

Innovations

Managerial Milieu and the Performance of Public Enterprises in Nigerians' North-Central States

David Teryisa Adagba¹, Vincent A. Onodugo², Innocent Igbadoo Chia³,
Paul Shimadoo Mtswenem⁴

^{1,2&3}Department of Management, University of Nigeria, Enugu Campus

⁴Department of Business Management, Benue State University Makurdi

Correspondence Author: **David Teryisa Adagba**

Abstract

This article focuses on the function of public enterprises in Nigeria's economic development, particularly in the North-Central States. It highlights the challenges faced by these enterprises, including insufficient funding, political interference, and ineffective management. The paper investigates the effect of the managerial environment on their performance, explicitly investigating factors such as funding and the ethnic composition of management teams. The research methodology involved selecting a sample of 191 staff from 30 public enterprises using Fisher's method and Bouley's formula. The study findings reveal that funding significantly affects productivity, with respondents identifying issues such as inadequate funds and delays in their release as significant challenges. The ethnic configuration of leadership was also found to have a significant impact, with perceptions of favouritism based on ethnicity, thereby hindering merit-based appointments. The study highlights the importance of addressing funding constraints, improving financial planning, and promoting fair and transparent leadership selection processes. The statistical analysis confirms the adverse effects of funding and ethnic configurations on public enterprises' performance. Effective management is crucial in addressing these challenges and improving overall performance. The study's implications call for policy reforms and managerial actions to create a conducive environment fostering inclusive and effective public enterprise governance. By addressing these issues, public enterprises can enhance their performance, financial stability, and overall effectiveness, contributing to the economic development of Nigeria.

Keywords: *Competent management, Economic development, Effective performance, Funding challenges, Managerial milieu, Public enterprises*

1. Introduction

Governments' responsibility in all countries, including developed and developing nations, is to provide water, education, electricity, health, and other capital-intensive infrastructures and public utilities. These amenities are presented directly by government ministries and departments or through public organizations or corporations. Public enterprises are usually established as the pivot to drive some economic and social development in areas of necessity and constitute a potential instrument of government participation to spur economic development in an economy (Neely, 1999; Abuh&Acho, 2016).

The setting of public enterprises was more prominent in the 19th century, with the advent of industrialisation and urbanisation in Europe than in the previous periods. However, a survey of the international scene shows that governments of various developed countries, like Russia, North Korea, Cuba, Vietnam and China, have used public enterprises to accelerate economic development. Conversely, the influence of public enterprises in other developed countries like the United States, United Kingdom, Japan and Singapore is minimal due to the dominance of capitalism as an economic system practised in these countries.

In developing countries of Africa, Asia and Latin America, the system generally practised is a mixed economy; hence the history of public enterprises differs from that of developed countries. This phenomenon is mainly due to these countries' different stages of capitalism. In developed countries, the private sector drives the economy, thereby making the role of public enterprises less strategic. Scholars such as Adam Smith (1776), Juan (1991) and Ibrahim (2015) enunciated that the private sector is more effective than the public sector in the management of economic resources. However, due to the ineffective private sector performance of developing countries, the role of public enterprises becomes strategic to economic development (Mishra & Hamad, 2002). Burney and Matherly (2007) assert that in developing countries, the government provides capital and technological impetus to strategic areas where the private sector avoids investing. Such areas include heavy industries and infrastructure and prompt most public enterprises to intensify capital creation, produce actual merchandise at lower prices, generate employment and contribute to the economic development of a country (Daniel & Ayodele, 2015).

Given their significance to economic management in developing countries, public enterprises are expected to perform optimally to enhance these countries' performance and catalyse the private sector's activities. Despite this role, many authors, such as Afonso and Schuknecht (2003), Tanzi (2006), Lobina (2008) and Tanzi (2015), have adjudged public enterprises to have failed regarding economic performance in Africa. Hanson (2012) also observes that public enterprises have become obstructions to economic development in post-independent federations due to their ineffectiveness and the enormous financial resources needed to manage them.

In the context of Nigeria, Nwachukwu (2007) and Okoli (2004) assessed that the government has not functioned well as a resource manager. The disappointment of public enterprises such as Nigeria Airways, Ajoakuta Steel Company, Nigerian Telecommunications, Arewa Textile Industry, Benue Breweries, National Electric Power Authority (NEPA), Nigeria Railways Corporation, Agro-millers Limited, Benue Cement Company, Benue Fertilizer Blending Company, among others, indicate that most public enterprises have failed to live up to the expectations of the Nigerian public (Lobina 2008; Nnamdi, & Nkwede, 2014). As a result, most state-owned firms have been dissolved owing to substantial operational losses, and those that remain in existence rely on government subsidies and assistance to continue (Laleye, 2002). According to Bass and Avolio (2014), public companies that are not self-sustaining place a financial burden on the government. As seen in the 1980s, 1990s, and the new century, this condition has forced calls for the outright sale, liquidation, or privatisation of public businesses to redirect government resources to other productive purposes. Public enterprises in Nigeria today have served as platforms for promoting political objectives and, consequently, are affected by political interference. The Nigerian Television Authority (NTA), the Nigeria National Petroleum Corporation (NNPC) and Federal Radio Cooperation (FRC) are the best examples, as given by Olayinka and Sobowale (2017).

In the same vein, the North-Central region of Nigeria is characterised by a plethora of failed and liquidated public enterprises and a comparatively weak private sector. The state of performance of public enterprises and agencies of government so pathetic as most of the public enterprises in the Zone, such as Ajoakuta Steel Company, Lobi Bank, Jos International Breweries, Panyam Fish Farm, Benue Breweries, Benue Cement

Company, Benue Plastic Company, Makurdi Sheraton Hotels, Agro Millers Limited, Benue Fertilizer Blending Company Ltd, Agricultural Development Cooperation (ADC), Star Cement Company Ltd, Igumale Cement Company, Benue Hotels Ltd, among others, are in the state of comatose (Adewale, 2014).

