

# **Public Sector Reforms: Implications for Human Resource Management in Nigeria**

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## **Abstract**

A major preoccupation of the on-going government reforms is to restore professionalism of the civil service and ensure effective service delivery. It is in the light of this that this paper tries to analyse and assess government policies in the area of public sector reforms and draw some implications for Nigeria. An important fall out of the reforms in the public sector is that the labour market has become expanded as the recipient of displaced workers. Since the displaced workers from the down-sizing and “right-sizing” of the public sector have not easily found alternative employment, unemployment rate have been significantly affected.

Therefore, this paper reiterates that reducing the size of the civil service is often a prerequisite for governments to sustain and finance a smaller and better paid civil service over time. However, unless such efforts are well designed, they can have negative consequences on morale and productivity. These risks can be minimized by developing programmes in close consultation with those affected, and linking them with other measures to improve administrative capacity. The challenge is to combine restructuring with capacity building in a programme which can ultimately enhance overall performance. The paper concludes by stating clearly that reforms should be managed by the authorities in manners that will facilitate the realization of the goals of the reforms and minimize undesirable outcomes.

**KEY WORDS:** Public Sector, Government Reforms and Human Resource Management

## **I. Introduction/Background**

After the colonial era, the new independent states in Sub-Saharan Africa had small and centralised governments. However, influenced by socialist and Keynesian theories and infant industry protection, there was an increasing belief in state-dominated economic development. All over the world, state intervention seemed to have recorded success (e.g. the Marshall Plan and the growth of welfare states), while the market-led economy and capitalism was regarded as a failure and a cause of the Great Depression which started in the late 1920's. With the support of donor countries, states had become involved in virtually every aspect of the African economy by the end of 1960 (Tanzi, 1995).

With the growth of the state in Africa, especially Nigeria, institutional weaknesses have become manifest. The states did not possess the needed administrative capacity, which implied that public goods and services were not provided in the most cost-effective way. The traditional, undiversified oil export sector became vulnerable and worsened the balance-of payments situation. However, weaknesses remained hidden as long as (donor) resources were available. Nigeria along with other African governments had to adopt Structural Adjustment Programmes (SAP) in the late 1980s resulting in policies to improve the state's monetary and fiscal policy, reduce its intervention in the economy, as well as reform its own institutions. The latter resulted in the Civil Service Reforms of the late 1980s (Dia, 1993).

The shift from the state-dominated economy to the minimalist state appeared a radical one, especially in Nigeria. Uncoordinated efforts to establish balance of payments created further crisis in the management of the economy. The provision of infrastructure and other essential basic services like water supply declined under the structural adjustment reforms. Basic social services were the main victim of the budget cuts or freezes. Yet, these are the requirements for building the needed human capacity for national development.

In the era of state-domination, Nigerian civil services were characterised by unclear mandates and guaranteed jobs (e.g. for graduates), often based on political connections instead of competencies and performance. This unclear mandates and guaranteed jobs resulted in a growing large number of civil servants. This, together with the leveling and at the same time upgrading of salaries, caused an increase of wage bills. The civil service was consuming an ever-growing part of the government's budget. Furthermore, unclear mandates and guaranteed jobs, which resulted in unskilled and unmotivated civil servants, caused an inefficient public goods and service delivery.

In the context of SAP, civil service reforms were initiated. The first generation of reforms was merely focused on reducing the public expenditures. The main objectives were to limit the role of the state, to retrench civil servants, and to bring down the size of the wage bill (Osaghae, 1995). During these first generation reforms, it appeared that too much attention was given to financial measures and the reduction of the size of the civil service, while too little attention was given to questions regarding the role of the state and the need for a (qualitative) service delivery.

The second generation of civil service reforms, therefore, was focused on reducing the costs of the civil service as well as increasing its quality. The main objectives were professionalisation of staff, transparent and performance-related personnel policies and the improvement of the service delivery (Osaghae, 1995).

The deterioration of public administration in Nigeria and other African countries, however, went on *pari passu* with the deterioration of the economy, which to a large extent was caused by the same set of factors like the growth of the public sector in response to political pressure for social services expansion and development following independence, the politicising of both the civil service and macro-economic management, the growing public debt and the decline in budget revenues, etc, all combined to worsen the economy.

