

Handbook of Administrative Reform Theory and Practice in Nigeria



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Chapter 4

Neo-Liberalism and the New Public Management in Nigeria

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Introduction

The current public policy approach for the management of Nigeria's economy is predicated on the principles, methods and prescriptions of the 'Washington Consensus' which consists of the dictates of the Bretton Woods Institutions (BWIs), taken to a higher level termed Neoliberalism. Towards this end, this discourse would deal in *section I* with the conceptualization of Neo-liberalism, the problems, the approach and the framework of the study. *Section II* would outline the substance of the New Public Management Model and its themes. *Section III* examined the challenges of implementing the model in Nigeria, and make recommendations on the application of the New Public Management system resting on Neoliberal foundation. In this analysis, NPM would be use often to refer to the New Public Management driven by Neoliberalism.

In most postcolonial states, the public administrative systems which is the conveyor belt for public policies, meant to deliver development to the larger society, have become not only slow, expensive in terms of cost, defective when the cost of overheads inputs is compare with the quality and quantity of outputs. This has led to the questioning of the known Weberian models, which was originally based on

Frederick Taylor's scientific management theory. Based on Weber's experience in his native Germany, where the administration of was conducted on ascriptive basis which gave rise to his administrative structure. Weber then evolved the elements of administrative management theory to include; clearly defined job roles, a hierarchy of authority, standardized procedures, meticulous record-keeping, hiring employees who are selected on merit basis (Frank, 2015) etc. This administrative theory has today earned the toga of inefficiency and bureaucratization particularly in Africa and specifically in Nigeria because of the patrimonial nature of the political economy in postcolonial States. The delay and sometimes-outright inability of the public administrative system to deliver effective and efficient services, led to the agitations for the adaptation of the New Public Management Model in the 1980s.

The task here is to interrogate in this chapter the implications for Nigeria for the application of the New Public Management model based on Neoliberalism and its effect on service delivery. The chapter would also provide a broad overview of the theoretical, practical and outcome of the new philosophy, in the Nigeria economy. It will focus largely on the historical antecedent of liberalism, and Neoliberalism that culminated in the current 'Washington Consensus', which produced the prescriptions which guide the new public policy for the administration of Nigeria economy. The details of these prescriptions were analysed and their current and future impact in Nigeria are herein highlighted.

Section I

Conception of Liberalism and Neoliberalism

According to the tenets of classical liberalism, the state came into existence because of contract for the sole purpose of preserving and protecting the natural rights of an individual to life, liberty and property.

The state should give its undivided attention to the protection of the individual.

It advocated the right of the individual to freedom of trade; contract, to bargain, freedom of enterprise. Private property is the condition of progress because it was a product of individuals labour, ingenuity and enterprise. It generated the policy of *laissez-faire* that is, non-intervention by the state in economic activities of individuals.

Classical liberalism questions the effectiveness of the state in dealing with poverty or ameliorating other adverse social, conditions. They are of the opinion that the Government is not a good actor in business. They usually prefer more limited government activities, less spending and greater freedom for the private sector. The government was created for the protection of property broadly defined as life, liberty and estate. The enjoyment of these rights required social order. It is to provide this order that men subjected themselves voluntarily to a common rule (Vaughn, 1980:97) of government.

The untrammelled pursuit of self-interest yields the best of all possible worlds according to the *laissez-faire* ideology. Nevertheless,

this ideology is refuted every day by events (Soros, 2004:85) such as its contradictions, (dividing the society into extremely poor and rich, inability of the market fundamentalism to operate perfectly without the state interventions) which require the state to mitigate. In this system of economic practice, capital brings many benefits, not only an increase in productive capacity but also improvements in the methods of production and other innovations; not only an increase in wealth but also an increase in freedom. Thus, countries vie to attract and retain capital; and making conditions attractive to capital takes precedence over other social objectives.

Neo liberalism the re-awakening of liberalism became a policy model, which sought to transfer the control of the economic factors to the private sector from the public or the state control. Its actual manifestation would entail extensive economic liberalization policies, fiscal austerity (lower cost of governance), deregulation, free trade and the reductions in government spending in order to enhance robust space for the private sector in the economy as the engine of growth.

It is a free market concept and practices brought into the administration, located between the two extremes of Socialist or State planned and classical liberalism of free market economy. It has a very limited role for the state.