Many factors could be responsible for the ineffective performance of public enterprises in Nigeria. Among the prominent factors are managerial, political, economic and technical (Ogunjobi, 2007). Nevertheless, in developing economies, the principal challenge to the optimal performance of public enterprises in contrast to private enterprises is managerial. Unfortunately, despite public enterprises' role in developing the Nigerian economy, studies are sketchy on the managerial milieu that affects public enterprises, especially in North-Central Nigeria. Against this background, this study investigates the managerial milieu on the performance of public enterprises in the North-Central States of Nigeria.

This study investigates the managerial milieu's effect on public enterprises' performance in the North-Central States of Nigeria, with specific objectives to examine how "funding" affects "productivity" and ascertain how "ethnic configuration" of management teams affects the "effectiveness" of public enterprises in Nigerian North-Central States. For statistical validation, the alternate hypotheses are formulated that "Funding has significant effects on the productivity of Public Enterprises in North-Central States of Nigeria" and that "ethnic configuration of the management team has a significant effect on the effectiveness of Public Enterprises in North-Central States of Nigeria.

2 Conceptual Review

2.1 Managerial Milieu

According to Amobi and Nnabuife (2006), management refers to the function of a specific set of officers who hold senior and privileged positions inside the business. These individuals define the organization's overarching policies, providing direction and, in a sense, establishing boundaries for using the organization's resources. More specifically, Lawal (2004) suggests that the Italian verb "managgiare" (to train a horse) is where the term "management" originates. Initially, it was used to denote the process of supervising, coaching, or guiding domestic and athletic endeavours. Later, it was expanded to include how corporations and governments operate.

On their part, Gryphon and Onah (2003) assert that management may be best comprehended from a resource-based approach, including human, financial, physical, and information resources. Thus, management is a set of activities involving planning, organising, coordinating, controlling and directing an organisation's resources to achieve organisational goals effectively and efficiently.

Managerial milieu constrain the leaders of companies or corporations from attaining organisational goals (Ogohi, 2014). Public enterprises have several challenges which affect the quality of their goods and services. Most public enterprises in Nigeria cannot compete effectively with private companies in the same business line. Several factors are responsible for this, including funding, the ethnic configuration of leadership, the mix of staff, government interference, and challenges in adapting to technological changes (Dakare, Sulaimon, Kuye&Iwuji, 2011). These challenges, as reviewed, included funding, the ethnic configuration of the management team, staff composition, government interference, and organisational performance.

2.2 Funding

These are monies that organisations need as working capital to carry out their daily operations. Inadequate funding of Public enterprises by the government will make the operations of those public enterprises difficult, if not impossible. Consequently, they also decided on the tariff structure, which would have raised additional revenue for them to perform better. Additionally, most of Nigeria's public enterprises were established with a minimum equity capital foundation, challenging obtaining financial support from banks. The poor capitalisation impeded borrowing, thereby contributing to negative performance (Agabi&Orokpo, 2014).

Similarly, Nnamdi and Nkwede (2014) assert that the performance of Nigerian enterprises was compromised in many instances leading to inefficient utilisation of resources by public enterprises coupled with heavy dependence on the national treasury for financial operations and their activities.

The following are sources of funds for the organisations, as postulated by Agabi and Orokpo(2014). These sources include Internally Generated Revenue (IGR) and Funds from External Sources (FES). In detail, these sources include internally generated revenue, external sources, capitalisations, grants and loans.

- a) **Internally Generated Revenue:** Internally generated revenue refers to trading surpluses, earnings from sales of goods and services, taxes and dividends. These incomes could be used to finance State Enterprises and investments.
- b) **External Funding Sources:** State Enterprises get funding from the government, local private business owners, national financial institutions, and foreign sources. The government, therefore, avail State Enterprises with the following sorts of funds:
- c) **Capitalisation Fund:** Like the Proprietor or shareholder, the government provides the necessary take-off funds for the business.
- d) **Grants:** Statutory grants or other categorical awards comprise many types of grants. Unlike statutory grants, which are regular and required and may either be generic or tied to specific activities, special or category awards are associated with particular projects or activities. Subventions are another name for regular grants.
- e) **Loan:** The government can lend money to public enterprises to help them with their financial management or help them with special initiatives or actions that are particularly interesting to governments.

2.3 Ethnic Configuration of Management Team

Different ethnic groups with ineptitude dominate the managerial apparatus of state businesses, both at the top and below. This phenomenon, nonetheless, is due to the disposition of the businesses and selection and recruitment processes. Dorfman (2007) observed that in most cases, the recruitment of public enterprise staff is not centred on meritocracy and technical qualification, as proposed by Weber in 1845. Similarly, Oguonu (2007) asserts that many people today whose appointments to the public sector are based on lineage and ethnicity, most of whom have no skill to move the organisation forward. Davenport (2010) applauds that incompetence among staff in any given organisation results in apparent ineptitude in functions. The intellect level, skill level, potential, capability, and quality of hired staff considerably impact public organisations' efficacy and efficiency (Agabi&Orokpo, 2014).

2.4 Staff Composition

The management mechanism of public businesses, particularly the Board of Directors, serves as the decision-making body and occupies the most crucial positions in the firm hierarchy. As a result, it is anticipated that management will have the technical or managerial skills necessary to achieve organisational goals. Unfortunately, the management structures of public firms lack the requisite talent, experience, and knowledge to keep organisations in line (Dess&Robison, 2007). This issue may be crucial in liquidating some government facilities in the country.