At the inception of democratic government in 1999, the morale of Nigerians was at the lowest ebb as a result of total decay of infrastructure, malfunctioning public utilities, a high level corruption, general waste, inefficient state enterprises, soaring inflation and a high unemployment level (NEEDS, 2004). Recognising these failures, the government took a drastic step and embarked on fundamental changes encapsulated in its reform programmes. This reform involves changes in socio-economic and political spheres of national life. Thus, among the major areas that was identified and prioritized for reform were the restructuring of the public sector, governance and institutional strengthening and the promotion of transparency and accountability. The public sector reform and the anticorruption strategy were situated within the framework of a whole set of structural reforms designed to lay a foundation for sustained economic growth and development for the country.

Thus, a major preoccupation of the on-going government reforms is to restore professionalism of the civil service and ensure effective service delivery. It is in the light of this that this paper tries to analyse and assess government policies in the area of public sector reforms in Nigeria with the intention of providing notable lessons and future direction. After this introduction, the rest of the paper is divided into five sections. Section II presents an overview of the public sector reforms in Nigeria and literature review on public sector reforms are captured in section III. An assessment of the public sector reforms in Nigeria is explored in section IV while lessons from international experiences on public/civil service reforms are contained in section V. Section VI concludes the paper.

## **II. Public Service Reforms in Nigeria: An Overview**

In this section, an overview of the recent structural reforms especially in the area of public service reform is presented.

The Nigerian civil service was oversized and poorly remunerated, resulting in poor service delivery. Rapid public sector recruitment under military administrations had resulted in an oversized and underskilled work force in which employees often did not have the appropriate technical skills needed for their assignments (Okonjo-Iweala and Osafo-Kwaoko, 2007). More broadly, the government estimated that about 70 percent of federal civil servants had a high school diploma or lower, with less than 5 percent possessing modern computer skills. Civil servants generally received low pay and several fringe benefits such as free housing, free vehicles, and various other allowances that often led to waste and misuse of government resources. Weak management and oversight also meant that there were problems with ghost workers on the government payroll; while personnel and pension registers often were unreliable.

Moreover, a weak incentive structure in the civil service, which did not foster good performance, resulted in a weak work ethic and poor service delivery by many government ministries, often characterized by hidden or outright corrupt behavior on the part of many civil servants. Reforms were therefore needed to re-professionalize the civil service and increase its focus on service delivery.

The reform measures carried out in the public service as a result of the above identified challenges facing civil services in Nigeria had been a holistic one involving all the Ministries, Departments and Agencies (MDAs) at the federal level. Civil service reform began with five pilot ministries and subsequently was extended to nine MDAs (ministries, departments and agencies). In each instance, internal consultations were performed while verification exercises were conducted to update personnel records and payroll data. Organizational structures for the reforming ministries were reviewed and rationalized, while the appropriate professional skills needed were identified. Redundancy packages and retraining programs were offered to severed staff. A total of 35,700 officials have been severed from the civil service at an estimated cost of about N26 billion (US\$203 million),

while 1,000 high flying university graduates are being recruited (Okonjo-Iweala and Osafo-Kwaako, 2007). In the process of restructuring, an estimated 8,000 ghost workers were expunged from the government payroll.

Government pay scales have also been reviewed. An initial recommendation from the Shonekan Committee had recommended public sector wage increases of 25 percent in 2007 and a further 10 percent annually (plus cost-of-living adjustment) for the next 10 years. Full implementation of the Shonekan proposal was likely to result in significant growth of the payroll component of the federal government's budget: the wage bill would have accounted for 35 percent, 45 percent, and 45 percent of the national budget in 2007, 2008 and 2009, respectively (Okonjo-Iweala and Osafo-Kwaako, 2007). The federal government consequently opted to increase wages by 15 percent, beginning in January 2007, with further upward revisions being dependent on further implementation of the public service reforms. The proposed upward review of salaries and emolument in 2009 budget was stopped as a result of the recent global economic crisis.

Various public sector benefits such as housing and cars were also monetized and consolidated with basic salaries. Only four non-regular allowances remain: job-specific allowance (e.g. for doctors on call), risk-related allowance (e.g. for employees in risk-prone areas), relocation allowances (e.g. for employees posted abroad), and scarce skills allowance (e.g. for information technology specialists).

