



REPUTATION AND INTEGRITY AS MAJOR COMPONENTS FOR A SUCCESSFUL PUBLIC ENTERPRISE

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Abstract

Any business owned and run exclusively by the government or the state is called a public enterprise. Public enterprises in Nigeria are sometimes called corporations, parastatals, agencies, authority boards, state monopolies or commissions. The risk bearers in the public enterprises are the tax payers who are the citizens of the country. One of the main reasons for the establishment of public enterprises in Nigeria is to facilitate and enhance social and economic developments in sectors that are not considered expedient for private investment. This expectation has however not been met as a result the lackadaisical approaches of both the employers and employees in the public enterprises which hinges on reputation, integrity, honesty etc in the discharge of their duties. In this paper, the reasons for the establishment of public enterprises, as well as the importance of reputation and integrity as major components for a successful business enterprise were highlighted and discussed. If the employers and employees in these enterprises can live up to expectations, there is bound to be a better public image perception and increased survival/growth rate of the enterprises while the risks of business failure will be at the barest minimum. One of the recommendations made is that government should make sure that competent boards are appointed to oversee the affairs of the enterprises. This entails the appointment of those with cognate experience and skills related to the missions and visions of such establishments. These, when properly adhered to, will restore the reputation, dignity, integrity, honesty and trust in business enterprises.

Keywords: *Reputation, Integrity, successful, Business Enterprise.*

Introduction

A Public Enterprise (PE) is an organization that is set up as a corporate body and as part of the governmental apparatus for an entrepreneurial or entrepreneurial-like objective. Ihekwoaba (2007) described it as a business organization wholly or partly owned by the state and controlled through a public authority. Such enterprises come



under public ownership because for social reasons the services they render are provided by a state monopoly. No wonder (Adamolekun, 2010) in his contribution stated that public enterprises are organizations that emerged as a result of government acting in the capacity of an entrepreneur.

Ihekwoaba (2007) outlined some of the main features and implications of public enterprises thus: A PE as an organization implies that it is an entity with explicit or implicit specific objectives. Men, money, and materials are supposed to be utilized in the pursuit of these objectives. In addition, as an organization, a PE would be expected to have its own internal power or authority structure and its own methods of operation.

Second one is a critical dimension of government involvement in a PE has to do with its financial commitment. The capital ownership does not have to be exclusively public. The government may only control the majority of the shares, leaving other stakeholders to hold the remaining shares. The third is as a corporate body, a PE has a legal personality separate from that of the government that establishes it, it can own property, enter into contracts, sue and be sued. In recent developments, this feature is being stressed as a key element of a PE.

Fourth, the entrepreneurial or entrepreneurial-like objective connotes a business orientation. However, this should not be equated with profit making. The experience in many countries indicates that the aim is to promote efficiency, cost-consciousness, and cost-reduction. Following the fourth, the implications of the fact that a PE is part of the government apparatus are numerous. Three of these implications should be highlighted. First, a PE is, by virtue of its intricate relationship with government, an instrument of public policy; its primary mission is in connection with governmental objectives and programs, and it is, therefore, naturally under governmental control. Second, by its nature, a PE mostly utilizes or manages public resources, especially public money. This means that attention must be paid to mechanisms for enforcing accountability. Third, the combination of financial and economic objectives with social and political aims invariably makes it difficult to devise appropriate performance measurement instruments.

Lastly, resorting to the establishment of an entirely distinct organization is predicated on the need to borrow a leaf from private enterprise organization and management. This stance is based on the assumption that some private enterprise principles and practices (e.g. Commercial law and management practices) can be transferred into public management with positive consequences for performance.



Classification of Public Enterprises

There is a no generally accepted classification of public enterprises. However Ihekwoaba (2007) and Adamolekun (2010) have given a classification that is quite acceptable to some scholars and which is adopted for this paper. Public enterprises are classified into three; Public/Statutory corporations, state-owned companies, and mixed economy enterprises.

Public/Statutory Corporations. These enterprises arise when the government assumes responsibility for the management of an economic or social pursuit through a special entity that has its own legal personality and that still keeps some of the special prerogatives or privileges associated with a governmental organization. The blend of these features is aimed at enabling the organization to function effectively as an autonomous body while it remains an instrument of government policy. Ihekwoaba (2007) stated that enterprises that fall under statutory corporations include:

Public Utility Corporations like the National Electric Power Authority (NEPA), Nigerian Ports Authority (NPA).

