a) Employment ( )
    (b) Administration/Management ( )
    (c) Finance/Commercial ( )
    (d) Operation ( )
    (e) A combination of A ( ) B ( ) C ( ) D ( ) E ( ) (tick appropriately).
25. What do you think should be done to improve KPRCs contribution to National Development _____

~~QUESTIONNAIRE FOR KPRC TOP AND MIDDLE MANAGEMENT STAFF~~

QUESTIONNAIRE FOR KPRC TOP AND MIDDLE MANAGEMENT STAFF

SECTION A: RESPONDENT'S BIODATA

1. Age: _____ Years
2. Sex: _____ Male ( ) Female ( ) (tick as appropriate)
3. Nationality: _____ State: _____
4. Qualification: OND/A LEVEL ( ) Bachelors Degree/HND ( ) Other specify _____
5. For how long have you been in the service of KPRC _____ _____ Years.
6. In what section/Dept. are you working. Section B KPRCs OBJECTIVES/PERFORMANCE.
7. What do you think are the objectives of KPRC: _____
8. How will you rate the performance of KPRC in line with the objective above (tick as appropriate)
   (a) Excellent ( )
   (b) Very Good ( )
   (c) Good ( )
   (d) Fair ( )
   (e) Poor ( )
   (f) Very Poor ( )
9. Do you think is contributing to national Development. Yes ( ) No ()
10. If yes above, how? and if no, why:_____ _____

SECTION B: FINANCE AS A HINDERANCE TO OPTIONAL PERFORMANCE OF KPRC

11. What are the sources of finance of KPRC:-

    (a) _____ (b) _____

    (c) _____ (d) _____

12. Is KPRC finance adequate for its operation and activities. Yes ( ) No ( )

13. Rate the adequacy of KPRC Finance:-

    (a) Very adequate ( )

    (b) Adequate ( )

    (c) Inadequate ( )

    (d) Very inadequate ( )

14. How do you think the finance of KPRC can be improved: _____

SECTION C: MANPOWER TRAINING AND MOTIVATION AND KPRC'S PERFORMANCE

15. How will you rate the adequacy of KPRC manpower. Very adequate ( ) Adequate ( ) Inadequate ( ) Very inadequate

16. Rate the adequacy of Trained Manpower in KPRC: Very adequate ( ) Adequate ( ) Inadequate ( ) Very inadequate ( )

17. Rate the motivation of KPRC staff:- Highly motivated ( ) Motivated ( ) Not motivated ( )

18. How will you rate the performance of KPRC staff:- Very Good ( ) Good ( ) Fair ( ) Poor ( ) Very poor ( )

19. How can the Manpower of KPRC staff be improved?_____

SECTION D: AUTONOMY OF KPRC:

20. How will you rate the autonomy of KPRC:- Very autonomous ( )
    Autonomous ( ) Fairly autonomous ( ) Not autonomous ( )
21. What do you think is responsible for this:- _____
    _____
    _____
22. What do you think is the impact of this on KPRC is performance
    _____
    _____
23. Generally how do you think KPRC performance can be improved.
    _____
    _____

QUESTIONNAIRE FOR KADUNA RESIDENTS

SECTION 1: RESPONDENTS BIODATA

1. Age _____ Years
2. Qualification _____ GCE/Eqiuv. ( ) OND/A LEVEL ( ) BACHELOR DEGREE/HND ( ) MASTERS DEGREE ( ) PHD ( )

   Please tick ( ) where appropriate

SECTION B:

3. Why do you think KPRC is set up: _____

   _____
4. How would you rate KPRC's performance:- Very Good ( ) Good () Fair ( ) Poor ( ) Very poor ( )
5. In what areas does KPRC positively affect your life _____

   _____

   _____
6. In what way does KPRC negatively affect your life

   _____

   _____
7. Do you think KPRC is properly managed. Yes ( ) No ( )
8. Why do you think so _____

   _____
9. How do you think KPRC contribute to National Development.

   _____

   _____
10. How do you think KPRC performance can be improved.

    _____