Finally, government payroll systems are being computerized with the introduction of an Personnel and Payroll Information System (IPPIS) to assist in monitoring staffing numbers in the federal civil service.

As in most countries, civil service reform has been one of the most difficult areas, meeting with inherent entrenched resistance and self-preservation. It has often been an exercise with one step forward, two steps back, and much remains to be done. However, all these reforms have implications for human resource development and utilization.

### **III. Public Service Reforms: A Review**

Many African civil services are plagued with corruption leading to misallocation of resources, ineffective service delivery, low wage compensation, and recruitment and promotion of unqualified staff. These problems have been difficult to solve, because many of the dysfunctional elements help keep authoritarian regimes in power. Bureaucratic budgets reflect the relative powers of bureaucratic elites rather than the broader public interest. Thus, discretionary import licenses and other economic benefits can be targeted to obedient supporters. Patrimonial recruitments and promotions reward loyalists with jobs, bureaucratic influence, and other benefits. Ethnic fragmentation, and the lack of rule of law, transparency, and accountability, allows different regimes to carry on with the above practices and avoid effective scrutiny and sanction from the broader public (Dia, 1993; Easterly *et al*, 1996).

Some authors like Werlin (1992) stress the need for a "top down", politically-driven, all-encompassing reform process to address such problems. Thus, Werlin cites the example of countries such as Korea, argues that reforming central bureaucracies is primarily a problem of political will and government capacity to effectively use persuasive and manipulative (rather than coercive and corrupting) forms of power. Esman (1991), on the other hand, advocates a "bottom up" approach. He claims that system-wide reforms disrupt familiar routines and threaten established centres of powers without demonstrating convincingly their effectiveness. He prescribes, instead, incremental, confidence-building measures, such as training, new technologies (e.g., microcomputers), introduced with staff participation and focused at the level of individual programmes or organizations. Brautigam (1996) makes a

related argument that reforms should concentrate on a few critical functions, shifting politically important patronage opportunities to less vital agencies.

The logic of downsizing is derived from the Weberian bureaucratic model (Weber, 1947), whereby complex tasks are divided hierarchically into simpler ones, many of which can be carried out as a matter of routine. The assignment of complex versus routine tasks is then carried out based on relative position in a meritocracy, and on written rules and legal authority. The size of any such organization needs to be such that there are adequate funds to pay competitive salaries. When organisations get too large, staffs are released based on seniority, job performance, priority of the task they perform, or some other legal, rational criteria.

There are traditional forms of social and formal organisation in Africa that have some of these elements. The Masai and the Samburu, to take just two of many examples, employ in their social organisation the division of labour (defined roles), hierarchy (a gerontocracy), and the use of merit in the determination of influence and status within age groups (e.g. firestick elders) (Blunt, 1978).

Yet efforts to promote this model in African governments have had perverse effects on incentives, encouraging "rent-seeking", "free-loading", and other unintended outcomes (Goldsmith, 1992; Mbaku, 1994). Central features of such bureaucracies include solidarity, appointments based on criteria other than merit, "important" rules neither transparent nor codified, a forgiving attitude to corruption and poor performance of assigned tasks, and idiosyncratic careers (Blunt *et al*, 1992 and Jones *et al*, 1996).

#### **IV. Public Service reforms in Nigeria: An Assessment**

This section presents an assessment of the on-going reforms in the public service. Thus, it is appropriate to review the recent reform efforts of the government especially in the areas of public service reforms.

Major reform efforts are summarised as follows:

- Strengthening of the management information system and public sector accounting capacity;
- Payroll computerization which has begun to curb incidents of "ghost workers" that caused corruption-induced inflated wage bills;
- Monetization of benefits in kind to curb the abuse of open-ended privileges and entitlements of public officials that distorted the recurrent-to-capital expenditure ratio;
- The legislation-backed Contributory Pension Scheme was established to build confidence in the public work force and assured of a more secured future. This will also help to curb corruption and enhance productivity.
- National Health Care Insurance System
- Selection of several key pilot ministries for the rightsizing of the public service by attracting new core competencies in policy articulation and implementation and redeployment of excess skills to the private sector.
- Institution of a competency driven and incentive/sanction-based procedure for hiring, promotion, training rotating and firing of public officials to create a new public sector culture.

