**BUREAUCRACY AND EFFICIENCY IN NIGERIAN PUBLIC ENTERPRISE**

**(A CASE STUDY OF POWER HOLDING)**

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**ABSTRACT**

      *The primary purpose of this study is to ascertain the compact of bureaucracy towards achieving organizational objective.*

*The survey method of descriptive research was used for the study. The main instrument used in data collection for the study was a questionnaire the responses were tallied in frequency tables and percentage was used to analyze the data.*

*The result of the analysis and interpretation revealed that bureaucracy has too much innovation and not rigidity, it sees human feelings and not regarding human feelings and not regarding human as a programmed like machines and appropriately manipulated to produce standard outcomes in the organization.*

*It was also discovered that rules and regulation encourage the operation of Power holding  , Anambra state , impersonal orientation help the actualization of organizational objectives, too close supervision and control helps bureau orate in the process of carrying out assigned works in the organization, employees are motivated due to unsterile work environment, strick adherence to rules and regulation allow for workers.*

*Creativity and innovation, hierarchy of authority fosters the process of decision, a message- sender and message receive short communication, Division of work, competency and slow the process of decision making, employee are satisfied by the method o payment and remuneration.*

*Also, it was recommend from the study that organization  has been viewing their staff as human that have feelings and not like machine that and be programmed, the bureaucratic heads management should neither be two rigid nor two flexible in things but a balance should be structured, employees should be expose to learning opportunities so as to bring out creativity and innovativeness in them.*

*The top stakeholders should “work with and not load over’ subordinate should understand how the system works that will bring positive change.*

**CHAPTER ONE**

**INTRODUCTION**

**1.1   BACKGROUND OF THE STUDY**

Bureaucracy is a distinctive arrangement used by human beings to organize their activities. The invention of Western bureaucracy several centuries ago helped solve the problem for leaders of governing human systems that grew larger and more complicated with each passing year. The great virtue and probably defining characteristic of bureaucracy, according to the one of the founders of sociology, German Max Weber ( 1864-1920), is as “an institutional method for applying general rules to specific cases, thereby making the actions of government fair and predictable”.

Weber contributed much to the understanding of bureaucracy as a social phenomenon. His ideal bureaucracy legitimately, efficiently, and rationally organized people and work to get things done by the elected leader in a democracy. Bureaucracy, he noted, provides for the role of the “functionary” (an interesting word), who is the person interspersed between leader and electorate within a democratic system. Ten features of the Weberian bureaucracy archetype follow:

1. The bureaucrats must be personally free and subject to authority only with respect to the impersonal duties of their offices.
2. The bureaucrats are arranged in a clearly defined hierarchy of offices.
3. The functions of each office are clearly specified.
4. The bureaucrats accept and maintain their appointments freely—without duress.
5. Appointments to office are made on the basis of technical qualifications, which ideally are substantiated by examinations administered by the appointing authority, a university, or both.
6. The bureaucrats receive money salaries and pension rights, which reflect the varying levels of the hierarchy. While the bureaucrats are free to leave the organization, they can be removed from their offices only under previously stated, specific circumstances.
7. The office must be the bureaucrat’s sole or at least major occupation.
8. A career system is essential; while promotion may be the result of either seniority or merit, it must be premised on the judgment of hierarchical superiors.
9. The bureaucrats do not have property rights to their office or any personal claim to the resources that go with it.
10. The bureaucrat’s conduct must be subject to systematic control and strict discipline.

Bureaucracy has been called a concept with a career. Today it has at least four separate meanings:

1. The totality of government offices or bureaus that constitute the permanent government of a state; that is, those people and functions that continue irrespective of changes in political leadership.
2. All of the public officials of a government.
3. A general invective to refer to any inefficient organization encumbered by red tape.
4. A specific set of structural arrangements.

Bureaucracy is sometimes called the “fourth branch of government…While technically under control of the executive branch, it sometimes seems to function as if it had a will, power, and legal authority all its own.”

**The Two Main Problems of Bureaucracy**

      Most people at some time or another complain about two main problems with bureaucracy: **inefficiency** and **arbitrariness**, according to political scientist and author James Q. Wilson. Wilson received his Ph.D. from the University of Chicago in 1959 and later taught at Harvard and UCLA. (He is well known for his influential “broken windows” theory of crime (1982), that is, if police and the community ignore public disorder (symbolized by broken windows), then law-abiding people will be intimidated and criminals will get the message that “anything goes.”  Many police departments adopted this theory as part of “community policing.” Without good statistics on crime rates, nobody would know what worked in fighting crime.)

      Weber was a German sociologist and formulated ideas on the ideal management approach for large organizations. Unlike Taylor and Fayol who tried to solve practical problems related to the activity of managing, Weber was more concerned with the basic issue of structuring the enterprise. He developed a set of ideas about the structure of an organization that define what we know as “bureaucracy.”

The characteristics of an ideal formalized organization or bureaucracy as described by Weber consist of the following set of typical characteristics:

* Division of labor : authority and responsibility are defined very clearly and set out as official duties;
* Hierarchy of authority: office positions are organized in a hierarchy of authority resulting in a chain of command or what is known as “the scalar principle”;
* Formal selection: employees are selected on the basis of technical qualifications (merits) through formal examinations, education or training;
* Career managers: managers are not owners of the units they administer, but professionals who work for fixed salaries and pursue “careers” within their respective fields;
* Formal rules: administrators must function according to strict formal rules and other controls regarding the conduct of their official duties. These rules and controls would be impersonal and uniformly applied. .