Furthermore, board members are appointed based on political favours or other primary considerations rather than merit. Furthermore, Ozor (2004) contends that the problem of public businesses in Nigeria stems mainly from the makeup of the Management Board. According to him, the administration of these businesses is not based on good universal standards consistent with basic bureaucratic concepts and norms, as espoused by Max Weber.

The Board of Directors, in particular, serves as the decision-making body and has the most crucial role in public firms' management structures. Therefore, the management is expected to have the technical or managerial competence to make organisational goals realisation possible (Emeh, 2012). However, conceptually, public enterprises' management structures lack the skills, experience and expertise to keep organisations above board. Perhaps this problem is pivotal to liquidating some government establishments in the country (Moriarty & Reeves, 2010).

2.5 Government Interference

Since public businesses are essentially government enterprises, the government and key government figures occasionally order them to do actions that may not be in their best interests (Peng, 2001). Political factors, for example, may compel the company to hire underqualified individuals for the position or to start projects that have no direct benefit to the company. In addition, government-run corporations are occasionally compelled to give money to the party in power for electoral and other objectives. Government and political meddling in the business concerns of the corporation will inevitably reduce the organisation's effectiveness.

Although the government must oversee its enterprises, these rules can occasionally be so onerous that they are ineffective. A government firm should be permitted to function in a manner comparable to private businesses involved in the same industry to compete successfully with them. For instance, if the government, for political reasons, imposes price limits on its corporations and cannot regulate the pricing of other businesses operating in the same industry, the government-run firm will not be able to return as much profit as the private businesses.

Specific governmental organisations can be compared to overindulged children who are helpless. Even though they were founded to serve the public and generate profits, most rely only on the government for everything, including the payment of staff wages and the maintenance or replacement of equipment. If this continues, the business will shut down, and employees will lose their jobs. Since they want to enhance their products and services, the personnel put in much effort (Ojakaminor, 2007). However, employees at public firms do not appear to care, maybe because their positions are safe and they can remain in them indefinitely, regardless of how well the company is doing financially. The public would avoid dealing with some public firms if they had a choice since their services are terrible. As a result, employees become less concerned with the work they do for the company due to the government's practice of routinely awarding funds to its businesses.

Political involvement frequently affects public enterprises as well. By the ruling government, they are frequently viewed as tools of political favouritism. As a result, there is overstaffing, mediocre product and location selection, and recruitment of mediocre people.

2.6 Organisational Performance

The premise that an organisation is a voluntary alliance of productive assets, such as human, physical, and capital resources, to pursue a common goal forms the basis of the concept of organisational performance (Alchian & Demsetz, 1972; Barney, 2001; Jensen & Meckling, 1976; Simon, 1976).

The term performance emerged in the mid-nineteenth century and was first used to define a sporting contest's results. In the twentieth century, the concept evolved and developed a series of definitions meant to encompass the broadest sense of what is perceived through performance. Therefore performance may determine the growth and survival of any organisation.

Improving an organization's performance and the well-being of its members via deliberate interventions is known as organisational performance. Likewise, a measure of an organization's efficiency or effectiveness in terms of its corporate image capabilities and financial performance is called organisational performance.

In their view, Dess and Robinson (2004) stated that organisational performance is the outcome of both individual and collective efforts of human elements in the working environment. Organisational performance refers to how well an organisation is doing to reach its vision, mission and goals.

The performance of an organisation refers to the whole of its many elements, including production, cost performance, turnover, output quality, profitability, and efficiency. Organisational performance is a multifaceted architecture made up of four components. According to Kim and Mauborgne (2009), they include relative profitability, return on investment, client retention, and overall sales growth. An organisation may use the efficacy and efficiency of achieving goals to evaluate performance. On the other hand, various metrics have been used since the middle of the 20th century to assess the success of organisations, including profit growth rate, growth in net or total assets, return on sales, shareholder return, increase in market share, number of new products, return on net assets, and many more.

3 Research Methodology

3.1 Study Population

The study population consisted of all staff of public enterprises in the North-Central States of Nigeria, as shown in Table 1. However, a total population of 364 staff of 30 public enterprises in the North-Central States of Nigeria were selected, given the study's sizeable geographical coverage area. Hence, the population of 30 enterprises (five from each of the six states in North-Central Nigeria) was used in the study. The selection procedure was purposive to pave the way for selecting public enterprises still in operation or where at least skeletal services are still being carried out.

Table 1: The Study Population

State	S/N	Location	Name of Company	Population
Plateau	1.	Bokkos	Bokkos Fertiliser Blending Plant	11
	2.	Burukun-Ladi	Highland Bottling Company	16
	3	Jos	Jos International Breweries	21
	4.	Jos	Plateau Investment and Property Development Company	18
	5	Panyam	Panyam Fish Farm	09
Plateau State Total				75
Kogi	1	Kabba	Kogi State Broadcasting Corporation	9
	2	Lokoja	Kogi State Transport Limited	9
	3	Lokoja	Kogi State Printing and Publishing Company	12
	4	Lokoja	Kogi State Internal Revenue Service	18
	5	Lokoja	Kogi State Investment and Properties	15
Kogi State Total				63
Benue	1.	Makurdi	Benue Breweries Limited	17
	2.	Makurdi	Benue Fertiliser Blending Plant	7
	3	Igumale	Star Cement Company	16
	4.	Makurdi	Benue Hotels	13
	5	Makurdi	Agro-Millers Ltd	8
Benue State Total				61