One of the major pillars of the public service reforms has been the monetization programme, which effectively commenced in July, 2003. The programme was informed by a realization that Government expenditure profiles from 1999 to 2002 had a trend in which recurrent expenditure was rising at the expense of the capital expenditure. In fact, the trend showed that over 60 per cent of Government revenue was being used to sustain a work force

of less than 1 per cent of the nation's population, leaving very little for development. Monetization, therefore, aims to reduce to the barest minimum, such negative fiscal tendencies as waste, misuse and abuse of public facilities and, in their stead, enhance efficiency in resource allocation.

As shown in the Table 1 below, between 1999 and 2006, the recurrent expenditure rose sharply from N449.67 billion (1999), N461.61 billion (2000), N579.33 billion (2001), N867.34 billion (2002), N984.27 billion (2003) to peak at an astronomical amount of N1,290,295.71 billion (2006) while capital expenditure growth, was regressing from N498.027 (billion) in 2001 to N321.39 billion in 2002 and N552.5 billion in 2006. Therefore, the percentage of recurrent to total expenditure continued rising. It rose from 47.45 per cent in 1999, 65.84 per cent in 2000, 56.91 per cent in 2001, 85.19 per cent in 2002 and 66.6 per cent in 2006. In order to check this trend, among others, Government came up with the monetization programme. The list of benefits currently being monetized include: residential accommodation, furniture allowance, utility allowance, domestic service allowance, motor vehicle loan, leave grant, meal subsidy, fueling, maintenance and transport allowance, entertainment allowance, personal assistant allowance, etc.

As a result of the monetization programme of the government as well as downsizing, the cost of personnel reduced drastically. For instance, from Table 1, the percentage of recurrent to total expenditure 2003 was 80.2 per cent and it fell drastically to 66.6 per cent in 2006. This resulted into fiscal savings and improvement in macroeconomic fundamentals as shown in Table 2.

Besides, other macroeconomic fundamentals show that the reforms have improved the economy supporting public sector spending. Generally, the macro-economic performance between 2000 and 2007 appears remarkable. GDP growth was positive through the entire period, attaining an annual average growth rate of 5.7 per cent (See Figure I).

The growth of the non-oil sector is particularly impressive. After an initial decline in the growth of the non-oil sector from 4.4 per cent in 2000 to 2.9 per cent in 2001, Figure II shows that the non-oil sector experienced a consistent growth between 2001 and 2006. In 2006, the growth rate of the sector was 9.5 per cent while the mid year growth rate of the sector in 2007 was 9.2 per cent.

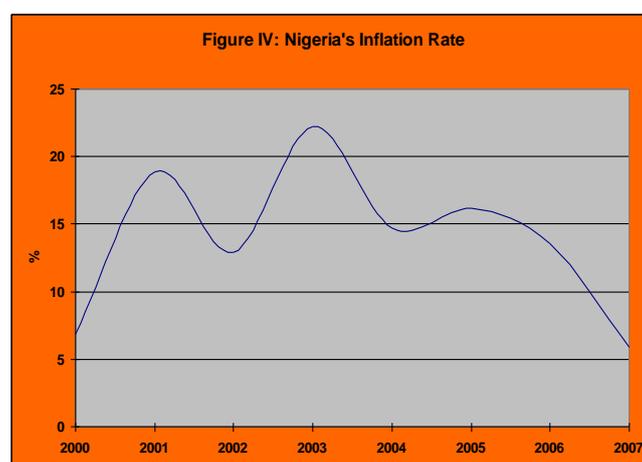
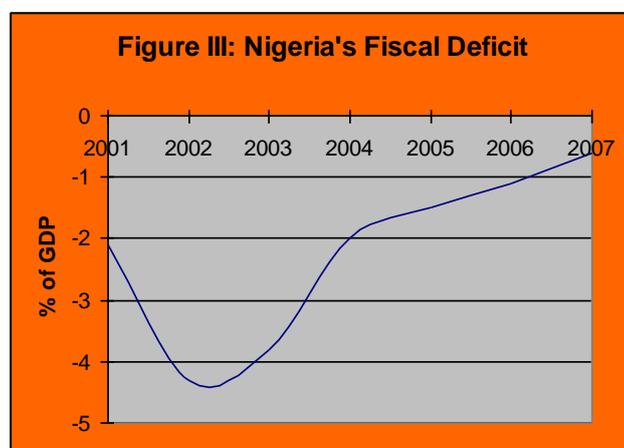
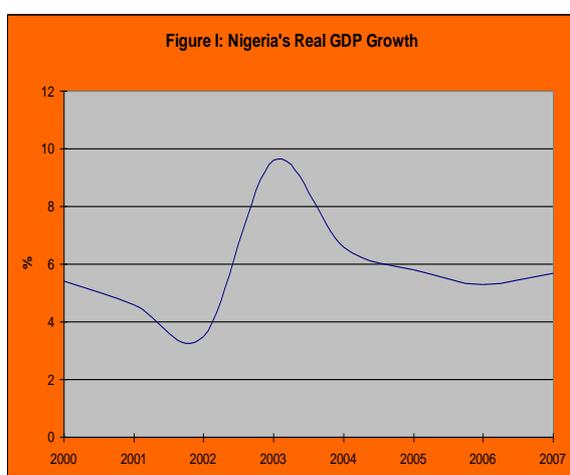
**Table 1: Federal Government of Nigeria's Capital & Recurrent Expenditure, 1999-2008 (N'million)**