Because of the emphasis on efficiency that had developed around the turn of the 20th century, many management scholars and practitioners interpreted Weber’s writings on bureaucracy as a prescription for organizing. However, Weber was more interested in developing his bureaucratic type as a method for comparing organizational forms across societies. He believed firmly that not one single organization would conform to the dimensions of his bureaucratic model. He only believed that some organizations would have a close resemblance to his ideal type of bureaucracy. Weber was merely testing his thesis of the modernization of society characterized by rationalization. The more modern societies become, the more rational the citizens will become and the greater the need to create bureaucratic organizations. It was Weber’s interest in the rationality of social life that directed his attention to the study of organizations.

On the topic of bureaucracy and efficiency, Wilson wrote: “Efficiency is a ratio of valued resources used to valued outputs produced…The smaller that ratio, the more efficient the production. If the valued output is a rebuilt skating rink, [for example,] then whatever process uses the fewest dollars or the least time to produce a satisfactory rink is the most efficient process.”

      But, Wilson notes, the valued output may not be only a rebuilt skating rink! Government has many valued outputs, including “a reputation for integrity, the confidence of the people, and the support of important interest groups. When we complain about skating rinks not being built on time we speak as if all we cared about were skating rinks. But when we complain that contracts were awarded without competitive bidding or in a way that allowed bureaucrats to line their pockets we acknowledge that we care about many things besides skating rinks; we care about the constraint that we want government to observe.

But is honest and accountable in its actions and properly responsive to worthy constituencies may be a very efficient government, if we measure efficience by taking into account all of the valued outputs.” Wilson concludes: “A perfectly efficient agency could be a monstrous one, swiftly denying us our liberties, economically inflicting injustices, and competently expropriating our wealth.”

Arbitrariness refers to “officials acting without legal authority, or with that authority in a way that offends our sense of justice. Justice means, first, that we require the government to treat people equally on the basis of clear rules known in advance: If Becky and Bob both are driving sixty miles per hour in a thirty-mile-per-hour zone and the police give a ticket to Bob, we believe they also should give a ticket to Becky. Second we believe that justice obliges the government to take into account the special needs and circumstances of individuals: If Becky is speeding because she is on her way to the hospital to give birth to a child and Bob is speeding for the fun of it, we may feel that the police should ticket Bob but not Becky. Justice in the first sense means fairness, in the second it means responsiveness. Obviously, fairness and responsiveness often are in conflict.”

Wilson says “the checks and balances of the American constitutional system reflect our desire to reduce the arbitrariness of official rule. That desire is based squarely on the premise that inefficiency is a small price to pay for freedom and responsiveness. Congressional oversight, judicial review, interest-group participation, media investigations, and formalized procedures all are intended to check administrative discretion.” Constraints such as these reduce the efficiency of an agency but also its arbitrariness. “We want the government to be both fair and responsive, but the more rules impose to insure fairness (that is, to treat all people alike [like Becky and Bob above]), the harder we make it for the government to be responsive (that is, to take into account the special needs and circumstances of a particular case.)”.

Americans fear bureaucracy’s use of discretion to guide decisions and actions, and insist on rules, for example, particularly “at the hands of street-level bureaucracies that deal with us as individuals rather than as organized groups and that touch the more intimate aspects of our lives [e.g., police, schools, medical institutions, prisons]. That worry is natural; in these settings we feel helpless and The State seems omnipotent. We want these bureaucracies to treat us fairly but we also want them to be responsive to our particular needs…”

Did you know that European bureaucracies are less rule-bound than American bureaucracies? This is true, according to Wilson. “The United States relies on rules to control the exercise of official judgment to a greater extent than any other industrialized democracy. The reason…has little to do with the kinds of bureaucrats we have and everything to do with the political environment in which those bureaucrats must work.”

How then does a society strike a reasonable balance between governance by rules and governance by discretion? First, Wilson suggests, we must “sensitize ourselves to the gains and losses associated with governance by rule rather than by discretion.” We need to be aware that in America rules induce agencies to

1     produce certain observable outcomes,

2     create offices, procedures, and claims inside an organization that can protect precarious values, and

3     specify minimum standards that must be met.

Talented, strongly motivated people usually will find ways of making even rule-ridden systems work to get the job done, says Wilson. Second, if we wish to complain about how rule-ridden our government agencies seem to be, we should direct those complaints not to the agencies but to the Congress, the courts, and the organized interests that make effective use of Congress and the courts.”

**1.2   STATEMENT OF PROBLEMS**

      The Power holding  was known in the eighties and nineties for early dispatch of services, result oriented performance and high productivity. It is pathetic to note that these qualities that endeared students and the Nigeria, Anambra state  are now extinct today with the following research questions:

1.       Does bureaucratic structure and control encourage and organization to achieve its objective.

2.       Does bureaucratic  improve decision making.

3.       Does bureaucratic improve productivity.

4.       Does bureaucratic improve efficiency in an organization or bureaucratic structure like Power holding

**1.3   OBJECTIVE OF STUDY**

The study is aimed at:

i.     To know how bureaucracy structure and control encourage an organization to achieve its objectives.

ii.    To find out how bureaucracy improve decision making.

iii.     To ascertain how bureaucracy improve productivity

iv.          To determine how bureaucracy improve efficiency I an organization

**1.4 RESEARCH QUESTION**

1. What ways do bureaucracy structure and encourage an organization to achieve its objectives?
2. Does bureaucracy improve the decision making of an organization?
3. What ways do bureaucracy improves productivity?
4. Does bureaucracy improve efficiency in an organization?