State	S/N	Location	Name of Company	Population
Kwara	1.	Ilorin	Kwara State Television	10
	2.	Ilorin	Kwara State Aluminum	10
	3.	Ilorin	Kwara Micro Finance	8
	4.	Ilorin	Kwara State Transport Company Ltd	7
	5.	Ilorin	Kwara Agro-Millers Nig. Ltd	11
Kwara State Total				55
Niger	1.	Kontogora	Kontogora Plastic Nigeria Limited	13
	2.	Minna	Niger State Transport Company	8
	3.	Minna	Vatex Agro-Chemical Nigeria Limited	18
	4.	Minna	Mamuna-Isa Resort Nigeria Limited	10
	5.	Suleja	Suleja Foods Nigeria Limited	9
Niger State Total				58
Nasarawa	1.	Awe	Awe-Agro-millers Nigeria Limited	7
	2.	Doma	Doma Agricultural Corporation Limited	11
	3.	Lafia	Nasarawa State Transport Company	12
	4.	Lafia	Lafia Flour Nigeria Limited	9
	5.	Keffi	Nasa Vegetable Nigeria Limited	13
Nasarawa State Total				52
Grand total				364

Source: Statistical Departments and Units of Various Public Enterprises in Nigeria (2022)

3.2 Sample Size and Sampling

The sample size was selected using Fisher's Method, which Kwahar and Onov (2017) see as credible and relevant for management research in recent times. The sample size was calculated using the following formula:-

$$n = \frac{t^2 * p (1 - p)}{C^2}$$

Where,

n = required sample size

t = confidence level at 95 significance level (standard value = 1.96)

p = estimated prevalence of the measured incidence, expressed in decimal (NBS reported that 85.5 percent of public enterprises in Nigeria perform sub-optimally p = 0.855)

C= the 5 percent margin of error (standard value = 0.05).

Substituting in the formula:

$$n = \frac{(196)^2 * 0.855 (1 - 0.855)}{(0.05)^2}$$

$$n = \frac{3.8416 \times 0.855 (0.145)}{0.0025}$$

$$n = \frac{0.4762636}{0.0025}$$

$$n = 191$$

Therefore, 191 is calculated as the total sample required for this study. The individual sample for each organisation was established after that.

3.3 Determination of Individual Sample Size

Since the sample for this study was allocated to 30 public enterprises in the North-Central States of Nigeria, it was furthercalculated using Bouley's (1964) formula specified in Kwahar and Onov (2014). Give the function as: -

$$nh = \frac{nNh}{N}$$

Where,

nh = sample required for each public enterprise

n = study sample size

Nh = the population of each enterprise

N = the study population

Thus, the sample for each organization was calculated as populated in Table 2.

Table 2: Sample Allocation to Selected Enterprises

State	S/N	Location	Name of Company	Population	$\frac{nNh}{N}$	Sample
Plateau	1.	Jos	Jos International Breweries	21	$\frac{191 * 21}{364}$	11
	2.	Bokkos	Bokkos Fertiliser Blending Plant	11	$\frac{191 * 11}{364}$	06
	3	Burukun-Ladi	Highland Bottling Company	16	$\frac{191 * 16}{364}$	08
	4	Panyam	Panyam Fish Farm	09	$\frac{191 * 9}{364}$	05
	5	Jos	Plateau Investment and Property Development	18	$\frac{191 * 18}{364}$	09
Plateau State Total				75		39
Kogi	1.	Lokoja	Kogi State Transport Limited	9	$\frac{191 * 9}{364}$	05
	2.	Lokoja	Kogi State Printing and Publishing Company	12	$\frac{191 * 12}{364}$	06
	3	Lokoja	Kogi State Internal Revenue Service	18	$\frac{191 * 18}{364}$	09
	4.	Lokoja	Kogi State Investment and Property Company	15	$\frac{191 * 15}{364}$	08
	5	Kabba	Kogi State Broadcasting Corporation	9	$\frac{191 * 9}{364}$	05
Kogi State Total				63		33
Benue	1.	Makurdi	Benue Breweries Limited	17	$\frac{191 * 17}{364}$	09
	2.	Makurdi	Benue Fertilizer Blending Plant	7	$\frac{191 * 7}{364}$	04
	3	Igumale	Star Cement Company	16	$\frac{191 * 16}{364}$	08

State	S/N	Location	Name of Company	Population	$\frac{nN_h}{N}$	Sample
	4.	Makurdi	Benue Hotels	13	$\frac{191 * 13}{364}$	07
	5	Makurdi	Agro-Millers Ltd	8	$\frac{191 * 8}{364}$	04
Benue State Total				61		32
Kwara	1.	Ilorin	Kwara State Television	10	$\frac{191 * 10}{364}$	05
	2.	Ilorin	Kwara State Aluminum	11	$\frac{191 * 11}{364}$	06
	3	Ilorin	Kwara Micro Finance	9	$\frac{191 * 9}{364}$	05
	4.	Ilorin	Kwara State Transport Company Ltd	12	$\frac{191 * 12}{364}$	06
	5	Ilorin	Kwara Agro-Millers Nig. Ltd	13	$\frac{191 * 13}{364}$	07
Kwara State Total				55		29
Niger	1.	Kontogora	Kontogora Plastic Nigeria Limited	13	$\frac{191 * 13}{364}$	07
	2.	Minna	Niger State Transport Company	8	$\frac{191 * 8}{364}$	04
	3	Minna	Vatex Agro-Chemical Nigeria Limited	18	$\frac{191 * 18}{364}$	09
	4.	Minna	Mamuna-Isa Resort Nigeria Limited	10	$\frac{191 * 10}{364}$	05
	5	Suleja	Suleja Foods Nigeria Limited	9	$\frac{191 * 9}{364}$	05
Niger State Total				58		30
Nasarawa	1.	Awe	Awe-Agro-millers Nigeria Limited	7	$\frac{191 * 7}{364}$	04
	2.	Doma	Doma Agricultural Corporation Limited	11	$\frac{191 * 11}{364}$	06
	3	Lafia	Nasarawa State Transport Company	12	$\frac{191 * 12}{364}$	07
	4.	Lafia	Lafia Flour Nigeria Limited	9	$\frac{191 * 9}{364}$	05
	5	Keffi	Nasa Vegetable Nigeria Limited	13	$\frac{191 * 13}{364}$	07
Nasarawa State Total				61		29
Grand total				364		191

