

# Problems and Prospects of Private Sector Organizations in Nigeria

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## Abstract

This paper focused on the challenges and prospects of private sector organizations as the main engines of economic growth and development in Nigeria. It discussed the concepts of organization, the prospects and challenges of private sector-led growth in Nigeria. The study examined the current business environment and discussed ways of encouraging the private sector organizations in Nigeria to act as a catalyst of economic growth and development. The paper posits that to achieve a desired sustainable private sector led growth of the economy, it is imperative for government to continuously put in place policies and programs that will encourage private sector participation and contribution to the development process. Finally it concluded that there is growth in the financial performance of private sector organizations and its sustained prospects and success hinged on all those series of initiatives and policies of the government to advances private sector led growth and transform the country into an economy that is robust, stable, dynamic, export-led and competitive.

**Keywords:** Problem, Prospect, Private sector, Organization

## 1. Introduction

Worldwide, state-controlled or centrally planned economies are being substituted with market-oriented economies with the private sector as the main engine of growth. In that regard, several developing countries have embarked on initiatives to boost the private sector. These initiatives include new investment regime, trade liberalization and privatization of state owned enterprises. The emphasis on private sector development coupled with the growing globalization of world production and trade in recent years have made investment, particularly foreign direct investment very crucial in industrial development in particular and economic development in general.

Over the years, Nigeria, like other developing countries, has adopted a private sector-led growth with emphasis on policies that will promote investment and industrial development. Recognizing the leading role of the private sector organizations in economic growth does not necessarily mean that the nature of its role is fully understood. With so much focus on the role of the private sector throughout the world, the key question to ask is how can the problems/challenges and prospects of private sector organizations be harnessed and managed to bring about economic growth and a sufficient quality of life to the people.

Providing answers to this question amongst others is the sole objective of this paper, and doing this is more important to developing countries like Nigeria who are always at the receiving end of different development paradigms. It needs be pointed out that posing such a question as the sole aim of the paper in no way discounts the essential and invaluable prospects of the sector.

The rest of the paper is structured as follows after the introduction. Section (ii) examines the conceptualization of both private and public sector organizations and comparison between them. Section (iii) discusses the business environment and the government's efforts to promote private sector development in Nigeria. Section (iv) examines the problems and prospects of private sector organizations in Nigeria, while the last section is the recommendations and conclusion.

## 2. Conceptualization of Public and Private sector Organizations

To effectively discuss the comparison of public and private organizations, the study needs to briefly look at the definition of organization. Though Mallins (2004) argued that definition of organization do not serve much purpose, a more reasonable approach would be to argue that definitions provide a basis for understanding the phenomena to be discoursed, and prepare the ground for the manager of organizations to think broadly, comparatively and conceptually in their compensational and motivational efforts to enhance employees productivity (Weihrich and Koontz, 2005).

On this note, we will begin this by looking at the definition of organizations starting with definition offered by Marx Weber. He was a man noted for his pioneering work in an aspect of management called bureaucracy, is also the father of modern definition of organization. His concept of organization has remained the basis for most of the definitions we have today on the subject. Separating the corporate group from other forms of social organizations' Weber (1947) opined that an organization is a social relationship, which is either closed or limits the admission of outsiders by rules, so far as its order is enforced by the action of specific individuals whose regular function is chief or head and usually also an administrative staff (Amaeshi, 2006).

Another prominent writer who conceives the term organization is Chester Bernard. Bernard (1938) agreed with Weber's definition on many points but offered a definition that stresses different basis for organizations as a system of consciously coordinated activities or forces of two or more persons. This implied that activity is accomplished through conscious, deliberate and purposeful coordination. Organizations require communication, willingness on the part of staff to contribute to the growth of an enterprise (Ajayi, 2000).