1.5 SIGNIFICANCE OF THE STUDY

Significance of study define the relative contribution of this research to public administrators, and public stakeholders if successfully carried out; however this study will be of great significance in the following ways:

1. The findings of this study will be of immense help to administrators and stake holders in correcting the flaws of bureaucratic set up.
2. It will help organization in boosting productivity
3. It enable government and organization to curb bureaucracy bottlenecks, redtapism and nonchalant attitude of public servants
4. The result of this findings will be useful to public enterprise and private organization when making decisions and policies.
5. This study academically will contribute to the stock knowledge for student and stimulate further research in the field of public administrators, personnel management and social sciences.

**1.6 SCOPE OF THE STUDY**

Since bureaucracy is an indispensible variable in public administration and public enterprise and organization, this to a large extent determines the success of every organization. Thus, the scope of this research borders on bureaucracy and efficiency in Nigeria Public Enterprise using Power Holding Company of Nigeria in Anambra State as a case study.

**1.7 LIMITATION OF STUDY**

The are few factors that posed as a constrained for the researcher while carrying out this study. This include: time constraint, financial constraint and unwillingness of staff to give out information

Time Constraint:

This factor posed a limitation to the study as the time framework designated to carry out this research was incompatible with other academic work. The researcher had paid undivided attention and multitasked in other tidy up this research.

Financial Constraint:

This factor posed as another challenge as finance was not available for the researcher to be mobilized to carry out this research.

Unwillingness of Staffs to give out information

Regarding to the non-challent attitude as characterized with public enterprise staffs, it was difficult to ascertain detailed information as they were cold in responding to the questionnaires tendered to them thus a holistic data could not be retrieved.

1.9 **Operational Defintions:**

**Bureacracy:** this  typically refers to an organization that is complex with multilayered systems and processes. These systems and procedures are designed to maintain uniformity and control within an organization. A **bureaucracy** describes the established methods of operations and procedures in large organizations or governments.

**Efficiency**:This is the ability to avoid wasting materials, energy, efforts, money, and time in doing something or in producing a desired result. In a more general sense, it is the ability to do things well, successfully, and without waste.  Efficiency signifies a peak level of performance that uses the least amount of inputs to achieve the highest amount of output.

Public Enterprise:Public enterprises are autonomous or semi-autonomous corporations and companies established, owned and controlled by the state and engaged in industrial and commercial activity

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 INTRODUCTION**

Our focus in this chapter is to critically examine relevant literatures that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in two sub-headings:

* Conceptual Framework
* Theoretical Framework and

**2.1 CONCEPTUAL FRAMEWORK**

**Bureaucracy**

Max weber defines bureaucracy as a highly structured, formalized, and also an impersonal organization. He also instituted the belief that an organization must have a defined hierarchical structure and clear rules, regulations, and lines of authority which govern it. Best Rockman (2015) opined that bureaucracy specifies the form of organization defined by complexity, division of labour, permanence, professional management, hierarchical coordination and control, strict chain of command, and legal authority. It is distinguished from informal and [collegial](https://www.merriam-webster.com/dictionary/collegial) organizations. In its ideal form, [bureaucracy](https://www.merriam-webster.com/dictionary/bureaucracy) is impersonal and rational and based on rules rather than ties of kinship, friendship, or patrimonial or [charismatic](https://www.merriam-webster.com/dictionary/charismatic) authority. He further explained that [Bureaucratic](https://www.merriam-webster.com/dictionary/Bureaucratic) organization can be found in both public and private institutions (Besley T et al,2005).

**Efficiency**

Efficiency is the state or quality of being efficient or able to account. Efficiency is very often confused with [effectiveness](https://en.wikipedia.org/wiki/Effectiveness%22%20%5Co%20%22Effectiveness). In general, efficiency is a measurable concept, quantitatively determined by the [ratio](https://en.wikipedia.org/wiki/Ratio%22%20%5Co%20%22Ratio) of useful output to total useful input. Effectiveness is the simpler concept of being able to achieve a desired result, which can be expressed quantitatively but does not usually require more complicated mathematics than addition(Besley T et al,2005). Efficiency can often be expressed as a percentage of the result that could ideally be expected, for example if no energy were lost due to friction or other causes, in which case 100% of fuel or other input would be used to produce the desired result or accomplish something with the least waste of time and effort; competency in performance (Besley T et al,2005).

**PUBLIC ENTERPRISE**

This is any commercial or industrial undertaking which the government owns and manages with a view to maximize social welfare and uphold the public interest. They function under the direct control of the government and some are even established under statutes and [Companies](https://www.toppr.com/guides/business-laws/companies-act-2013/meaning-and-features-of-a-company/) Act. Therefore, public enterprises are autonomous or Semi-Autonomous in [nature](https://www.toppr.com/guides/business-studies/business-services/nature-and-types-of-services/)(Bloom N et al, 2007).