Source: HR Department of the companies under study

3.4 Model Specification

The generalised model to be used in this study is based on the assumption that the performance of public enterprises (PPE) is a function of the level of the management milieu (MM) faced by these enterprises in the North-Central States of Nigeria. These management milieus include staff composition, volume and sources of

funding, ethnic configurations of members of leadership, Political interference and speed of adjustment to technological changes.

The implicit model for this study can be depicted as follows:

$$PPE = f(FUN + SCM + EML + POI + TEC) \dots\dots\dots (i)$$

On the other hand, the explicit form is stated thus:

$$PPE = b_0 + b_1FUN + b_2SCM + b_3EML + b_4POI + b_5TEC + U_t \dots\dots\dots (ii)$$

Where

- FUN = Funding
- SCM = Staff composition
- EML = Ethnic configurations of members of the leadership
- TEC = Speed of adjustment to technology
- POI = Political interference
- U_t = Error term
- b₀ = Regression intercept
- b₁, b₂, b₃, b₄, b₅ = Parameter estimates
- a priori* Expectations: b₁> 0, b₂> 0, b₃> 0, b₄> 0, b₅> 0

4 Data Analysis and Results

The result is analysed and presented based on the relationship between funding and the productivity of Public Enterprises, the Ethnic Configuration of Members of Leadership on the Effectiveness of Public Enterprises, and their respective descriptive means, standard deviations, and inferential hypothesis tests.

4.1 Funding and Productivity of Public Enterprises

A set of enquiries were made to the survey respondents regarding the relationship between Funding and Productivity of Public Enterprises, and the performance rating of the respondents was established as captured in Table 3. The table provides valuable insights into the relationship between funding and performance in the studied enterprise. It appears to be a survey or assessment where respondents were asked to rate the effect of funding on various performance aspects.

Table 3 shows that out of 191 respondents, 94 agreed strongly that funding affects the productivity of public enterprises in the North-Central States of Nigeria. Similarly, 70 respondents agreed, though not strongly, with the other 94. Respondents agreed or strongly agreed that funding affects public enterprises' productivity were 164 (or 85.6 per cent). However, the remaining 27 (or 14.4 per cent) disagreed. Specifically, 21 out of the 191 respondents disagreed that funding affects public enterprises' productivity, while six strongly disagreed.

Table 3: Funding and the Productivity of Public Enterprises

Effect of Funding	Performance Rating				Total
	SA	A	D	SD	
The enterprise lacks adequate funds for its effective management	113	59	17	2	191
Funds released to the enterprise	46	90	41	14	191

are delayed by late passage of budget					
Some of the funds requested from the State Government to run the enterprise are not provided	143	33	11	4	191
All our sources of funds are from government	166	18	7	0	191
The equities of our organizations are very low	26	112	35	18	191
We often improvise to meet up with the challenging task of managing the enterprise	71	107	13	0	191
Average Total	94	70	21	6	191

Source: *Field Survey, 2022*

This result suggests that most respondents agreed (and strongly do) that funding affects the productivity of public enterprises in the North-Central States of Nigeria.

The Table shows that the cluster Mean of items for funding is 2.80 above the cut point of 2.50 ($4 + 3 + 2 + 1 = 10 \div 4 = 2.50$ for a four-point summation Likert scale). Thus, it implies that based on Objective One, respondents agreed that funding affects the productivity of public enterprises in the North-Central States of Nigeria.

On the enquiry on "whether enterprise lacks adequate funds for its effective management..." This category indicates that many respondents (113) strongly agree that the enterprise faces a shortage of funds required for effective management. Additionally, 59 respondents agree with this statement. These responses highlight a potential challenge in the organisation's resource allocation and financial planning. Additionally, the delays in the budgetary process negatively impact the timely release of funds to the enterprise. A considerable number of respondents (90) agree with this statement, indicating that late passage of the budget hinders the organization's financial operations.

The table agrees that funding issues significantly influence the enterprise's performance in Nigeria (Iyawa, Ohaka, & Obidike, 2019). Also identified are insufficient funds, delayed release of funds, and the unavailability of requested funds from the government are vital challenges (Akintaro, Olokoyo, & Olaniran, 2019). Low equities also contribute to the financial constraints faced by the organization (Okafor, Okoye, & Obigbemi, 2021). The need for improvisation to manage the enterprise suggests that financial limitations actively affect day-to-day operations. These findings call for attention to financial planning, budgetary processes, and exploring alternative funding sources to enhance the organization's performance and financial stability.

Furthermore, a descriptive insight into various aspects of funding and management in the enterprise under study was extracted, as presented in Table 4.