Development and Finance Corporations like the Central Bank of Nigeria (CBN), the Federal Mortgage Bank, and the various Rural Development Authorities.

Social Service Corporations like the Nigerian Television Authority (NTA), Federal Radio Corporation of Nigeria (FRCN), Federal and State Housing Authorities, etc

State Owned Companies: These are companies created by government under the provisions of ordinary company law, though they belong entirely to the government. They are registered in the registry of companies, with the government as the sole proprietor. Government therefore appoints the Board of Directors as is customary in private companies. Examples of such companies include the Odua Investment Company Ltd., New Nigeria Development Company Ltd and New Nigeria Newspaper Ltd.

Mixed-Economy Enterprises: These are enterprises where the government is the majority shareholder in a partnership with private entrepreneurs. In such companies government usually dominates the board since it is the major shareholder. Examples of such enterprises are the Peugeot Automobile Nigeria Ltd (PAN) Daily Times of Nigeria PLC, etc.



Reasons for the Establishment of Public Enterprises

So many reasons have been adduced for the emergence of public enterprises. Idialu in Amesi (2017) has outlined the following reasons: The desire to use the PE as an instrument of effective plan implementation in a context where it appears futile to devise a development plan for the private sector; the need to secure economic independence. The urgent desire to assure government control over “strategic” sectors of the economy (e.g., Central banking, broadcasting, iron and steel, roads, shipping). The need to separate some activities from the civil service and allow more autonomy in their running.

The perceived need to provide employment for the citizens in contexts where the private sector offers very limited employment opportunities. Also, the need to ensure state control of key profitable enterprises with a view to generating revenues that will add to available national capital for financing development programs and projects. The desire of some socialist-oriented regimes to use state control of key profitable enterprises to pursue the objective of preventing the concentration of wealth or of the means of production and exchange in the hands of few individuals or of a group (i.e. promoting equitable distribution of wealth).

In summary, Ahmed (2003) justified the emergence of PEs in Nigeria as Successive Nigerian governments sought to discharge their social responsibilities to the people and invested huge sums of money to correct market failure in infrastructure and utilities sector; control the “commanding heights” of the economy; supplement what was perceived to be a weak private sector; complement the need for capital, which was deemed to be in short supply; and provide general employment opportunities.

Problems of Public Enterprises in Nigeria

The problems of PEs in Nigeria are many and varied. Different authors have tried to identify these problems from different perspectives. According to Okeke, Onuorah and Okonkwo (2016), the following are some of the problems that have inhibited public enterprises from rendering effective services in Nigeria.

Incompetent Management/Board: It is the duty of management of every organization to pilot it towards the realization of organizational objectives. It is therefore expected that the management would have the technical or managerial competence which will assist in this regard. However in most Nigerian PE's, the management teams are not appointed based on merit. It is usually based on political



patronage or other primordial considerations. The net effect of this is that, most often, square pegs are placed in round holes. Being largely , unsuited for the task of managing these PEs due mainly to lack of skill, expertise or experience, the management end up mismanaging the enterprises. The appointment of Boards of PEs is even worse. While the management may possess limited skills, the Boards in most cases do not posses any requisite skills. In fact the major qualification for appointment into Boards of government parastatals is that one is a politician. Boards of Public enterprises in Nigeria are often seen as dumping grounds for either failed political aspirants or political contractors and election riggers. Apparently, lacking in the knowledge of management principles, the various Boards have been unable to give the desired direction to these PEs. The end result has been crass inefficiency of most PEs in Nigeria.

Unstable Management/Board: Closely related to the first point is the issue of unstable management and Boards of PEs in Nigeria. One of the major political problems that has bedeviled the nation is the issue of political instability. Since independence in 1960 the country has been ruled by seven military dictatorships and has recorded a much higher number of coups both successful , unsuccessful and 'arrangee' ones (Obikeze and Obi 2012). As expected, every new administration , be it military or civilian, usually dissolves all boards of PEs. Whenever, these boards are dissolved, some top management staff are usually relieved of their appointments. A new set will be appointed. In most cases, before the board and management formulate and implement their policies mid-way, the government that appointed them will be swept away. The new government dissolves the board and appoints a new one which in most cases will discard the policies of the old board and management. This has remained a cyclical process that has scuttled any meaningful growth or improvement of PEs in Nigeria.