**RATIONALE FOR PUBLIC SECTOR INTERVENTION**

 Public enterprises operate at the interface of the public and private sectors in mixed economies. Colonialism was a major factor in public sector intervention which was primarily based on the expansion of public enterprises across the globe. In the post-colonial period of independence, the interventionist role of the public sector as entrepreneur occasioned the creation and design of public enterprises as instruments of national development to correct the economic and social imbalance in developing countries through investment, production, trade, distribution, and consumption. The conscious expansion of public enterprises in countries in Africa, Asia, Latin America, and the Caribbean was one of the most marked trends in the six decades since the Second World War(Bloom N et al, 2007).

 There are essentially two broad reasons for the creation of public enterprises, one is economic, and the other is political. The economic rationale for the establishment of public enterprises was the existence of market failure. Market failure can be defined as the inconsistency of private objective function optimization with that of the social welfare function. Two pertinent cases refer to those in which the market fails to generate a solution set at which marginal costs equal marginal benefits because of external effects, or because of the existence of decreasing cost technology. However, the mere existence of market failure does not by itself justify public sector intervention. In addition, it has been argued that it was not enough to know that the market ailed, it was also necessary to be confident that the public sector could do better(Brennan G et al, 1980).

 Public sector intervention was predicated on the unavailability of capital and productive factors in terms of allocation of resources. Thus, when the private sector failed to seize the initiative or it could not provide resources on a sufficiently large scale due to inadequate capital, then government intervened through indigenous banking and financial institutions since private sector banks were risk averse and not inclined to lend for projects that were development oriented and have a long gestation period in relation to returns on investment(Brennan G et al, 1980).

 The political rationale was based on the reality that the role of government as entrepreneur became increasingly necessary as a pragmatic response to economic problems in the post-colonial period when many developing countries in Africa, Asia, and the Caribbean gained their independence during the 1950s and 1960s. The prevailing ideology at the time was that the government should play the lead role as entrepreneur and promote economic development and industrialization through the philosophy of controlling the commanding heights of the economy – the most important enterprises in the economy. The move was essentially a reaction to foreign dominance and/or control by a small oligarchic group which was strongly linked to the colonial era(Brennan G et al, 1980).

 Public enterprise were created to equip government with a cadre of well qualified professionals in economics, finance, management, and other specializations in order to improve the human capital requirement of central government. In addition, by providing capital and technology to strategic areas from which the private sector either shied away or lacked the capacity to invest, most governments resorted to public enterprises to increase capital formation, produce essential goods at lower costs, create employment, and generally contribute to economic and social development(Buchanan J et al, 1965).

 Public enterprises are organizational tools for implementing strategic choices and policies. The goal of all public sector authorities is to maximize the incomes and general wellbeing of their citizens, and public enterprises are seen as an important policy instrument for achieving that goal. Such enterprises make most sense in conditions where the private sector comprises small and medium size units and where only the focused fiscal, management and regulatory capacity of the public sector can achieve the critical mass needed to undertake major infrastructural, economic and social tasks. Public sectors may resort to such enterprises when the entrepreneurship, venture, innovation and initiative required to launch promising activities is not forthcoming from the private sector or where the risk of the new venture is beyond the capability of the private sector(Buchanan J et al, 1965).

 Public enterprises are occasionally seen as instruments for increasing indigenous participation in ownership, control, operation, business, industry, processing, services and other productive areas, thereby enhancing people empowerment and identification. They are seen as stabilizers of the economy. This is so especially with reference to enterprises seeking to provide stable and guaranteed prices for major primary products and to provide transport facilities, storage, warehousing and marketing of these products. They also provide essential public utilities at reasonable cost, which include gas, electricity, telephones, telecommunications and water(Buchanan J et al, 1965).

 A principal reason and motivation for the emergence of public enterprises is the public sector’s decision to intervene directly and actively in the economy in order to deal with development planning. Some countries believe that substantially nearly all of the economic functions of production and distribution need to be managed by the public sector. Other countries, also for ideological reasons, believe that certain kinds of activity, such as natural resource development, should be in the public domain. Still other countries tend to have a minimalist position with respect to public enterprise management(Ann Arbor et al, 2014).

**CHARACTERISTICS OF PUBLIC ENTERPRISE**

 According to (Coase R,1937), public enterprises have several characteristics that differentiate them from the rest of the public and private sectors, namely, (1) there are many variations regarding the enterprises’ ownership, control, form, type and nature; (2) they are legally and legislatively created; (3) they are not subject to parliamentary scrutiny, which applied to ministries, departments and field offices; (4) they have corporate status, they can be litigated and they can litigate an individual or group; (5) they look to public sector finances to provide financing to guarantee loans, buy inputs, protect their markets and facilitate output delivery; (6) technically, they are independently financed through their revenue, enabling them to do their own capital borrowing; (7) they can undertake and invest in development projects and take part in project identification, development and management; (8) in theory, public enterprises are autonomous and independent of the executive institutions, eg. political party control of the operating agencies; (9) personnel are not technically civil servants, who are employed directly by the board of management and are subject to enterprises’ employment conditions; (10) the enterprise boards are appointed by a minister through the cabinet; a board’s composition and direction is usually specified and its power is derived from enabling laws an in house regulations and standard operating procedures; an auditor is usually appointed by the board, but the minister has a participation in the process; the board minutes are submitted to the ministry, and annual enterprise reports are laid in parliament by the minister; and (11) the public enterprise sector is distinguished by its objectives, management traits and functions(Ann Arbor et al, 2014).