Table 4: Mean and Standard Deviations Scores of the Effect of Funding on the Productivity of Public Enterprises

Items	Mean	Standard Deviations (SD)	Decision
The enterprise lacks adequate funds for its effective management	2.67	1.928	Agreed
Funds released to the enterprise are delayed by late passage of budget	2.41	2.491	Disagreed
Some of the funds requested from the State Government to run the enterprise are not provided	3.56	1.470	Agreed
All our sources of funds are from government	3.81	1.142	Agreed
The equities of our organisations are very low	1.70	2.714	Disagreed
We often improvise to meet up with the challenging task of managing the enterprise	2.66	2.206	Agreed
Cluster Mean/SD	2.80	11.951	Agreed

Source: Computed from Table 4.2 using SPSS (V.21).

The Cluster Mean score of 2.80 and a high Standard Deviation of 11.951 indicate general agreement within the overall cluster. However, the high standard deviation suggests a wide range of responses, highlighting the diverse perspectives within the cluster. Generally, the table reveals several areas of concern related to funding and management in the enterprise. It reiterates the perception of inadequate funds, challenges with securing government funds, and the need for improvisation in managing the organization (Adekola & Sergi, (2016).

The mean score of 2.67 suggests that respondents agree that the enterprise lacks sufficient funds for effective management, indicating a perception of financial constraints within the organization. Additionally, the relatively moderate standard deviation of 1.928 implies consistency among respondents' views. Since most of the funding from the government is irregular, the mean score of 2.66 suggests agreement that improvisation is frequently required in managing the enterprise. These findings agree with Ogunnaike et al. (2020) that Nigerian organization faces ongoing challenges that necessitate creative problem-solving and adaptive approaches. Finally, the standard deviation 2.206 indicates a considerable variability in respondents' views, reflecting diverse experiences or perceptions of the need for improvisation.

These findings correspond with the position of Uwuigbe & Ezejiofor (2019) on the importance of addressing funding issues, improving financial planning, and seeking alternative sources of support to enhance the overall performance and stability of the enterprise.

4.2 Ethnic Configuration and Effectiveness of Public Enterprises

This sub-section provides descriptive data analysis on the effect of the ethnic configuration of members of leadership on the effectiveness of public enterprises in line with Objective Two of the study. The Table presents data that border on the effect of the ethnic configuration of leadership members on the effectiveness of public enterprises in the North-Central States of Nigeria. Table 5 shows that 119 respondents strongly agreed that the ethnic configuration of leadership members affects the effectiveness of public enterprises. On a scale of less magnitude, 41 respondents also agreed with the view of the 119 respondents, resulting in a total of 160 (83.7 per cent) with affirmative responses. However, the remaining 31 or 16.3 per cent of respondents disagreed with the view that the ethnic configuration of members of leadership affects the effectiveness of public enterprises.

Table 5: Effect of Ethnic Configuration of Members of Leadership on the Effectiveness of Public Enterprises

Effect of Leadership	Performance Rating				Total
	SA	A	D	SD	
To become a leader in our enterprise, you must come from a particular ethnic group	116	40	28	7	191
One needs the support of a particular tribe to hold leadership positions in our enterprise	107	54	21	9	191
The leadership of our enterprises is dominated by persons from a particular ethnic group	125	33	24	9	191
Merit is often abandoned in favour of tribe and ethnicity while appointing leaders in our enterprise.	128	36	19	8	191
Average Total	119	41	23	8	191

Source: Field Survey, 2022

Specifically, 23 respondents strongly disagreed, and eight respondents disagreed with the contenting view that the ethnic configuration of members of leadership affects the effectiveness of public enterprises in the North-Central States of Nigeria.

The average totals for each rating category provide an overview of the overall responses. The average total for strongly agree (SA) is 119, for agree (A) is 41, for disagree (D) is 23, and for strongly disagree (SD) is 8. These averages suggest a general tendency towards agreement with the statements related to the effect of leadership based on ethnic and tribal factors. The data presented in the table highlights respondents' perceptions regarding the influence of ethnicity and tribal affiliations on leadership positions within the enterprise.

The responses to whether "becoming a leader in our enterprise, one must come from a particular ethnic group..." indicate that a significant number of respondents (116) strongly agree with this statement, suggesting that there is a perception that leadership positions in the enterprise are reserved for individuals belonging to a specific ethnic group. This finding raises concerns about potential exclusion or bias in

leadership selection processes. Consequently, scholars noted that merit is often abandoned in favour of tribe and ethnicity while appointing leaders in Nigerian enterprises (Adedokun & Fagbohunge, 2019; Nwagbara, Ibrahim, Suleiman, 2018). The data indicates that most respondents (128) agree that merit is frequently disregarded in favour of tribe and ethnicity during leadership appointments in the enterprise. This finding raises concerns about potential nepotism or favouritism that may hinder selecting the most qualified individuals for leadership roles.

The findings raise concerns about potential biases, exclusions, and the need to ensure fair and merit-based selection processes for leadership roles. Addressing these issues may contribute to a more inclusive and diverse leadership environment that fosters equal opportunities for all individuals in the enterprise.

Additional data presented in Table 6 show that the cluster Mean of items for ethnic configuration of leadership members is 4.00, above the cut-off point of 2.50 ($4 \times 3 + 2 + 1 = 10 \div 4 = 2.50$ for a four-point summation Likert scale). Thus, based on Objective Two, respondents agreed that the ethnic configuration of members of leadership affects the quality of effectiveness of public enterprises in the North-Central States of Nigeria.

Table 6: Mean and Standard Deviations Scores of the Effect of Ethnic Configuration of Members of Leadership on the Effectiveness of Public Enterprises

Items	Mean	Standard Deviations (SD)	Decision
To become a leader in our enterprise, you must come from a particular ethnic group	3.87	2.06	Agreed
One needs the support of a particular tribe to hold leadership positions	3.96	2.01	Agreed
The leadership of enterprises dominated by persons from a particular ethnic group	4.02	1.02	Agreed
Merit is abandoned in favour of tribe and ethnicity while appointing leaders in our enterprise.	4.05	0.85	Agreed
Cluster Mean/SD	4.00	1.29	Agreed

Source: Computed from Table 4.4 using SPSS (V.21)

The data suggests a strong agreement among the respondents regarding the influence of ethnicity and tribal factors on leadership in the enterprise. Across all four items, the mean scores range from 3.87 to 4.05, indicating a consensus that these factors play a significant role in leadership appointments.