Incompetence: There is no gain saying the fact that for any organization to achieve it's objective it must have people with proven competence. It was on the realization of the need for competence in organizations that made Max Weber the greatest exponent of bureaucracy to state that candidates for positions in organizations must be selected on the basis of technical qualifications. However, in the case of Nigerian PEs, recruitment and selection are based on emotive, primordial and purely sentimental reasons. The principle of federal character has also compounded the problem, since it has legalized nepotism and segregation in employment in the form of ethnic balancing.



The incompetence of staff of PEs in Nigeria has resulted in gross inefficiency in their operations, apparently since nobody can give what he doesn't have. It is therefore not surprising that the staff of Nigerian PEs have not been able over the years to deliver.

Government Interference: One of the main reasons for the creation of PEs is to free them from the day to day bureaucratic bottle-necks of the government. However in actual practice, most political office holders have seen these PEs as being directly under them, consequently they frequently interfere in their affairs. In some cases the Minister/Commissioner whose ministry supervises a particular P.E. interferes in issues that ought to be handled by either the board or management or both without bordering to consult them. This incessant interference leads to a distortion of policies and also erodes the limited autonomy which these PEs are supposed to enjoy. When the interference turns PEs into government ministries, they suffer the same bottlenecks and red tapism which accounts for inefficiency of these ministries.

Monopoly: Most PEs operate as monopolies. It is therefore not surprising that they are faced with the same problems which afflict monopolies. The main problems of monopolies arise from the fact that since they do not have competitors, they are often not in a hurry to either innovate or offer better services because they are aware that their customers / clients have no other alternative. In Nigeria, the various Electricity Distribution Companies (Discos) have continued to attract high patronage despite their trademark epileptic services simply because Nigerians have no alternative. Naturally when you are sure that your customers will always be there for you despite the way you treat them, there is this natural tendency to be impervious to their feelings. This has remained a fact that is general to most PEs in Nigeria.

Conflict of Objectives: PEs are established as business organizations that provide essential services. The twin objectives of providing essential services as a public utility and making profit as a business outfit are simply contradictory. This contradiction has been at the root of non-performance of PEs all over the world, Nigeria inclusive.

In the case of Nigeria, political office holders who would want these PEs to perform well would still want to use them to generate high political goodwill at the expense of economic rationality. Telling the Discos to extend electricity to remote areas where people cannot pay their bills and still expect them (the Discos) to cover costs is not possible. Housing Government officials at Government owned hotels for weeks and



months without paying the bills and still expecting the hotels to make profit does not seem feasible. Locating PEs with political considerations and making such considerations pivotal to their operations will definitely not help them achieve their economic objectives. In a nut shell, economics rationality and political rationality are not really compatible.

Concept of Reputation

When we talk about reputation in business or in office set up, it simply means what one does to facilitate the growth of the organization where one finds himself. The reputation of a business is essential to its survival. The trust and confidence of the customer can have a direct and profound effect on a company's bottom line. Businesses rely on word of mouth by their stakeholders in order to establish, build and maintain their reputations.

The Oxford Advanced Learners' Dictionary, (7th ed. 2010) defines reputation as “ the opinion that people have about somebody or something based on what has happened in the past: to earn or establish or build a reputation ... to have a good or bad reputation.” The New Lexicon Webster's Dictionary of the English Language (1995:846) defines “reputation” as a noun which refers to “ general opinion held by people about the merits or demerits of a person or thing or organization... the state or fact of being highly thought of or esteemed... the good name of a person or thing earned through merit and distinction”. Based on the above dictionary definitions, one can say that reputation, therefore, involves three key points namely:

General opinion or perception held by important people, the public, stakeholders, individuals, or groups about a thing, person, organization or government.

A person, thing, organization or government being highly thought of, esteemed, revered, respected or valued.

A good name, positive image or perception earned by a person, thing or organization through merit, distinction and excellence.