This study defines organization as deliberate association of individuals with common objectives working cooperatively under leadership and authority. This means that organization is the formal structure of authority through which work sub-divisions are arranged, defined and coordinated for the defined objectives. Although, it is sometime used to denote an enterprise

Notwithstanding the difficulty of definition there are two essential characteristics of organization, which clearly stand out. These are structure and purpose. Every organization must have a structure and a purpose and from these come the central aspect of successful organizations, which are goals and management

### 2.1 Concept of Public & Private Sector

The section looks at the meaning of public sector, private sector and their comparisons.

The meaning of the word 'Public' is not one that is difficult to state. Public connotes what pertain to the people as a whole and is clearly the direct opposite of private. In the technical phraseology of management, the word public has acquired a specialized meaning. According to Tonwe (1998) the word public is equated to "Government". This equation is justified on the ground that in modern society, government is the only organization to which everyone belongs without exception either actively or passively. It takes a concrete and organized form when equated to government (Weihrich et al 2005).

Public sector consists of three separate levels of government whose status, powers and relationships are defined and guaranteed by the constitution. They are the federal, state and local governments. The federal government and state governments conduct their activities through two major forms of organization: Ministries and Public enterprises. Under the heading of public enterprises, we include all corporations, authorities, boards, councils and Limited companies in which government has full or majority interest (Imaga 2003).

A large part of government activity is conducted by public enterprises, sometimes called parastatals. The general characteristics of public enterprises are:

- Public ownership and control
- Semi-autonomous management appointed for a Limited term
- Separate legal personality of the entity
- Statutorily defined objectives, rights, obligations and field of activity.

Public enterprises can take several legal forms: Limited liability companies form under the companies as wholly-owned by government, and partly- owned by government, and public corporations set up by statute.

The main objectives of public enterprises are: (a) To provide a service at reasonable cost, (b) To make neither profit nor lose, (c) To operate with due regard efficiency and safety, (d) To act in the public interest.

With regard to the definition of private sector, there is no consensus in the literature on what constitute the private sector. Nevertheless the Development Assistance Committee of the OECD (DAC, 1994) defines the

private sector as “a basic organizing principle for economic activity where private ownership is an important factor, where markets and competition drive production and where private initiative and risk-taking set activities in motion”

In Nigeria, the private sector is said to include any self-employed person or any employer of labour who does not belong to the government or public sector (Jerome 1999, Oyeranti, 2004). Put differently anyone who is an employer or self-employed and who does not belong to the government or public sector is believed to be operating in the private sector (Olayiwola and Busari, 2001)

The private sector also refers to all economic institutions, business firms, foundations, and cooperatives etc that are not owned by the government. The private sector enterprises are often described by other names such as capitalism, free enterprises system, the voluntary exchange economy, the market system, and the profit system (Imaga, 2003).

An effective private sector organization displays the following major characteristics, which is the modification of (Imaga 2003) version. These characteristics include:

- (a) Private ownership of business: In private enterprise system, business or private enterprises are owned by individuals or groups rather than by the government or society as a whole. The owners of a business has certain rights which include: the right to operate the business with minimum of outside interference, the right to retain control over a large part of the profit generated by the business, the right to compete freely with other businesses for raw materials, personnel, customers, new products, new production techniques etc and the right to enter business freely, either personally or by investment of capital.
- (b) Freedom of choice: the managers and workers are free to choose their occupations, to change job, and to negotiate salaries, wages and other benefits. Consumers are free to select the goods they buy with a minimum of government or social pressure.
- (c) Private Property: This refers to the right of individuals or group to own and control physical resources as well as personal possessions. The right to private property has been justified on ethical and pragmatic grounds.
- (d) Limited Role of Government: In a market economy, government is limited in its economic role but is not entirely inactive. Government functions such as administering justice, protecting individual freedom and providing for adequate national defense is to establish the economic rules of the game.
- (e) Profit Motive: The efficiency allocation of resources in a market system is also affected by profit. Profit represents the difference between what a businessman receive for the products he sells and what he must pay to produce and market them.