The cluster Mean-score of 4.00 and a standard deviation of 1.29 aligns with the overall agreement trend among respondents. These perceptions suggest a prevailing sentiment within the cluster that ethnicity and tribal affiliations strongly impact leadership positions in the enterprise. The findings from this table indicate a need to address potential biases and promote inclusivity and diversity in leadership within the organization.

Implementing fair and transparent selection processes based on merit and qualifications can help create an environment that values equal opportunities for all individuals, regardless of their ethnic or tribal background. By fostering a more inclusive leadership culture, the organization can benefit from diverse perspectives and experiences, leading to better decision-making and overall performance.

4.3 Test of Hypotheses

The hypotheses earlier stated are at this moment tested thus:

H₀1: Funding has no significant effects on the performance of Public Enterprises in the North-Central States of Nigeria.

Table 7: Test of Hypothesis 1

t-statistics			0.51*(FUN)
Standard Errors			2.105(FUN),

Source: Computed using SPSS (V.21).NB: *indicates significance at 0.05 Level.

The result of the t-statistic of the regression estimate for funding was 0.51, which was significant at the 0.05 Level. Therefore, The hypothesis that funding has no significant effect on the performance of Public Enterprises in the North-Central States of Nigeria was rejected. The implication of rejecting the null hypothesis is that funding significantly negatively affects the performance of Public Enterprises, thus constituting a severe managerial milieu to the performance of Public Enterprises in the North-Central States of Nigeria.

H₀2: Ethnic configurations of leadership members have no significant effects on the performance of Public Enterprises in the North-Central States of Nigeria.

Table 8: Test of Hypothesis 2

t-statistics			0.58*(EML),
Standard Errors			1.340(EML),

Source: Computed using SPSS (V.21).NB: *indicates significance at 0.05 Level.

The result of the t-statistic of the regression estimates for ethnic configurations of members of leadership presented in Table 4.7 was 0.58, which was significant at 0.05 Level. Therefore, the hypothesis, which stated that ethnic configurations of leadership members have no significant effect on the performance of Public Enterprises in the North-Central States of Nigeria, was rejected. The implication of rejecting the null hypothesis is that ethnic configurations of leadership members significantly negatively affect the performance of Public Enterprises and thus constitute a severe managerial milieu to the performance of Public Enterprises in the North-Central States of Nigeria.

5 Conclusion

The article comprehensively analysed the relationship between funding, ethnic leadership configuration, and public enterprises' effectiveness in the North-Central States of Nigeria. The study collected data through a survey, capturing respondents' perceptions and ratings on various aspects related to funding and leadership. The findings shed light on the challenges public enterprises face and highlighted the need for attention to financial planning, resource allocation, and leadership selection processes.

Regarding funding and productivity, most respondents agreed that funding significantly affects the productivity of public enterprises. Key challenges were identified as insufficient funds, delayed release, and the unavailability of requested funds from the government. The findings emphasized the importance of addressing funding issues, improving financial planning, and exploring alternative funding sources to enhance public enterprises' overall performance and stability.

Regarding the ethnic configuration of leadership, many respondents agreed that ethnic configurations significantly impact the effectiveness of public enterprises. There was a perception that leadership positions were reserved for individuals from specific ethnic groups, and merit was often disregarded in favour of tribe and ethnicity during leadership appointments. The study highlighted the need for fair and merit-based selection processes to ensure inclusivity and diversity in leadership roles.

The statistical analysis supported the hypotheses, revealing significant adverse effects of funding and ethnic leadership configurations on public enterprises' performance. Furthermore, the results emphasized the critical role of effective management in addressing these challenges and improving the overall performance of public enterprises in the North-Central States of Nigeria.

In conclusion, the study provided valuable insights into the relationship between funding, the ethnic configuration of leadership, and the effectiveness of public enterprises. The findings underscored the need for strategic interventions to address funding constraints, improve financial planning, and promote fair and transparent leadership selection processes. Public enterprises can enhance their performance, financial stability, and overall effectiveness by addressing these challenges. The study's implications call for policy reforms and managerial actions to create a conducive environment fostering inclusive and effective public enterprise governance.

References

1. Acho, Y.&Abuh, P. A. (2016). *Corruption and accountability in the Nigerian public sector. An empirical discourse. International Journal of Public Administration and Management Research*, 3(3).
2. Adamolekun, L. & Gboyega (2002). *Public administration in Africa: A Nigeria and comparative perspective. Main Issues and Selected Country Studies in Africa. Ibadan: Spectrum Books Limited.*
3. Adedokun, M., & Fagbohunbe, B. O. (2019). *Ethnocentrism and organizational culture in the Nigerian banking industry: A critical assessment. South African Journal of Economic and Management Sciences*, 22(1), 1-12.
4. Adekola, A., & Sergi, B. S. (2016). *Challenges facing small and medium-sized enterprises (SMEs) in Nigeria: An intellectual capital perspective. Journal of Intellectual Capital*, 17(1), 190-209.
5. Adewale, (1999). *The political economy of public enterprises. An epitome of contradictions. Review of African Political Affairs*, 6(1-2).
6. Adewale, O. H. (2014). *Internal control systems. A managerial tool for proper accountability. A case study of Nigeria Customs Service. Eujournal.org.*
7. Afonso A.,Schuknecht L., Tanzi V., (2003). *Public sector efficiency: An international comparison. European Central Bank, Working Paper No. 242/July 2003, 10-12.*
8. Agabi,P.T.&Orokpo, F.E. (2014). *Performance of public enterprises in Nigeria and the privatisation option. International Journal of Public Administration and Management Research*, 2(2).
9. Akintaro, O., Olokoyo, F. O., & Olaniran, O. E. (2019). *Effect of public funding on the performance of small and medium enterprises in Nigeria. Cogent Business & Management*, 6(1), 1679499.
10. Amobi, D. S and Nnabuife, K. E. (2006). *Management: An Operational Perspective, Awka: Goshen Publishers.*