 The management and operational systems of the civil service are not adequate for public enterprises because the civil service tends to lack flexibility, it serves political responsiveness and organizational conformity, budgeting procedures are uncertain, accounting and pre-audit systems thwart prompt decision making, and tenure and promotion often depend on seniority. All these and other dilatory practices are fatal to the conduct of successful public enterprise management(Ann Arbor et al, 2014).

**ROLES OF PUBLIC ENTERPRISE**

The roles of public enterprises are multiple, multifaceted and dynamic in their operations not only theoretically but, more importantly, in practical terms.

1. The role of public enterprise in the economy of a country depends basically on its economic system. In a system of private enterprise, there is little room for public enterprise. In many countries, a system of mixed economy is adopted, giving both public and private enterprises a role to play in the overall economy.

2. There are many practical reasons why countries decide to have public enterprises. A public authority establishes a public enterprise when private enterprise is not in a position to initiate an industry or to undertake a production or service type activity which the public sector authority considers essential or desirable(Coase R,1937). The following pragmatic considerations lead a public sector authority to establish and expand public enterprises: (a) national security matters, defence, intelligence, diplomacy and international relations activities which the public enterprises; (b) a lack of appropriate private enterprises for certain purposes; e.g. agricultural credit; (c) the inability or unwillingness of private enterprises to develop certain services or products; (d) the need for certain public sector assistance and backstopping to private enterprises, e.g. marketing promotion, production assistance; (e) a desire to impose a more rational organization on some specific sectors. e.g. public utilities, (f) a desire to establish model production type enterprises, e.g. agricultural processing; (g) the fact that certain sectoral activities have traditionally been public enterprises, e.g. ports; (h) closely related to all these is the strong desire of the public sectors of many developing countries to accelerate growth, to speed up the process of diversification through new enterprises, to achieve greater self-reliance, to reverse or reduce excessive dependency, and to widen and broaden resource ownership(Ann Arbor et al, 2014).

 3. The public enterprise sector has demonstrated entrepreneurship in the public sector, carried out business facilitation in the private sector, promoted regional development, developed infrastructure, localized foreign owned enterprises, advanced industrial skills, promoted exports, substituted imports, distributed income, generated opportunities and created employment(Coase R,1937).

4. An important element to appreciate is the strategic role that public enterprise is playing in the overall growth/development process. On the whole, the public sector must take steps from time to time to control or influence the economy in key areas where it cannot rely entirely on the working of the market mechanism. When the public authority in a mixed economy establishes public enterprises, it normally adopts three strategic policies: it demarcates and limits the role of public enterprise, it stimulates and assists private enterprises, and it privatizes some of the public enterprises and sells them to private investors(Ann Arbor et al, 2014).

**EFFICIENCY IN PUBLIC ENTERPRISE**

Efficiency in Public sector organizations often analyzed academically inspired by opposing readings on the frontiers of state interference into the economic sphere. Although public provision of social services became a noteworthy phenomenon.The modern age particularly after the emergence of nation states (Rosanvallon 2000), debates on the proper function for governments in the social sphere are as long-standing as Plato’s The Republic. The accumulated literature on this particular theme can be mainly classified into two streams as Besley (2011) points out clearly below; One emphasizes government in the public interest. It outlines the range of activities that government can undertake to improve the lives of its citizens. Government provides underpinnings of the market system by establishing property rights and a means of adjudication through the courts. The logic behind this has been developed at length and provides the modern theory of state from a welfare economic point of view. At the other extreme are accounts of government seen mainly as a private interest. Government can be a focus for rent seeking in which the power to tax results in private, wasteful efforts to capture the state which then rewards the powerful at the expense of citizens at large. (Besley 2011, pp. 1–2).