Year	Recurrent Exp.	Capital Exp.	Total Exp.	Rec / Total Exp. (%)
1999	449,662.40	498,027.60	947,690.00	47.45
2000	461,608.50	239,450.90	701,059.40	65.84
2001	579,329.10	438,696.50	1,018,025.60	56.91
2002	867,336.50	321,398.10	1,018,155.90	85.19
2003	984,268.10	241,688.6	1,225,956.70	80.29
2004	1,062,691.40	314,649.6	1,377,341.00	77.16
2005	1,223,745.08	519,530.9	1,822,100.29	67.2
2006	1,290,295.71	552,493.90	1,938,078.62	66.6
2007	1589270	759323	2450897	64.84
2008	2117400	960900	3240820	65.34

**Source:** Computed from underlying data obtained from CBN.

The improved economic performance demonstrated by the positive growth in the GDP may be attributed to the reduction in the sizes of the over bloated civil service and efficient utilization of the gains realized from the reforms. All these have led substantial reduction in level of fiscal deficits. Fiscal deficits dropped from 4.3per cent in 2001 to less than 1per cent in 2007 (Figure III), which is within the international acceptable range of 3per cent. The drastic reduction in the rate of fiscal expansionism appears to have resulted in low rate of inflation. Evidently, Figure IV shows that inflation rate dropped from a double digit of 18.9per cent in 2001 to a single digit of 5.9per cent in 2007, a feature that has eluded the economy for several years.

Successful implementation of Nigeria's economic reform programmes earned her debt relief in 2005 when it secured a debt relief package from its Paris Club Creditors countries amounting to US\$18 billion write-off, with Nigeria paying off the balance of approximately US\$12.4 billion to exit from the Paris Club of Creditors. This was followed by the redemption of London Club debts. The indication from Figure V is that Nigeria's external debt ratio fell from 64per cent of GDP in 2000 to 1.6per cent in 2007. The result of this is an annual saving of US\$1 billion for the next 20 or more years. The debt relief has resulted in an improvement in the country's economic balance sheet and investment climate.