The current Federal Government economic reforms and policies have significantly impacted on private sector organizations. They are challenged to creatively adapt to the new reality through innovation programmes so as to cope with the value creation standards required by the new reform regime. This situation expectedly places pressure on the resource bases as well as core competencies of organizations in this sector. Those unable to cope with these challenges would naturally go out of business (Owoh 2006).

The recent reforms witnessed in private sector organizations have indeed created a new and dynamic environment, which while encouraging the sprouting of local companies have, at the same time driven many underground. On the average, the industries in private sector organizations are quite a large one. Included in these industries are companies that engage in manufacturing such as Guinness Nig Plc, Presco Nig. Plc, 7.up Bottling company etc. also included in this sector are service industries such as First Bank Plc, United Bank for Africa Plc, Oando Nig Plc and others too numerous to mention.

Some organizations in this private sector conduct their business surreptitiously and illegally, while some exist only on papers. With a reform environment that is becoming increasingly unfavourable for the importation of consumable goods and services, many organizations are spurning up locally while foreign direct investments in the sector are increasing (Amah, 2007).

The resulting scenario of confusion, criminality, and operational secrecy makes research in this sector particularly challenging. On one hand, it is particularly difficult to deal with the target populations, as some of them are practically inaccessible. On the other hand, even duly registered organizations are apprehensively conscious of the watchful eyes of the regulatory institutions, and therefore, have a predilection for secrecy. The only option left for meaningful research is the use of quoted industries in the sector already mentioned above as the study unites.

## *2.2 Point of Difference between Public and Private Sector Organizations*

Tonwe (1998), Imaga (2003), stressed the following as the points of difference between the public and private sector organizations.

Private sector is seen to be synonymous with efficiency. The clamour for a business man's government or the commercialization and privatization of the whole machinery of government drives home the point that in thinking of many people, the level of efficiency in private sector is superior to that of public sector. This is traceable to differences in operational style. In private sector there is differential wage payment as incentive to increase production and to attract more experienced staff from rival organizations as well as improving and adopting new management techniques (Ajila and Awonusi, 2004). In contrast, public sector is said to be characterized by poor incentives to workers, corruption, extravagance, red tape and inefficiency.

Another point of difference between public and private sector arises from how their finances are controlled. Public sector is subject to the principle of external financial control. In all democratic countries, it is not the executive that controls finance. It is the legislature, which approves the budget submitted to it by the executive, and also ensures that the budget is implemented as approved. Finance and administration are completely separated in the case of private sector organizations.

The aim of the private sector is mainly profit making and that of public sector is public service and welfare. To this end, all available resources to government are tapped to provide basic amenities and services, which will ensure a good standard of living for the citizenry. In contrast, no private business organization will attempt to undertake a project if from the outset it is obvious that such a venture will not yield profit in the short or long run.

All inputs and output of the private sector can be quantified realistically in monetary terms. Usually, a given private sector organization is owned by a limited number of people known as shareholders and its activities are of limited range, such as the selling of essential commodities, or the manufacture and distribution of consumer goods like wears, beer, food etc. These activities contrast sharply with those of the government, which has the enormous task of national security, diplomatic and external relations, minting and printing of currency, the maintenance of law and order, health, defense and justice, management of public debt and social well being of its citizens (Barney and Griffin, 1997).

Public sector organizations are bureaucratic in nature; hierarchical and staffed mainly by permanent career officials. These employees are employed until retirement and are promoted based largely on seniority and remunerated at standard rates within the unified salary structure. They have a fast process for realistic and objective policy for rewarding the good and dispensing with the bad. Most of the decisions of the public sector organizations are influenced by political considerations and societal pressure rather than pure economic indicators, which guide business organizations in making, decision. Private sector organizations (especially public limited liability concerns) are required by law and expected by shareholders and the public to publish in a national daily their performance in the form of profit and loss account and balance sheet every year. External auditors audit these accounts, and reports are made available for the shareholders and the public to scrutinize. These make the management of private sector organizations very accountable and compel them to be hard working, effective and efficient.