 In addition to the theoretical background for the efficiency in the public sector, there is a growing awareness amid the decision-makers in the governmental institutions concerning the efficient allocation of resources within public sector organizations, which resulted in an expansion in the number of academic papers (Duncombe et al. 1997). The driving factor behind this growing sensitivity among governmental bodies is highly associated with the fact that inefficiencies may “suggest that public service resources could be better used elsewhere in the economy, or that more outputs could be generated within the public services without additional resources” as well as “undermine the public’s support for tax funding of public services” (Smith and Street 2005). Thus, studies assessing the efficiencies of public sector organizations are used as policy-recommendation papers together with their academic contributions as indicated by Duncombe et al. (1997). The ultimate goal of the empirical researches on this particular area is “to measure the relative efficiency of different public organizations providing the same public service” (Pedraja Chaparro et al. 2005). Accordingly, PedrajaChaparro et al. (2005) suggested two different measurement techniques. In the first technique, a number of partial performance measures are developed to comprehend the behavior of the organization. However, in the second one, a “general index” is defined to compute the efficiency of the given set of organizations. Hence, the former method specifies local efficiency scores, while the latter one refers to global efficiency indicators. The most common and methodologically well established efficiency indicators are predominantly stemming from the second group of indicators that use a variety of methods including parametric, semi-parametric, and non-parametric models (Stone 2002). There is a common argument in the efficiency analysis arguing that it is evidently hard to measure the efficiency performances of public sector organizations as opposed to the private companies due to the fact that public sector “produces goods that are provided either free at the point of use or at a price that is not determined by market forces” (IFS Report 2002) as well as the “non-tradable nature of goods and services” supplied by public organizations (Pedraja-Chaparro et al. 2005). Accordingly, price mechanism that is expected to ensure the efficient allocation of resources on the basis of conventional market dynamics does not function properly in the public sector. That is to say, “signaling” in the market mechanism tends to be substituted by the discretionary actions of political actors that would cause inefficiencies in the production process for the public sector organizations. In addition to the intrinsic problems of the public sector regarding to the political manipulation on the provision of welfare services, ill-defined nature of property rights within them lead people in the public service to act in reluctant ways on the usage of resources. And accordingly “the allocation of public resources is governed by a political process which usually does not follow the price mechanism” (Kang 1997). The political and social constraints, in lieu of market based constraints, on the publicly provided goods and services result in inefficient allocation of resources as well. Besides, the lack of competition and the “monopolistic nature of public production” prevent the actors in the public sector organizations to be cautious about the efficient usage of resources compared to their competitors in the private sector (Pedraja-Chaparro et al. 2005). 2 Bureaucracy and Efficiency As indicated in the preceding paragraphs, outputs produced in the public sector organizations either in police, education, healthcare, and courts is questioned concerning their efficiency performances. Chong et al. (2014) claimed that the reasons behind the lower productivity and efficiency figures in public sector can be summed up as “inferior outputs, including human and physical capital, technology, and poor management”. Moreover, Lewis (2004) and Bloom and Van Reenen (2007) stated that the poor public sector management is mostly motivated by lack of incentives, supervision, and monitoring. Consequently, the statements on poor management in the public sector encourage comprehensive investigation on bureaucracy that backbones the organizational structure in the public sector organizations. The economic insights on the bureaucracy studies are mostly situated on the fundamental question exploring to what extent efficient or inefficient usage of resources are interrelated with the managerial performances of bureaucrats. Besides, these studies are largely consisted of budget size (Downs 1965; Niskanen 1971), slack maximization (Migue and Belanger 1974), and expenditure choices (Williamson 1964) models. Moreover, since Migue and Belanger (1974) extended Niskanen’s (1971) assumption of technical inefficiency in the public sector by incorporating allocative inefficiency into the model, the number of empirical researches measuring both technical and allocative efficiencies of public sector organizations has boosted apparently. That is to say, the aforementioned papers on the economic theory of bureaucracy had paved the way for the current empirical researches to conduct efficiency analysis on public sector organization.

**2.2 THEORETICAL FRAMEWORK**

Bureaucracy in Public Enterprise sector employees, namely, bureaucrats, correspond to the major part of public sector discussions particularly when the efficiency in the public sector organizations is questioned. Hence, the efficient or inefficient allocation of resources to provide certain services to the public has often been examined on the basis of budget choices that are made by bureaucrats (McNutt 2002, p. 124). This part critically summarizes the fundamental insights and discussions on the bureaucracy and efficiency in the public sector. The introductory academic studies on bureaucracy were inspired from Weber’s (1947) influential work centered predominantly on German case. In his paper, Weber’s first and foremost aim was to put forward certain set of ideal characteristics for each and every bureaucratic mechanism including profit-maximizing firms (McNutt 2002, p. 124). Moreover, he was also trying to create the most appropriate way of management in organizations to assure that a staff can enhance her technical competence as well as apply it to the certain practical cases. Weber’s (1947) ideals for a well-functioning bureaucracy can be enumerated as “hierarchy, unity of command, specialization of labour, employment and promotion based on merit, full-time employment, decisions based on impersonal rules, the importance of documentation and a separation between the bureaucrats’ work-life and private life”. These aforementioned characteristics still influence modern conception of bureaucracy and stimulated the formation of vast literature in this particular area of research (Aucoin 1995, p. 157).

Following the early sociological analysis of bureaucracy introduced by Max Weber, economic insights on bureaucracy initially commenced with the works of Tullock (1965), Downs (1965), and Niskanen (1971). All three authors were aiming to figure out the modes of “relations between people within an organisation in receipt of a recurrent block of funds” (McNutt 2002, p. 124). And eventually, their theoretical conclusions formed the mainstream understanding in microeconomic research. Downs (1965) proposed a fundamental assumption for bureaucrats by arguing that they are solely motivated by their own self-interests like any other agent in the society. Hence, rather than specifying public interests, they prefer to maximize their utilities while they are working Bureaucracy and Efficiency 3 in the bureau. And subsequently, he indicates that the “nonmarket orientation” for bureaucratic outputs prevents an “objective monetary measure of profitability,” which results in larger bureau sizes alongside with reluctance tow

**Public Choice Theory and Bureaucracy**

Tullock (1965) has the pioneering work on the public choice model of bureaucracy that had an obvious impact on the Niskanen’s (1971) budgetmaximizing assumption of bureaucrats. Prior to the Tullock’s economic analysis of bureaucracy, the sociological theories were manifesting themselves in this subject inspiring from Weber’s model (1947) that was reluctant to the economic behaviors of bureaucrats. According to the public choice thinkers, actors in the political sphere comprised of voters, politicians, and bureaucrats perform their acts concerning conventional free market procedure, which is also known as catallaxy. Therefore, as far as public choice theory is concerned, bureaucrats are expected to maximize their utility levels either exploiting the monetary gains or enjoying higher status in the organization (Buchanan and Tullock 1965). Tullock’s (1965) particular hypothesis is centered on the growth of bureaucracy and output of bureaus from a dynamic or inter-temporal perspective. In his research, he concluded, “through time, bureaucracy grows in size and did not remain at initial size” (McNutt **Alternative Perspectives on Bureaucracy**