11. Antonakis, J., Avolio, B. J., & Sivasubramaniam, N. (2003). *Context and leadership: An examination of the nine-factor full-range leadership theory using the Multifactor Leadership Questionnaire*. *The Leadership Quarterly*, 14(3), 261-295.
12. Avolio, B. J. (2014). *Examining leadership and organisational behaviour across the boundaries of science*. *Psychology Journal*.
13. Ayodele, O. & Abidoye, B. (2015). *Climate change and African economic growth. An econometric analysis*. *Africa Economist working papers 307336*.
14. Barney, U.F. (2010). *Using subjective evaluations of organisational performance in small business research*. *American Journal of Small Business*, 12(3), 45-53.
15. Dess, G. & Robison R. (2004). *Measuring organisational performance in the absence of the objectives measures*. *Strategic Management Journal*, 5(3) 265-273.
16. Dorfman, P.W. (1997). *Leadership in Western and Asian countries: Commonalities and differences in effective leadership processes*. *Leadership Quarterly*, 8(3).
17. Emeh, I. E. J. (2012). *Understanding the poor performance of Nigerian public enterprises focusing on the theories of administrative weaknesses, interdisciplinary*. *Journal of contemporary research in business*. *Institute of Interdisciplinary Business Research*, 4(5) ijcrb.webs.com.
18. Iyawa, G. I., Ohaka, J. O., & Obidike, V. N. (2019). *Financing constraints and the performance of small and medium enterprises in Nigeria*. *Journal of Entrepreneurship in Emerging Economies*, 11(2), 258-274.
19. Jinsen M. C. & Meckling W. H. (1976). *Theory of the firm: Managerial behaviour, agency costs and ownership structure*. *Journal of Finance and Economics*. 3(4).
20. Lawal A. (2004). *An analysis of government spending on Agricultural sector and its contribution to GDP in Nigeria*. *Economics*.
21. Nadeem K, Noor, A. I. & Marlin M. M. (2016). *The role of government funding in efforts to enhance organisational performance*. *Global Business Management Review* 8(1).
22. Neely, A. D. (1999). *The performance of measurement revolution: Why now and what next*. *International Journal of Operations and Production Management*, ISSN: 0144- 3577.
23. Nnamdi C.P & Nkwede J.O (2014). *Managing the challenges of public enterprises; the imperatives for privatisation and commercialisation of Railway Corporation*. *Kuwait chapter of Arabian Journal of Business and Management Review*, 5(11).
24. Nongo, S. E. (2015). *Baseline study of private sector organizations in Benue State*. *International Journal of Business and Management*.
25. Nwagbara, U., Ibrahim, A., & Suleiman, Y. (2018). *Ethnocentrism and its implications on Nigerian human resource management*. *Management Science Letters*, 8(1), 35-46.
26. Ogunjobi (2007). *Democratic consolidation and challenges of legislative politics in Nigeria: Political Economy Approach*. www.academia.edu.
27. Ogunnaike, O. O., Ayoade, A. O., & Salau, O. P. (2020). *Strategic management challenges of small and medium-sized enterprises in Nigeria: Insights from selected cases*. *Heliyon*, 6(3), e03473.
28. Ojakaminor, E. A. (2007). *Aso rock and the challenges of power*. *International Journal of Research in Arts and Social Sciences*, (4).
29. Okafor, G., Okoye, N., & Obigbemi, I. (2021). *Financial constraints and firm growth in Nigeria: The moderating effect of ownership structure*. *Cogent Economics & Finance*, 9(1), 1913786.
30. Okoli, I. C; Anyaaegbunam, C. N; Etuk E. B; Udegbu M.C & Udedibie A.B.I (2004.). *Socio-economic characteristics of poultry business entrepreneurs*. *JASR*.
31. Omoleke I. I. & Adesopo A. (2005). *Privatization of Nigerian public enterprises - its practical challenges as a reformulated policy of the fourth republic*. www.researchgate.net

32. Onah, F.O (2003). *Politicising of local government bureaucracy in Nigeria: Manifestations and implications*. *Abuja Management Review (AMR)*,1(4).
33. Ozor E. (2004). *Public enterprises in Nigeria: A study in public policy making in changing political economy*. Ibadan: Ibadan Universit press plc.
34. Peng M. W. (2001). *How entrepreneurs create wealth in transition economies*. *Academy of Management Perspectives*. 15(1): 95-108.
35. Simon, H. A. (1976) *Administrative behaviour - A study of decision-making processes in administrative organisations*,3rd Edition. Macmillan Pub. Co. Inc, New York.
36. Tanzi, R. (2015). *Fiscal and monetary policies during the great recession*. *Comparative Economic Studies*, 57 (2).
37. Uwuigbe, U., & Ezejiofor, R. A. (2019). *Financial planning and performance of small and medium-sized enterprises in Nigeria*. *Acta Universitatis Danubius: Oeconomica*, 15(1), 85-101.