**Table 2: Macroeconomic Indicators in Nigeria, 2000 – 2008**

<b>EconoEconomic Indicators</b>	<b>1990</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
GDP growth rate	8.2	5.4	4.6	3.5	9.6	6.6	5.8	5.3	5.7	6.4
Oil sector growth	5.6	11.1	5.2	-5.2	23.9	3.3	-1.7	-3.7	-5.9	-4.8
Non-oil sector growth	8.6	4.4	2.9	4.5	5.2	7.8	8.4	9.5	9.2	9.1
Budget deficit/GDP	-2.9	-2.3	-4.3	-5.5	-2.8	-2.6	-0.2	0.3	0.7	1.4
Ext.reserves	na	na	na	na	7.7	11.4	24.4	36.5	42.6	53
External debt/GDP	106.5	64.9	57.3	72.1	61.1	84.5	69.2	7.4	4	2
Domestic debt/GDP	31.3	32.2	36.6	26.1	28.6	25.3	20.8	18.6	19.2	9.7
Savings-investment.GDP	9.9	16.4	4.4	6.4	1.5	-0.9	15.09	36.97	22.66	23.13
Overall BOP/GDP	-2.1	6.9	0.5	-10.3	-2.3	5.2	10.5	12.7	1.4	0.8
Inflation rate	7.5	6.9	18.9	12.9	22.2	14.7	16.2	13.6	5.9	11.6
Lending rate	27.7	21.6	21.3	22.5	22.9	20.7	19.2	18.6	18.7	21.2
Narrow money growth	30.7	28.7	28.1	15.9	13.8	8.6	9.3	20.4	0.6	55.9
Broad money growth	44.9	48.1	27	21.6	16.9	6.5	18.9	29.1	11	57.8
<b>Social Indicators</b>										
Population	88.5	108	118.8	122.4	125.6	129.2	133.8	140	140	149.1
Population growth	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	3.2	3.2
Life expectancy	na	na	54	54	54	54	54	54	54	54
Adult literacy rate		57	57	57	57	62	57	64.2	64.5	66.9
Average off. Exch rate	7.9	101.7	111.9	121	127.8	132.8	132.9	128.5	127.4	120.8

*Sources: CBN Annual Reports and Statements of Accounts (Various years).*

Apart from all these macroeconomic fundamentals, it is important to note that the reform has led to the strengthening of the existing public service structures as well as the establishment of new structures to further strengthen the Nigerian civil service. Some of the new structures include the SERVICOM through which public sector officials have dedicated themselves to providing the basic services to which each citizen “is entitled, in a timely, fair, honest, effective, and transparent manner”. Ministerial SERVICOM units (MSUs) have since been established in all MDAs, to spearhead the service delivery initiatives.

Moreover, the Bureau of Public Service Reform (BPSR) was created to provide a channel for implementing the reform programme across the public service, and serve as a central secretariat for the various reform organs of government. Besides, public sector reforms have led to the reform of several segments of the federal bureaucracy, including the Presidency, the Ministry of Finance, Ministry of Solid Minerals, National Planning Commission, and the ongoing transformation of our education sector. Noteworthy of mentioning is the Transformational self-reforms initiated by several parastatals and MDAs, such as the Corporate Affairs Commission, Nigerian Postal Services, and the Immigration Services; and Fight against corruption, including the setting up of the Economic & Financial Crimes Commission (EFCC), the new requirement of “due process” in government financial transactions; and passage of the Fiscal Responsibility Bill by the National Assembly.

Generally, it appears from the analysis so far that some achievements were made in the area of public sector reforms. Some of the achievements include the followings:

- ◆ A definite reduction of the cost of the bureaucracy, signified by the fall in the proportion of the Federal Government budget going to recurrent expenditure – from a high level of about 80 per cent in 1999, to a point where about 40 per cent was targeted in the 2006 budget.
- ◆ Transformational reform of our age-old pension system – that is, solving decisively the problems of accumulated and progressively expanding pension arrears;
- ◆ Integration of information and communication technologies into the operations of our public service;
- ◆ Monetisation programme;
- ◆ The SERVICOM initiative
- ◆ Service-wide efforts towards the right-sizing of the civil service, including the service-wide disengagement of certain categories of officers, and parallel engagement of young and vibrant officers.
- ◆ The creation of the Bureau of Public Service Reform (BPSR).
- ◆ Fight against corruption.

## **V. Lessons from Country Experiences**

In this section, country experiences are reviewed and lessons are drawn for Nigeria to further strengthen its public sector reforms programmes.

### **5.1 Country Experiences**

The African experience with civil service reforms is generally mixed. Reforms such as downsizing and rightsizing not only threaten the careers of civil servants in such settings, but threaten the well-being of the network of kin, etc., supported by the job holder. This is important in Africa because of the absence of social security provided by the state. Leaders in such settings may take advantage of downsizing programmes to get rid of opponents, and to refill the positions with relatives and ethnic cohorts (Hilderbrand and Grindle, 1994). All these help to explain why the results of downsizing reforms in Africa up to now have been so modest especially in Nigeria.