The public sectors include the federal government, the state, the local government service, teaching service, statutory co-operations and judiciary. The private sector includes all establishments of individuals, all private, all commercial undertakings and industries.

## **3. Private Sectors & Economic Growth**

In any economy whether developed or developing, the role of private sector for sustained economic development is always at the forefront. The present global economic experiences reaffirmed the place of the market in accelerating growth process in a sustained manner. For instance, in some transition economies in Eastern Europe and other parts of the world, the conviction that free market allocation through increased private sector prominence, contrary to central planning, guarantees higher efficiency, grows output and ensures better living standards, has been the driving force behind the desire to transform their economies. In many of these countries, the new private sector has played a major role in recovery and growth especially in countries like Albania (before the crises of 1997-98), Croatia, Estonia, Hungary, Lithuania (since 1996), Mongolia (since 1995), Poland, and Slovenia (Afolabi, 2004).

The private sector could be activated through many ways and these include expansion of existing businesses, establishment of new companies as well as through the process of rapid privatization and adequate attention to

human capital development (Barney, 1997). In addition, market-oriented development strategies that encourage increasing private sector involvements in the development process and which limit government's roles to that of facilitating and developing a conducive environment, is another way to grow the private sector. Neo-liberal economic thought stresses the significance of the privatization as the most important factor of successful transition and durable growth. However, in many developing and transition economies, it could be said that it was grass-roots private sector expansion and so-called "organic" privatization and not denationalization that has been the decisive factor in rapid expansion of the private sector. In many of these countries, the contribution of the private sector to overall economic growth has been enhanced by overall liberalization, including free entry into and forced exit from business as well as favourable monetary and fiscal policies. Those policies, in addition, to other ones have encouraged the establishment and enlargement of various economic activities thereby enhancing positive supply response.

Beyond contributing to the expansion of the production frontier of an economy, the private sector is expected to take a more proactive stance in terms of creating productive jobs and generally improving the quality of life of people. According to Iwara (2007) these could be made possible by:

- i) Utilizing opportunities provided for rapid and sustainable growth of a diversified economy, with a modern agricultural sector, an export-led (manufacturing) industrial sector and an efficient and competitive services sector in line with the country's comparative advantages;
- ii) Actively working to expand the export base and be internationally competitive by improving the quality of products and services, using the skills and professionalism of local human resource;
- iii) Transforming the structure of the economy, through support for Research and Development (R&D) in some special economic sectors and significantly enhancing the potentials of Nigeria to meet the demands for domestic production and consumption, as well as adapting to changing pattern of supply, demand and consumption and engendering the development of strong linkages across the nation's economy;
- iv) Stimulating the rapid implementation of the local content Policy especially in the manufacturing and service industries sub-sector by forming business partnerships/linkages that engender the learning and transfer of technology process.

In recognition of their critical role in the economy, various policies and other numerous initiatives are usually undertaken by governments to create an enabling environment for increased private sector involvement in the economy. Some of such policies and initiatives include reforms in industrial policy and relevant legislation, adoption of liberal sectoral policies in consonance with overall economic policy as well as the establishment of institutions supportive to the private initiatives. In Nigeria, one of the expected dividends of democracy is the boom of the private sector, which was expected to result from the liberalized environment which democracy ushered in (Afolabi, 2004).

### *3.1 Private Sector Organizations Performance in Nigeria*

The private sector in Nigeria has been dogged by weaknesses inherent in its skewed structure, indicated by a few multinational companies that are heavily import-dependent. They mostly operate as enclaves and a large segment of essentially, informal sector, small and medium scale enterprises (SMEs) with very little, if any linkage to the huge multinationals and a rent seeking and unproductive culture of over-dependence on government patronage and contracts.