The implications for the application of Neoliberalism in Nigeria would mean; the transfer of the ownership of the erstwhile State

Owned Enterprises (SOEs) to private entrepreneurial individuals to manage. The managers of the enterprises would have to charge user-fees for services rendered. However, the earlier privatized organizations are yet to perform better than when they were under public ownership. In order to achieve fiscal austerity, fiscal expenditure would have to go through the 'Due process' mechanism to avoid wastage and corruption. This has been instituted in Nigeria yet corruption has grown exponentially in occurrence. Deregulation here would mean the removal of all restrictions to free trade and border controls (customs and policy restrictions and protective measures). Younger industries, which require protection, would have to compete with older industries of the advanced societies in an unfair and unbalanced competition. This would change the demand pattern of the local products with enormous consequences for the economy. The reduction of government spending would entail systematic downsizing of the civil service in order to reduce the recurrent expenditure of the government. This is but a tall order. However, Nigeria had been through this development reform pathway before, the public administrative system (civil /public service) have gone through several reforms, but have remained with several administrative ill (corruption, inefficiency, ineffectiveness) etc. It is the failure of this state of liberalism to move the public administrative system forward, which has led to the agitations for the application of the New Public Management model in the public administrative system of Nigeria.

The Problem

The challenge of this chapter as earlier stated is to interrogate the feasibility of the shift from Weberian Administrative philosophy and practices which consisted of; principles of office hierarchy and graded authority, management of modern office system based upon written documents (the files), preserved in their original form, expert training required for the modern office management, and office holding seen as vocation (Frank, 2015 p. 30-31), to the New Public Management model. The challenges are to effect the administration of the state through the Ministries, Departments and Agencies (MDAs) on the platform of

New Public Management model.

The increasing agitations for a paradigm shift is as a result of the slow processes, high cost of governance and low quality of output of the Weberian model over the years. There have been several incremental reforms of the Nigeria public service in the post independence years such as; Morgan Public Service reforms 1963, Adebo commission 1971, Udoji Public Service review 1974, the 1976 Local Government reform, Dotun Philips reforms 1985, Alison Ayida 1995 reforms and the Stephen Oronsanye 2009 reforms respectively. All of these reforms have failed to generate effectiveness in the civil and public service of Nigeria.

The frustration arising from the failures of the above reforms to create an effective service has led to the prescriptions of the global financial institutions for change, to combine both the Neoliberal and the New Public Management model for effectiveness. This quest received greater impetus on the ascension of Margaret Thatcher and Ronald Reagan to the Prime Ministership of the United Kingdom and the Presidency of the United States of America in the early 1980s.

They set out to review the existing liberal philosophy which provided that, the role of the state should be restricted to the maintenance of laws and order and territorial integrity of the state, while the market mechanism would regulate the economy. This faith in market mechanism had failed to resuscitate the economy after the 1929-30 great depression hence, Margaret Thatcher and Ronald Reagan went several steps more to reform the principles of liberalism, hence the Neoliberalism.

The actual problem is, is there any State Government in the postcolonial state of Africa and particularly Nigeria, which is capable of liberalizing its public administrative structure in the manner conceived in Neoliberalism and the New Public Management order? This would mean a Nigerian government concentrating on security matters, while business managers provide services covering the ranges of service earlier provided through the MDAs at all levels of governance.

Approach of the Study

An assessment of the feasibility of a shift in the paradigm of public administration in Nigeria to the New Public Management model on a Neoliberal basis would best be studied through the descriptive orientation, adopted to obtain information concerning the status of public management system in Nigeria. It was meant to determine the nature of the situation as it existed at the time of this study (Ndiyo, 2005). The purpose was to describe what inform the nature of public policy in relation to the management of the Nigeria economy and how this would be reflected in the New Public Management model. This approach sought to define the nature of the problem and to know the fundamentals of the public policy, which informed the current policy approach to the management of the Nigerian economy.

In order to observe adequately, participant observation system was applied to identify the trend of the movement of both the nature of the old Public Administrative system in Nigeria and the New Public Management model anchored on Neoliberal framework. This enabled the study to experience at first hand the impact of the Nigeria Public Administrative system and the frustration of those agitating for a shift in paradigm to the new model.

By this approach, the Nigeria Public Administration was examined, and it indicated negative indices such as, red-tapism, high recurrent cost, political interference, particularly in the area of employing staff on ascriptive rather than on merit, basis was

identified computer illiteracy of the higher cadre (Permanente Secretaries) of the staff were some of the outcomes identified . On the other hand, the orientation revealed that the New Public Management model is itself a theory in transition and that in Britain where it emanated, the British government still held to several parastatals without privatizing them.