Reputation, thus, is the accumulation or aggregation of positive identity, values, character, qualities, attributes and goodwill over time in the life of somebody, corporate organization or government, (Sharma 2019). Reputation is a highly prized possession or asset that makes an individual or organization or government to stand out, to shine or excel in the public eye; and is usually earned, not bought with money or grabbed with propaganda or sloganeering. Nkwocha (2016). However argues that



reputation may not necessarily be good or positive. According to him, it could be excellent, good, bad or ugly, because, “it is rare to find an organization that can be boxed strictly into any of these categories. The reason is that an organization may do well in certain indices of reputation-building and yet fall short of other areas”.

Three very important elements of reputation are INTEGRITY, CHARACTER and TRUST. Integrity revolves around honesty, truthfulness, consistency and straight dealing with everyone, (Usman, 2012). Integrity builds trust, which is the soul of every business and leadership success. Character is the totality of a person from inside. Any time any of the three elements is lost, reputation is lost also. Individuals, organizations, governments and nations have to possess these qualities in building and maintaining reputation.

The Rotary Club International, for instance, knows how to build reputation for itself and its members. Its ethical guide for members' personal and professional relationships, otherwise known as the FOUR-WAY TEST, is a classic statement for scholars of reputation management. It requires all Rotarians, in all things they do, say or think to ask the following four questions:

Is it the TRUTH?

Is it FAIR to all concerned

Will it build GOODWILL and BETTER RELATIONSHIP?

Will it be BENEFICIAL to all concerned?

Why is Reputation Important in Business

Every business has a product and /or service, which it delivers to its main customers to meet their needs. Every business has a brand, which is how it wants people to feel whom they encounter or engage with. Every business also has a reputation, which is how people actually perceive of the business: brand, products, services, etc. All business owners know that their reputation is important but they do not always know why it is important, or just how important it is. The above stated scenario equally applies with full force to public enterprises in Nigeria.

The following according to Nel, Werner, Poisat, Sono, Duplessis and Ngalo (2011) are enumerated as the objectives and importance of reputation in an organization or business enterprise:-

Maintain a favourable reputation in the work and market place.

Enhance and build the organization's good name and reputation.



Establish acceptable practices, policies, procedures, systems, and standards that will avoid damage to the organization's reputation. Establish guidelines for dealing with situations where the company's reputation has been tarnished.

Prepare and equip the management team to take full responsibility for managing the company's reputation.

It is Impacted by Everything One Does: One's business is important because it is impacted by everything the person does. Every decision one makes throughout the day, every action one takes, interaction etc is a fact that affects one's reputation.

It Involves Everyone: One cares about how one's target audience and customers perceive the brand, but one needs to care about how anyone perceived his/her reputation, this includes: target audience, one's niche markets, customers, competitors, community members, employees, strangers, those who support it and those who do not.

Business Reputation Is a Compass: As a member or owner of a business, it can sometimes be tough to stand back and view it purely objectively. One's business reputation helps him get a more realistic picture of how one's business is actually being perceived by others regardless of how he thinks they are perceiving it, or how he personally feels about it. It can serve as a guide in the person's efforts to stand out from the crowd and distinguish his business from competitors.

What will make the Reputation of a Public Company/Enterprise Positive

An entrepreneur or manager of any business enterprise must make sure that his company has the best reputation possible. This sounds like an easy thing, but the actual execution of it is more complicated. Creating the best possible reputation involves work in both one's online business reputation and offline reputation, (Luthans, 2014).

Okeke, Onuorah and Okonkwo (2016) have listed ten things that one can do to make sure people think as highly as possible about one's company.

Always put Your Best Face Forward: This means dressing well, always being polite and positive and treating people well. The simple fact is that you never know who is going to be watching, so it is best to always pretend that you are “on”.



Keep Your Promises: If you say that you are going to do something, do it. Do not back out at the last minute. If something does not come up to prevent you from keeping your promise, find someone who can fill in for you and who will do just as good as a job as you would have done. The last thing you want to do is to earn the reputation of being a flake.

Communicate a Lot: Always keep people in the loop. Even if nothing has developed recently in your clients' project, send a quick email to let them know. This way your clients and buyers would not have to worry that you have forgotten about them.