Over and above the models developed to illustrate the economic underpinnings of the theory of bureaucracy that became a mainstream reference point for the current literature, some theoretical alternatives are shown below to expand the Bureaucracy and Efficiency 5 reasoned discussions on the efficient allocation of resources within public sector. Dunleavy’s Model of Bureau Shaping Unlike the previous papers on the bureaucracy, Dunleavy (1991) assumes that the main motivation for bureaucrats is not pecuniary gains (although they have significance) but non-pecuniary ones including “status and prestige” and the “intrinsic value of the work involved” (McNutt 2002, p. 150). To clarify this, he argues that “There is always a pecuniary parameter in bureaucrats’ concerns .But this is unlikely to be a constraint which is surmounted relatively easily and thereafter is not very influential positively or negatively in structuring individual behaviour especially when officials are making policy decisions” (Dunleavy 1991, p. 201). Hence, bureaucrats are expected to maximize their utilities through exploiting full control to shape their bureaus rather than maximizing the sizes of their budgets. To Dunleavy, bureaus are shaped by a number of policy decisions consisting of major internal reorganizations to promote policy work over routine activities, transformations of internal work practices, redefinition of relations with external partners to enhance policy contacts, competition with other bureau to protect the scope of interesting work, load shedding, hiving off, and contracting out functions which are seen as undesirable (Dunleavy 1991, pp. 203–204).

**Public Enterprise Theory**

In any economy, there are generally four types of economic activity, first, those which are privately remunerative – provided by market through directly productive investments; secondly, those which are socially profitable but not privately remunerative – provided by government, like road building and related infrastructure; thirdly, those which are privately remunerative but not capable of private execution, like heavy industry, high technology involving capital intensive investments like power, transportation, etc – also provided by government with/without the help of the market; and fourth, those which are natural monopolies.[[1]](#footnote-0)

 Public enterprises were primarily established to undertake the second, third, and fourth category of activity. The third category of activity can be transferred to the private sector when capitalist development in developing countries attain sufficient maturity to enable them to handle capital intensive investment where private sector development occurs along with financial sector restructuring. Public sector entrepreneurship in the form of economic planning and public enterprises can help countries overcome decades of poor economic growth and slow development as illustrated by the experiences of countries in Africa, Asia, Latin America, and the Caribbean.

 In India, public enterprises included statutory corporations; holding companies such as Coal India, Bharat Bhari Udoyog Nigam; departmental enterprises such as India Railways, the Atomic Energy Department, as well as the Indian Post and Telegraph Departments; and public limited companies. In Japan, public enterprises were created in several different categories including Kosha, Gengo, Kokyo Hojin, Kodan, Jigyodan, Tokushu, and Kaisha & Koshi Kongo Kigyo. The genesis of growth and development of the public sector in several of these countries was provided by ideological and strategic economic and social considerations.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 AREA OF STUDY**

The Power Holding Company of Nigeria (abbreviated PHCN), formerly the National Electric Power Authority (abbreviated NEPA), is an organization governing the use of electricity in Nigeria having different branches in the 36 states of the country. The area of this study borders PHCN Onitsha, Anambra State. This body is responsible for issuing electricity bill, meter reading, credit management and power supply services.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled.

**3.3 POPULATION OF THE STUDY**

According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out to ascertain the compact of bureaucracy towards achieving organizational objective in Power Holding Company of Nigeria Onitsha, Anambra State. The staff of some selected PHCN service centres in Onitsha, Anambra State form the population of this study. The four service centres selected for this study they are:

* Awada Onitsha PHCN service Centre
* No 35 Nwzik, Avenue, Awada Onitsha
* Nkpor Onitsha Service Centre
* Limca Road Nkpor, PHCN Onitsha

Statistics derived from the Human Resource Department of the sampledPHCN service Centre revealed the total staff strength of 834.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the simple random sampling (srs.) method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

The Taro Yamane (1967:886) provides a simplified formula to calculate sample sizes.

**Assumption**

95% confidence level

 P = .5



n= 834/1+834 (0.05)2

n= 834/1+834 (0.0025)

n= 834/1+5.5

**n=120**

Therefore, for this study, the sample size is 120

**3.6 SOURCES OF DATA COLLECTION**

The research instrument used in this study is the questionnaire. A 10 minutes survey containing 19 questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions.

**3.7 METHOD OF DATA ANALYSIS**

The responses were analysed using the frequency tables, which provided answers to the research questions.