Nigeria, though embarked on a periodic development planning exercise as early as the 1960s, failed to realize the importance of private sector and market oriented policy in the process of overall development of the nation till the late 1980s and this resulted to several economic distortions. However, a distinct departure took place in the overall development policy and strategies in the country, particularly after the adoption of the Structural Adjustment Program ((SAP) in the mid-80s and the subsequent deregulation and liberalization of the economy. Consequently under the new policy paradigm, a liberal policy anticipating greater role of private initiatives in the economy has been in place replacing the controlled economic policies practiced under the Mixed Economic Approach (MEA).

The private sector did not live up to expectations, despite the then favourable environment. During structural adjustment, the private sector was supposed to serve as an engine of growth. Rather sadly, after years of structural adjustment measures the private sector was not able to respond adequately to the desire for increased production, employment and stable prices. The share of manufacturing industries in Gross Domestic Product (GDP) was still low, while capacity utilization was a little above 30 percent (Iwara, 2007).

Essentially, the performance of the Nigerian private sector vitiated the major assumption that underlines an International Monetary Fund (IMF) adjustment program the effect that the private sector has the capacity to respond to supply-side incentives (Ekpo, et al, 2008)

### *3.2 Overview of Government's Effort to Promote Private Sector Development in Nigeria*

The rapid growth of a resilient and competitive private sector is a key component of a sustainable economic reform program. The present democratically elected government in Nigeria has put in a lot of efforts to diversify the nations economic base, reduce the relative dominance of the oil sector and strengthen the linkages between the formal and informal sectors. Furthermore, this present administration has indicated its desire to increase the share of manufactured goods in total exports and generally create a vibrant private sector that can respond to the rigours of market forces, as its engine of growth (Lawanson, 2002).

Government has taken a number of steps towards realizing these objectives. Amongst such steps are:

- The establishment of Nigerian Investment Promotion Commission.
- The establishment of Technology Business Incubation Centers designed to provide conducive environment for nurturing the start up and growth of new SMEs that would be engaged in value-added and technology related manufacturing etc.
- Recently, in order to give the development of the private sector a boost, the government through the newly launched National Economic Empowerment and Development Strategy (NEEDS) aims to:
  - Nurture science and technology-based SMEs in Science and Technology Parks (STPs)
  - Promulgate a law to give effect to the country's Competition Policy, a key component of the private sector growth strategy. Here, the major aspiration is to grow a private sector that can utilize the opportunities that abound in the domestic, regional and global markets.
  - In addition to the foregoing measures, the government is committed to systematically work towards:
    - The mobilization of resources to facilitate the development of strategic economic infrastructure capable of improving the general attractiveness of Nigeria as a preferred investment destination.
    - Strengthening the social, legal and regulatory regime to engender security of life and property, good governance, the rule of law and respect for the sanctity of contracts and rights of others as well as eliminate bottlenecks and "red-tapism."
    - Creating greater opportunities for access to appropriate financial resources and strengthening and/or supporting other assistance initiatives, e.g. the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN), Small and Medium Equity Investment Scheme (SMIEIS), etc. aimed at improving efficiency and productivity, reducing production costs, nurturing entrepreneurship and enhancing the attractiveness of Nigeria made products, and SMEs in an intensely competitive market place.
  - Adoption and implementation of a coherent and consistent trade policy regime, as well as an Action Plan on rapid and focused commercialization of results of viable scientific research that engender linkages and enhance productivity.
  - Progressive reduction of government direct role in economic and business activities. Specifically, the process of accelerated privatization of major utilities, liberalization, and deregulation of key sectors is being vigorously pursued. (Osemeké, 2007)

Also, government has embarked on the implementation of a comprehensive tax reform bill designed to ensure the elimination of multiple taxation and physical harassment and enforcing jurisdictions, improving collections and removing barriers to the growth of a virile private sector. Other policies that had been adopted include:

- Holding regular dialogue with private sector operators and playing an active role in economic planning based on market principles.
- Providing a robust fiscal and monetary regime for the smooth functioning of the economy, and adopting financing strategies that do not crowd out the private sector, and;
- Improving the process of granting land use rights, and providing appropriate structures for regulation and propelling the private sector to develop in a socially and environmentally responsible direction;
- Economic empowerment of indigenous SME business through patronage of their products by improved tendering and procurement processes that stipulate minimum levels of local content.