Make Sure Your Website Is Awesome: Your clients want to find out more about you. By setting up a website for yourself and your organization, you are taking the first steps towards creating your online reputation. Make sure the website is designed well, that it tells people about you as well as what you provide and that it provides a way for people to contact you.

Use Social Media to Your Advantage: Set up a face book page, twitter account, linked in page and if you think they will be helpful, Tumbr and Pinterest accounts. More importantly make sure that people know that those pages and accounts exist. People choose social media over any other method to utilize when they want to reach out to a company for questions or comments.

Do not Spam: This is particularly important if you have an email (which you should). It is tempting to send out emails about things as soon as they happen.

Ask for Feedback: Asking clients and customers what they think of your company and their products is the best way to prove to them that you value their opinions. Encourage feedback, reviews and even criticisms. You might even consider having a testimonials page on your website through which people can submit their feedback.

Always Respond to Feedback: Thank people for kind words and praise. Work with people who lodge complaints or levy criticism. If someone complains about you or what you have to offer, ask yourself if that person is right. If yes, work hard to fix the problem about which they have complained if you want to earn even more points, (politely) ask them for their opinions and suggestions for fixing the problem.



Address False Rumors: Is someone spreading false rumors about the organization? Do not just let these rumors sit and hope that nobody will notice them (or that they will die down eventually). Actively work to make sure that people know the rumors are not true. Find a way to do this in a positive way. You can prove a rumor false without dragging the rumor spreader through the mud (even though some mud-dragging might feel really good).

Monitor Your Reputation: One of the reasons that make an organization's reputation to shrink is that they were not on the ball enough to respond to a problem when it happened. When you are starting out, monitoring the organization's reputation is not difficult. As the business grows and gain popularity, monitoring becomes more time-intensive. Organizations are advised to engage people who will be doing this for them.

Conclusion

In the course of writing the paper, investigation on reputation and integrity as components for a successful business enterprise has been explored. Problems of public enterprises in Nigeria and how to manage the challenges were also highlighted. In any case, reputation and integrity in public enterprises should not be taken for granted as they are the two elements that keep public enterprises in business. In conclusion, we are all aware that public enterprises render some essential services to the economy and the objective of setting them up is not profit, but if they make any profit, it is ploughed back into the enterprise. It is therefore pertinent to state that for it to be effective and efficient in their business enterprises, reputation and integrity cannot be over-emphasized.

Recommendations

Agabi and Orokpo (2014), were correct when they stated that over the years, government enterprises have become so inefficient, as epitomized by the epileptic services they render to the public. This is in spite of the fact that the government has and still continues to invest substantial funds in them. Rather than justifying such investments, these public enterprises have continued to incur losses without making any meaningful contribution to Nigeria's economic development. Consequently, the government decided to transfer most of the public enterprises to private hands that have over the years proved to be better managers because they try to build integrity,



reputation and trust for their organizations. There is no gain-saying the fact that this approach reduces wastages.

Accordingly, for those enterprises that have not yet been fully privatized as well as those still under full government management and control, to be successful in their day to day activities, the following recommendations have been made:-

Government should make sure that competent boards are appointed to oversee the affairs of the enterprises. This entails the appointment of those with cognate experience and skills related to the missions and visions of such establishments.

Government interference should be reduced. When appointments are made, people appointed should be allowed to work. Too much interference by government in the work of the appointees affects productivity, reputation, etc.

Those appointed as board members should be given ample time to familiarize themselves with the organization's "dos and don'ts. A situation where board members are appointed and removed within a short space of time doesn't give room for continuity and efficiency.

The Government should spell out the functions of the public enterprises. The twin objectives of providing essential services as a public utility and making profit as a business outfit are contradictory and it affects the business reputation.

Both the employers and employees of public enterprises should be made to attend periodic seminars and refresher courses on how to establish acceptable practices, policies, procedures, systems and standards that will avoid damage to their organizations reputation as well as on guidelines for dealing with situations where their establishments' reputation has been tarnished.

The FOUR-WAY TEST fashioned out by the Rotary Club International on how to build reputation for itself and its members, is strongly advocated as an ethical guide for all those engaged in the running of public enterprises in their personal and professional relationships with those who patronize their business outfits.



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