Margaret Thatcher became the 'policy entrepreneurs', John Major moved the New Public Management to the 'Next Steps Initiative' then it was changed to 'Citizens Charter Initiative, Competing for quality, Resource accountability and budgeting and private finance initiative'. A theory in transition such as this, become difficult to be applied because we need to know its baseline, process and result indicators for its evaluation. This is not the case with the Neoliberal, New Public Management theory.

The Framework

We probe further the feasibility of the application of the Neoliberal New Public Management through the perceptual prism of political economy. The reciprocal relationship between the executive branch of the government and the economy to shape the society through the economic policies is the concern of this section of the chapter. Every economy provides its population with the means of material livelihood, and exploits natural resources in support of its productive efforts (creates and recreates other man-made resources). Every

economy makes use of labour and rewards its labour power according to varying degrees. The purpose of political economy is the search for ways of fair and just distribution of wealth. Adam Smith had argued that excessive intervention of the state in the operation of market forces tends to retard the creation of wealth. The society would be better served and protected by the invisible hand of competitive markets (Odu and Agida, 2003 p. 1 & 19). In this case, how would Neoliberal philosophy, which seek less government interference and essence in the economy, ensures a fair and just distribution of wealth between the social classes. This is the question to be resolve by the framework on the platform of the NPM.

Section II

The New Public Management: Model

It is instructive to note, that the inability of classical liberalism to open the global economy for the free access of corporate capital, led to its revision into Neoliberalism. Neoliberalism became the main content of the 'Washington Consensus' often handed down, to the third world leaders as the magic wand for the growth of their economies, In order to ensure compliance with the content, it is often tied to all loans facilities sought by third world countries and come in the form of Structural Adjustment Programme (SAP). The consistent failure of these prescriptions took a new turn in the early 1980s when the late Margaret Thatcher and Ronald Reagan ascended to the

premiership and the presidency in both the United Kingdom and the USA. They both became the apostles of the New Public Management (NPM) approach to governance without discarding the fundamentals of Neoliberalism.

Hood and Jackson (1991), who were interested in moving Public Administration beyond the traditional Weberian system, which was becoming increasingly obsolete, coined the concept of the New Public Management. The focus of the NPM according to Hood and Jackson (1991) was to ensure that the public sector is run in a businesslike manner in order to improve the efficiency of the government as it were in the private sector. Put differently, it is the attempt to introduce the 'protestant ethic and the spirit of capitalism' into the public sector.

The New Public Management frowned at the Weberian model which; created the career service system in the civil/public service, thereby making it difficult to dismiss unproductive, inefficient and ineffective personnel; got staff promoted after certain years of remaining on the same rank, rather than basing it on productivity measurement, and the growing nature of the bureaucracy, even when there are less activities to be perform, the cost of administration increased without output, endemic corruption. These characteristics of the public administration system particularly in Nigeria then made a shift in administrative paradigm to New Public Management a categorical imperative.

The Themes of New Public Management

Against the backdrop of the Weberian model of public administration, emerged the New Public Management (NPM) principles, which stated the following;

- i) A strong focus on financial control, value for money and increasing efficiency;
- ii) A command and control mode of functioning, identifying and setting targets and continuance monitoring of performance, handing over the power to the senior management.
- iii) Introducing audits at both financial and professional levels, using protocols to ameliorate professional behaviour.
- iv) Greater customer orientation and responsiveness and increasing the scope of roles played by non public sector providers.
- v) Deregulating the labour market, replacing collective agreements with individual rewards packages at senior levels combine with short-term contract.
- vi) Discouraging the self-regulating power of the professionals and handing over the power from individuals to the management.
- vii) Encouraging more entrepreneurial management than bureaucracy with high retrospective accountability requirements upwards.

- viii) Introducing new forms of corporate governance, board model of functioning and concentrating the power to the strategic core of the organization (Hood, and Jackson 1991).

According to Hughes (1998), it would require hiring people trained in management instead of hiring generalist administrators. Adamolekun (2012) on the other hand added that the paradigm involve the application of the market principles, competition, contracting out services and customer orientation.

These are the major principles of the New Public Management school which are to be translated into actions in relations to the public administration structure which is meant to convert governmental polices into concrete terms to add value to the citizenry. How this is converted in Nigeria was the problem evaluated in this study. The question could be answered in the affirmative because they and particularly Nigeria could be and have in the past been induced to liberalise to that ridiculous extent, through the packages of the Washington Consensus, which was handed down through the World Bank and the International Monetary Fund (IMF) when Nigeria needed financial aid. It is instructive to note that Nigeria and many African States have travelled through this part of economic reforms without significant changes in its public service delivery capacity.