**3.8 VALIDITY AND RELIABILITY OF THE STUDY**

The reliability and validity of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**4.1 DATA PRESENTATION**

**Table 4.1: Demographic data of respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| GenderMale |  |  |
| 98 | 81.7% |
| Female | 22 | 18.3% |
| Religion |  |  |
| Christian | 115 | 96% |
| Muslim | 5 | 4% |
| Age |  |  |
| 23-33 | 54 | 45% |
| 33-43 | 48 | 40% |
| 43+ | 18 | 15% |

**Source: Field Survey, 2021**

**4.2 ANSWERING RESEARCH QUESTIONS**

**Question 1:** What ways do you think bureaucracy structures and encourage an organization to achieve its objectives?

**Table 4.2:** Respondent on question 1

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **YES** | **NO** | **TOTAL %** |
| Encourages Division of Labour | 120(100%) | 00 | 120(100%) |
| Leads to Specialization | 120(100%) | 00 | 120(100%) |
| Increases competencies | 120(100%) | 00 | 120(100%) |
| Enhances continuity and uniformity in operations | 120(100%) | 00 | 120(100%) |

**Field Survey, 2021**

From the responses obtained as expressed in the tableabove, All the respondents constituting 100% said yes. There was no record of no.

**Question 2:** Do you thinkBureaucracies can improve the decision making of an organization?

**Table 4.3:** Respondent on question 2

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 120 | 100 |
| No | 00 | 00 |
| Undecided | 00 | 00 |
| **Total** | **120** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the table above, All the respondents constituting 100% said yes. There was no record of no.

**Question 3:** What ways do you think bureaucracy can improve productivity?

**Table 4.4:** Respondent on question 3

|  |  |  |  |
| --- | --- | --- | --- |
| **Options** | **YES** | **NO**  | **Total %** |
| Enhance Accountability | 120(100%) | 00 | 120(100%) |
| Encourages impersonal orientation | 110(90%) | 10(10%) | 120(100%) |
| Compliance to Procedure and Regulation | 120(100%) | 00 | 120(100%) |

**Field Survey, 2021**

From the responses obtained as expressed in the tableabove, All the respondents constituting 100% said yes. There only 10 respondent from the population said no that bureaucracy does not give everyone equal chance to succeed record of no.

**Question 4:** Does bureaucracy improve efficiency in an organization?

**Table 4.5:** Respondent on question 4

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 114 | 95% |
| No | 00 | 0% |
| Undecided | 6 | 5% |
| **Total** | **120** | **100** |

**Field Survey, 2021**

From the responses obtained as expressed in the tableabove, All the respondents constituting 95% said yes while 5% were undecided. There was no record of no.

**CHAPTER FIVE**

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS:**

**5.1 Introduction**

This chapter summarizes the findings into the “This study was carried out to ascertain the compact of bureaucracy towards achieving organizational objective in Power Holding Company of Nigeria Onitsha, Anambra State.

**5.2 Summary of the Study**

The study adopted the survey research design. The population size is the entire staffs of PHCN Onitsha town. While four branches of the Power Holding Company were randomly selected as the sample size of the population. In all 120 respondents were used as the sample size. Self-constructed and validated questionnaire was used for data collection. The collected and validated questionnaires were analyzed using tailed frequency tables and percentage.

**5.3 Conclusions**

Based on the finding of this study, the following conclusions were made:

1. That bureaucracy has too much innovation and not rigidity, it sees human feelings and not regarding human feelings and not regarding human as a programmed like machines and appropriately manipulated to produce standard outcomes in the organization.
2. It was also discovered that rules and regulation encourage the operation of Power holding  , Anambra state
3. That impersonal orientation help the actualization of organizational objectives, too close supervision and control helps bureaucrats in the process of carrying out assigned works in the organization, employees are motivated due to unsterile work environment, strict adherence to rules and regulation allow for workers.
4. Creativity and innovation, hierarchy of authority fosters the process of decision making
5. That division of labour, specialization and competency enhances efficiency and productivity.

**5.4 Recommendations**

Based on the responses obtained, the researcher proffers the following recommendations:

* **E**mployees should be exposed to learning opportunities so as to bring out creativity and innovativeness in them.
* The bureaucratic heads management should neither be two rigid nor two flexible in things but a balance should be structured
* Stakeholder of Public enterprise should curb the rate of bottlenecked, red tapes to the barest minimum in Organizations.
* Both bureaucrats and subordinate should follow the stipulated bureaucratic procedures of their organization to ensure efficiency and optimal productivity

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**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE (s) ON A QUESTION**

**SECTION A**

**PERSONAL INFORMATION**

**Gender**

Male [ ] Female [ ]

**Age**

18-25 [ ]

20-30 [ ]

31-40 [ ]

41 and above [ ]

**Educational level**

WAEC [ ]

BSC/HND [ ]

MSC/PGDE [ ]

PHD [ ]

Others……………………………………………….. (please indicate)

**Marital Status**

Single [ ]

Married [ ]

Separated [ ]

Widowed [ ]

**Duration of Service**

0-2 years [ ]

2-5 years [ ]

1. and above [ ]

**Section B**

**Question 1:** What ways do bureaucracy structure and encourage an organization to achieve its objectives?

|  |  |  |
| --- | --- | --- |
| **Options** | **YES** | **NO** |
| Encourages Division of Labour |  |  |
| Leads to Specialization |  |  |
| Increases competencies |  |  |
| Enhances continuity and uniformity in operations |  |  |

**Question 2:** Bureaucracies improve the decision making of an organization?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

.

**Question 3:** What ways do bureaucracy improves productivity?

|  |  |  |
| --- | --- | --- |
| **Options** | **YES** | **NO**  |
| Enhance Accountability |  |  |
| Encourages impersonal orientation |  |  |
| Compliance to Procedure and Regulation |  |  |

**Question 4:** Does bureaucracy improve efficiency in an organization?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

1. [↑](#footnote-ref-0)