Since the introduction of SAP, the private sector development policy has been reoriented to identifying and removing the barriers for private investments, and creating private sector friendly economic environment so that the private sector would play pivotal role in the economy.

#### **4. Problems & Challenges of Private Sector Organizations in Nigeria**

Having briefly appraised the performances of the private sector as well as government policies (past and present) to promote the growth of the sector, this study wish to share thought on the challenges facing the promotion of private sector-led growth in our efforts to achieve self-reliance. There are many challenges to be addressed to make private sector vibrant and conducive for propelling the economic growth. By and large ensuring an investment friendly environment and implementing adequate compensation policies for its employees are the key challenge before the nation.

Private sector organizations, over the years, have been adversely affected by the following constraints:

- (a) Limited access to funds in money and capital markets.
- (b) Unpredictable and weak policy framework
- (c) Inadequate and deteriorating infrastructures support for example, electricity, water, road, etc.
- (d) Low consumer purchasing power
- (e) Poor/low quality products
- (f) High cost of equipment and working capital
- (g) Multiple Levies and taxes. Although the tax system has witnessed some improvements in recent years, it is still uneven, with an irregular pattern of exemptions to consumption taxes and import tariffs.
- (h) Inefficiencies in customs and port administration
- (i) Dumping of cheap products on the Nigerian market
- (j) Complexities in the legal framework. For example, there is a lack of adequate legal procedures for enforcement of contracts. This lacuna introduces additional (and unnecessary) uncertainties into normal business relationships in the system.
- (k) High import dependency of the nation's economy.
- (l) Poor management practices and low entrepreneurial skills.

In addition to the above constraints, the other major issues challenging the development of the private sector for optimal performance according to Afolabi (2004) are:

- Diversification of export trade in terms of both destination and products.
- Establishment of inter-linkages between trade and industry.
- Equity in the distribution of benefits of liberalized trade policy between small and cottage industries, and large industries.
- Maintaining balance between labour interest and private sector development.
- Mobilization of public resources for infrastructure development
- Strengthening institutional effectiveness to provide support for private sector development.
- Stability and predictability of the policy environment
- Inadequacy in entrepreneurship and professional maturity in the private sector.
- Establishment of inter-industrial linkages.
- Establishment of standard accounting practices and transparency in business transaction.
- Transparency in the regulatory mechanism of the government.
- Consistency and confidence in the government economic policies
- Comprehensive tax reform to widen tax income revenue and objectivity in administration.
- Developing good corporate governance

##### *4.1 Prospects of Private Sector Organizations in Nigeria*

Despite the numerous challenges and difficulties faced by the private sector, a more vigorous pursuit of the economic reform process in Nigeria in the last few years has yielded some dividends and has laid the foundation

for long-term private sector-led growth. The reform program is aimed at promoting greater private sector participation in economic activity. Some of key elements of the reforms are: maintenance of sound macro-economic policies, deregulation, with emphasis on power, telecommunications, and downstream petroleum sectors, financial sector reforms and privatization. These policy reforms combined with investments in human resources and physical infrastructure as well as the establishment of macro-economic stability and good governance, are essential to achieve a high rate of self-sustaining, long-term economic growth (Amah, 2007). Thus the on-going streaming and strengthening of key institutions, the provision of long-term strategic programmes for key sectors of the economy to guide investors, the pursuit of foreign investment by opening up the economy and providing the legal framework for protecting investments into the country, the refocusing of the role of government in the economy and the encouragement of private initiatives through various government policies have created a new order in Nigeria.