Firstly, the application of the Neoliberal and New Public Management model constitute a problem because it would tend to subvert the state's ability to provide for public goods since the centre

of decision-making for production of goods and services would have been shifted to the private entrepreneurs.

Secondly, the replacement of government monopolies with private companies mitigates the economy of scale, which would have been attained if both the economic drivers were to be competing with each other. Employment would be affected since only a group would be providing the services. The experiences of government owned but privatized enterprises are instructive here. Nigerians are yet to fully reap the fruits of the much touted effectiveness and efficiency of the private sector in all the erstwhile former State Owned Enterprises now privatized such as the Power Holding Power Company (PHCN).

Secondly, Neoliberal New Public Management tends to generate exploitation and social injustice such as inequality in the same economic system. This is because it leads to multiples centre of economic decisions, which undermines unionization and subsequently produces poor treatment of labour without a union to agitate for the observation of the dignity of labour.

Thirdly, all application of this model in Nigeria would amount to mass incarceration of the poor social groups in an expanding cerebral state and the criminalization of poverty. The system would not provide social security for the poor and those excluded by the system. Neoliberalism is for small government.

Fourthly, Neoliberal foundation and the New Public Management would grant more powers in the economy to some commercial

organization and shift the benefit of the society to the upper class. This may shift allegiance away from the government to corporatism. The lower class would feel the incident of tax more than the higher class. It may affect allegiance to the government if services are continually provided by private organizations rather than the state.

First the visible fact from the above exposition are; that whatever happen in the economy is determine by the executive branch of the government in its attempt to ensure fair and just distribution of the wealth of the nation. Secondly, that the nature of the reward system after expending labour power is determined by the state and thirdly attempt at ensuring fair and just distribution is yet another rationale of political economy. One thing, which should be clear at this point, is that complete adaptation of the New Public Management model base on Neoliberalism would result into extensive poverty, inequality, unemployment and loss of self-reliance of the people and the national state and local government power.

This is because the 'private sector' which would become the main engine of development in the new administrative dispensation are not going to invest in the social and agricultural sector robustly, since this sector does not generate instant greater profit margin in return, yet this is the area which cover the mass of the population. However, the World Bank, International Monetary Fund and the US Treasury department would always request for reforms and the application of these principles as conditions for fiscal-loan assistance to Nigeria.

New Public Management Model: Challenges

One of the greatest difficulties that would face the full application of the New Public Management in Nigeria would be that of optimum size. The Governors uses the both the public and the civil service to compensate their political surrogates in appointments. The appointees are half of the time unqualified. This does not only halt effectiveness of public organizations but at the same time increases the cost of governance. This again contradicts the essence of downsizing. This is likely to be the situation especially in the democratic dispensation. The import of NPM would then be unable to be attained in the Nigeria democratic space. Another very critical challenge related to this is the obsession of the Nigerian businesspersons to render and supply defective or substandard product in the name of being smart businesspersons. The items supplied and installed soon get dysfunctional and require replacement and another contract to be awarded. This is certainly not the type of services intended to be delivered in the NPM, but this is the reality that Nigerian are facing and would continue to face under full deregulation of the administrative system in a Neoliberal New Public Management system.

The other hitches is that of accountability and quality of services, where public services are contracted out under the NPM, who would ensure that standard, are maintain by the service provider, given the penchant of Nigerian businessmen to want to earn income without complete execution of the job. It is instructive to note that the contract

terms may contain the milestones to be met, the question that remain is, who is to ascertain that these have been achieved, when payment would have been made in advance.

The shift in allegiance from the government to the service provider by the citizens may be the outcome of the practice of NPM in Nigeria. This may erode the legitimacy of the government and transfer allegiance to the service managers with whom the citizens would now be relating. This could cause serious political challenges for the government when it seeks re-election.

There other worry is that of patrimonial organizations and management. By this means, those in government set up companies and organizations, which the government contract service delivery in the society to. By the token that its owners are in the government, they would not perform the services satisfactorily, yet they would be paid or the citizens who have not received the benefit of the services would be charged user-fee. Power Holding Company of Nigeria (PHCN) is a case in point. The several companies formed out of it, are yet to perform creditably, to justify the rationale for its privatization. Nigerians have no satisfactory services yet have to contend with high monthly estimated bills. This scenario would be a major problem in the age and time of complete operation of NPM.