The experience with civil service downsizing in much of the rest of Africa has had less success. Most countries have adopted voluntary retirement programmes. Some put restrictions on who can exit, e.g. Kenya restricted the programme to low level staff. Some commence downsizing before doing studies of where there are surplus employees, e.g. Nigeria, Ghana in the late 1980s. Some have done extensive studies to identify redundant workers, but then have carried out downsizing with little regard to the findings, e.g. Tanzania in the last 3 years. Some do a proper analysis of who needs to be let go, and then cannot afford the severance payments, e.g. Zambia where payments negotiated with unions are equal to 10 years salary (Brown et al., 1995).

Some countries including Eritrea have shifted government functions to contractor status. Zimbabwe's downsizing has worked broadly this way over the last few years. For example, road maintenance workers employed centrally by the Ministry of Works were retrenched, and sent back to their home areas following which the same were hired on contracts basis whenever maintenance work was needed in the areas (Brown et al., 1995).

In Uganda, nearly halve of the payroll has been eliminated based on the recommendations by a UNDP - funded Public Service Review and Re-organisation Commission, as endorsed by the Cabinet and implemented with help from the World Bank and other donors. Many retrenched were ghost workers, so social and political costs were reduced. As in Eritrea, there was also unity of purpose among top leadership coming out of a

successful liberation struggle, and lack of democratic processes through which opposition to reforms could be mobilised. To partially compensate for this lack of formal democratic institutions, the UNDP-funded Public Service Review and Reorganisation Commission, which formulated the vision for the reforms, polled thousands of people and took their views into account (Brown et al., 1995).

Despite these advantages, the downsizing was not as effective as it was expected to be, because it was carried out before functional reviews of ministries were completed, and before an effective personnel control system was put in place. Also no link existed between the downsizing and a related programme to decentralise government functions to district and local governments (Brown et al., 1995).

Downsizing is meant to generate fiscal savings. There are at least two dimensions to it, as posited in the literature. All downsizing efforts try to achieve savings from civil servants no longer on the payroll, net of severance payments. In some cases, these savings are intended to be used to increase the compensation of civil servants still on the payroll. In other words, mainly francophone cases, these savings are intended to reduce government expenditure on personnel costs. Although elusive, there have been some positive results. An example of the former case is Uganda, where nominal pay has increased about 50 per cent per annum between 1990 and 1994. The reasons were both because of an increased share of government expenditures for payroll expenses, and because there are fewer employees to pay. The Ugandan cost/benefit analysis could be examined from another angle. A US\$31 million investment over the period 1989 to 1995 by the government and donors is offset by salary cost savings from eliminating ghost workers since 1990, and from retrenchment and voluntary retirement since 1992, estimated to exceed US\$160 million (Brown, 1996).

As an example of the latter case, Cameroon has reduced its government payroll in recent years by 37 per cent by a combination of downsizing and pay reduction. Yet overall, downsizing components in adjustment operations have had only limited success (World Bank, 1994).

Apart from downsizing and rightsizing of civil servants, reforms in the public sector have taken other dimensions. Phillips (1988) looked at the major elements of civil service reforms in Nigeria and noted that several aspects of reforms which exist constitute important links in the chain of reforms. The report reiterated that one weak link would render the whole chain ineffective. It also tried to identify the pitfalls; which should be avoided in the course of the reforms. These include the temptation for ministries to take the existing structure to create unnecessary divisions, branches and sections in their attempt to create “empires” for some officials.

The report also noted that human beings have an initial natural aversion to change until they begin to perceive the change as being in their favour. Therefore, every change has its costs and benefits, with some people losing and others gaining. The losers must be expected to resist the change, unless they can be compensated for their losses. From a societal point of view, what is important is that the overall benefit of a change should exceed its overall cost in order to make the reform or change worthwhile. However, it is how the change is managed that determines the realization of its most desirable outcome (Phillips, 1988).

## **5.2 Implications for Human Resource Management in Nigeria**

One major lesson that could be learnt from the country experiences is that there is a need for thorough and extensive studies to identify redundant workers before commencing the downsizing and rightsizing of civil servants. This was the case in Zambia. This will allow government to come up with appropriate public sector reform programmes that would not weed away the appropriate workers in the public service.

Also, there are some public services that would have been done on contract basis. For instance, public infrastructures such as roads maintenance and water supply as it is being done in Zimbabwe. When maintenance work is needed, the same workers are hired on contract to do the work in their area. This will further reduce the huge amount spent on workers of which majority of them are redundant. However, despite the fact that Nigeria has gone far in reforms, there are still important facts to note about the possible effects of the reform programmes especially public sector reform.