The overwhelming consensus in 1999 was in support of bold economic reforms especially private sector empowerment that would fundamentally change the structure and performance of the economy. Events in the country have shown that the challenges to reform are enormous and require a determined administration committed to reform to make progress. The progress made so far demonstrates the potentials for success in the long run and the possibilities that could be taken advantage of in the short run. The proper role of government is central to success. Its prescribed role in the present economy is that of setting the guidelines, and creating and maintaining conducive environment for rapid socio-economic growth. After decades of public sector control of the economy, change has been slow and difficult. Public sector control of the enormous oil wealth still makes for excessive political influence over economic decisions. A viable and sustainable mechanism for channeling oil resources into investment outlets is still not properly established. Efforts in this direction form part of the on-going reforms. Reforms have, however, reduced the presence of government in the economy (Jones et al, 2004). In that regard, attention had in recent times, been focused on infrastructure, social services, policy inconsistency and stability, policy implementation, security, law and order, good international image, and good governance. Short-term outcome has been mixed but prospect for the long term seems good.

Finally, the recently concluded policy of Central Bank of Nigeria (CBN) consolidation of Financial Services Sector (Banking, Insurance and other financial institutions) is a sound policy, which will strengthen the private sector and the economy in the long run. It is expected that emerging mega banks from the consolidation exercise would be able to finance small, medium, big and mega projects in the real sector and at the same compete internationally.

## **5. Conclusion and Recommendations**

### *5.1 Conclusions*

Having critically discussed the challenges and prospect of private sector organizations in Nigeria, we shall now draw our conclusions on the strength of the total evidence available to us.

Clearly, there is growth in the financial performance of private sector organizations. In recognition of their critical role in the economy, various policies and other numerous initiatives are usually undertaken by governments to create an enabling environment for increased private sector involvement in the economy. Organizations in this sector are witnessing increase trend in profitability ratios and recording healthy fluctuations in these ratios. Organizations by their very nature process and transform organizational resources (input) into products and services (output). To measure organizational performance is to measure how effectively and efficiently the transformation process takes place. The prospect for private sector organizations led growth in Nigeria is very high. The success of this hinged on all those series of initiatives and policies of the government to advance private sector led growth by encouraging enterprising Nigerians, to participate in the transformation of the country into an economy that is robust, stable, dynamic, competitive and export-led.

### *5.2 Recommendations*

The following recommendations and suggestions are made in order to improve the rapid growth of a resilient and competitive private sector, which is a key component of sustainable economic reform programmes of the government:

Having examined the generic policy management of private sector organizations, the pointer is that to achieve a desired sustainable private sector led growth of the economy, it is imperative for government to continuously put in place policies and programmes that will encourage private sector participation and contribution to the development process.



In addition to government policies presently being implemented appropriate fiscal and monetary policies within the context of economic reforms should be initiated, developed and adopted. This will amongst others improve access to banking services and available credit facilities to the sector.

Ensuring stable policy environment and harmonizing various policies through regular consultation with the government and the private sector and reorienting the role of the government as a facilitator to private sector development by doing away with its involvement in commercial activities at a faster pace.

There is need for sustained collaboration between government and the operators of private sector organizations by providing adequate incentive and the needed enabling environment to stimulate and foster the growth of the private sector organizations in Nigeria.

There is a manifest need for the executive management of private sector organizations to put their individual and collective skills at the disposal of their various organizations. The non-significant position of this variable in this study indicated that our skills are not impacting adequately on performance in various organizations

Government should take necessary steps to improve the efficiency of key parastatal utilities, such as the power holding company of Nigeria Plc, among others. There is no doubt that expensive and unviable power continues to be a major concern to all industries in the sector. Multiple and unpredictable power cuts-daily occurrences throughout Nigeria-damage equipment in all sectors of the economy and make it difficult to produce goods or provide services efficiently. Thus organizations have been forced to install their own electrical generation and transmission equipment, adding to operating and capital costs.

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