In Nigeria, is structured into Federal, State and the Local government. Both the States and the Local governments do not pay salary of workers as at when due because they see themselves as an extension

of the administrative units of the Federal government. They are all go for bail funds out from the Federal government. NPM is based on cash and carry economy. How then would NPM operate at this level of governance satisfactorily? Which company would continue to provide services on deficit financing?

The absence of Standard Operating Procedure (SOP) and social indicators to evaluate performance would be yet another difficulty. This is because it is a paradigm in transition hence the complexity to establishing performance indicator. For instance, Margaret Thatcher in her practice of NPM under Neoliberalism, emphasized 'policy entrepreneur', shortly afterwards, John Major who succeeded her moved it to 'Next Step Initiative', and later went it through the following stages, 'Citizen's Charter Initiative, Competing for Quality', Resource Accountability and Budgeting, and Private Finance Initiative. The fluidity of NPM has made it good enough for further examination to establish its nature, and the criteria for impact evaluation. This is one challenge, which would continue to require further examination before it becomes an established theory for application across political cultures.

NPM require essentially a decentralized units with flexibility, rather than a unified a hierarchal structure for the management and delivery of services. In a democratic arena, this may be a problem because the elected government was so elected on some promises. The contracting out of the services would be subjected to high probability of deviation from the original plan envisaged by the initiators. Even

where the contractor is a member of the same political party as the one in power, it may be a problem. This is because Nigerian political parties have no ideology, where they seem to have; the members do not internalize it, and may subject the programme to several interpretations.

The application of the NPM model in the several Nigeria Ministries, Departments and Agencies of government would be a serious problem, because it would be difficult to contract out the internal workings of the MDAs. It requires further scrutiny to set out the modalities for the application of its principles and strategies to the MDAs.

Conclusion

It is a truism that the old Weberian paradigm of public administration prevalent in Nigeria have generated, persistent inability to deliver services to the intended clientele on a consistent basis, it has been subjected to consistent executive interference, it had served as monopolies and had not been subjected to competition. It has been known for high recurrent expenditure and a high level of corruption. It must be highlighted that it is not all aspects of public administration, which can lend itself to private sector profit oriented guidelines and principles. Some critical social services when provided on user-fee basis would exclude a great mass of the lower classes of the citizens

and put to question 'distributive justice'. However, the consistent frustration with Weberian models in Nigeria has led to the agitation for a paradigm shift to the NPM. This is not to say that it is not delivering services in other administrative climes.

The application of the NPM would require executive discipline to halt consistent interference with the administrative structure. It would also require a comparative study of the variables, which account for the effective operations of NPM in other climes, to identify the variables, which are germane for it to operate optimally.

As the approach of this study had shown, even in Britain, the birth place of NPM, it is not all the governmental structures, which have been subjected to NPM in service delivery. Conversely, Britain still holds on to executive public services on behalf of the British people. It is important that Nigerian obtain services from the state. If NPM would guarantee that, let it be, but Nigeria must not open all its administrative structures to NPM immediately, but rather incrementally, to correct unforeseen circumstances and hold to that which does not lend itself to NPM principles and practices.

Recommendations

By way of recommendations, it is here in submitted that a shift to NPM is desirable; however, its full implementation should be in phases in order to identify and correct obstacles on the pathway to full operation of the NPM in all aspects of the administration. However,

sectors such as waste management, street cleaning, laundry, catering and roads maintenance could well be contracted out, but many other areas such as executive functions of the state, require further examination before being subjected to NPM practices.

On the reduction of the cost of governance, this would imply stoppage of irrational employment and downsizing of the public/civil service in phases. Something must be done here to stop Nigerian governors from engaging people into both the civil/public service and many personnel under the guise of special assistants when they already have commissioners, thereby increasing the overheads of the government. A constitutional limitation is herein suggested. Training of the remaining staff after downsizing to acquire the protestant ethics and the spirit of capitalism in service provision in the direction of NPM become a categorical imperative.

In order to introduce NPM into the administration of governance in Nigeria, a reform committee whose terms of reference should be to define the modalities for the application of NPM in the Nigeria public service should be inaugurated. This should be in the mould of the 1976 committee on Local Government Reform, after which it should be meticulously applied.

It is a difficult task to operate government on the basis of Cost-Benefit-Analysis. This is because many governmental actions cannot be subjected to Naira/dollar quantification of the benefit criteria, as many outcomes are qualitative. This is compounded by the absence

of objective evaluative social indicator of the model as already indicated. In all, Nigerian deserve qualitative service delivery from the State, if New Public Management system model become the channel for it provision, Nigerian taxpayers deserve it.

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