It should be noted that government is only concerned about the size and cost of the civil service and its impact on its ability to finance operating costs and priority development needs without considering the social effect of the reforms as it is done in some advanced countries. Retrenchment programmes can be difficult to design and there are usually several options to be considered. It is important to identify and select the most cost-effective option and to avoid forms of support, such as credit programmes for retirees, which are often costly and ineffective. Well designed retrenchment programmes should address economic, financial and social issues. Governments should ensure that the costs of retrenchment take into account both additional pension payments as well as the severance package (as was done in Cameroon), and that the overall cost is in line with similar schemes in other countries as reviewed under country experiences.

Retrenchment programmes are likely to have substantial economic benefits arising from the redeployment of retrenched staff to the private sector or from improved use of public sector resources. Nevertheless, for budgetary reasons the present value of the cost savings accruing to Government from retrenchment should outweigh the present value of the initial cost of retrenchment, and any additional pension paid to those retrenched. In general, programmes should have a quick pay back period and generate net budget savings within a few years.

Particular attention needs to be given to the social consequences of retrenchment. Criteria for selection need to be open and transparent to retrenched staff and the adverse social consequences also need to be identified to avoid undesirable outcomes and other measures. Consideration also needs to be given to the possibility of a worsening employment condition that emerged from the disengagement of public workers.

Reducing the size of the civil service is often a prerequisite for governments to sustain and finance a smaller and better paid civil service over time. However, unless such efforts are well designed, they can have negative consequences on morale and productivity. These risks can be minimized by developing programmes in close consultation with those affected, and linking them with other measures to improve administrative capacity. The challenge is to combine restructuring with capacity building in a programme which can ultimately enhance overall performance.

In the short – to medium –term, the average federal public servant must have been overwhelmed by the private costs of public sector reform, especially in the down-sizing of government, monetization of fringe benefits and the reform of the pension scheme. The delayed or non-payment of the expected entitlement meant some losses in private income and wealth thus, creating reduced welfare to individual families and households.

Admittedly, the policy change was to probably increase monetary benefits in nominal terms by the government shift in private resources, the costs of adjustment in the short-to medium-term arising, for instance, from waiting is definitely high for most public servants.

With respect to the civil servants that will still remain in service the reward system should be improved on. Pay and classification systems could be made simpler and more flexible through a range of mechanism including “multi-skilling”. This is the process where tasks are redesigned to include a much wider range of skill requirements and broader training

opportunities. When undertaken with extensive union consultation, multi-skilling is known to increase job satisfaction and worker productivity significantly as witnessed in Australia. Thus, Nigeria should learn from the Australian experience.

Remuneration packages have traditionally operated on the basis of automatic; seniority related increases rather than performance criteria. Some performance-based features can be introduced into orthodox pay systems. Thus, there could be two elements in the salary scale as practised in Singapore: fixed annual increments based on seniority and minimally satisfactory performance and “efficiency bars” officials must pass by examination to ascend the salary ladder.

Promotion should be merit-based with considerable staff mobility among different ministries over a career. Government could consider moving from a confidential evaluation system to a participatory performance approval system. The performance appraisal could have two parts: one reviews and assesses past job performance, the other assesses the management or leadership potential – the so-called “helicopter capacity” – of the subject in an effort to identify and subsequently groom executive talent within the civil service. The latter predicts the individual’s career trajectory and brings a helpful forward-looking, strategic perspective to the career development and succession planning functions.

Strengthening the budget preparation and execution process was also urgently needed in order to improve the efficiency of government spending and improve service delivery to the Nigerian public.

## **VI. Conclusion**

An important fall out of the reforms in the public sector is that the labour market has become expanded as the recipient of displaced workers. Since the displaced workers from the down-sizing and “right-sizing” of the public sector have not easily found alternative employment, unemployment rate have been significantly affected.

The problem here is not much of labour unrest but that many families and households have been evidently confronted with loss of or reduced means of livelihood. Many have slipped into poverty; with increasing private and social costs. The management of these requires clear articulation of poverty reduction strategies.

It is also important therefore, that reforms be managed by the authorities in manners that will facilitate the realization of the goals of the reforms and minimize undesirable outcomes.

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