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# A focus group discussion approach to the comparative analysis of private and public sector enterprises in Nigeria

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## Abstract

State owned enterprises have in recent years presented an acute set of institutional problems compared with their counterparts in the private sector problems. Most often they have large operating deficits and impose a heavy burden on the public budget. Although experience with public enterprises varies from country to country, in many developing countries, the responsibility for devising and implementing the policy reforms of public services rests with a small group of political officers who are hardly in a position to supervise the programmes despite the historical objective of these enterprises which includes national security and public interest. This paper seeks to determine the factors responsible for the differences in performance of the public and private enterprises, as perceived and identified by the ownership, management and employees of both private and public sector enterprises in selected states in Nigeria. © 2002 Elsevier Science Ltd. All rights reserved.

*Keywords:* Enterprises; Performance; Focus group; Factors responsible

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## 1. Introduction

Enough has been said about the failure of public sector enterprises in developing countries in recent years. The poor performance of public sector enterprises has led to attempts to privatise most of these enterprises. While privatisation is generally desirable, the extent, nature and speed with which it can be pursued varies from country to country and depends on the type of enterprise. The process in many countries including Nigeria has been slow in view of the need to build a broad political consensus, to change entrenched positions, to inculcate a new approach and to overcome certain inherent economic constraints. In many African countries, the slenderness of domestic capital markets, scarcity of experienced entrepreneurs and reluctance of the private sector to acquire inefficient and loss-making public sector enterprises at mutually acceptable prices are inherent economic structural constraints on privatisation. There is no doubt therefore that the public sector will continue

to play a notable role in the economy of many developing countries.

It is in this context that we need to find out which factors contribute to the poor performance of public sector enterprises compared with their private sector counterparts. However, a review of the limited literature in this area in Nigeria shows that little attempt has been made to involve the participants of both sectors in an evaluation of the relative performance of the enterprises. Contemporary social research suggests the need for a participatory research approach in such analysis especially in Nigeria, where reliable data are not readily available. There is no doubt that those involved in the management and operation of public and private sector enterprises can provide good insight into the successes and failures of these enterprises if their confidence is won by the researcher.

This is the approach adopted in this study which involved the ownership, management and employees of some samples of private and public sector enterprises in Edo, Delta and Anambra States of Nigeria, in the analysis of factors influencing the relative performance of enterprises in both sectors.

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## 2. Methodology

The first task of this study was to establish the criteria for the selection of private and public sector enterprises. Consequently an attempt was made to identify public and private sector enterprises that have the following three characteristics.

1. size of the workforce is at least 20 people
2. Ownership and control is either privately owned or public sector owned
3. the establishment has been in continuous existence for at least 5 years

On the basis of these criteria a total of 403 private sector owned and 77 public sector owned enterprises were identified out of which 30 enterprises from each sector was carried out by a stratified sampling based on industrial type (Table 1).

A further 10 business enterprises from each category were sampled for the focus group surveys. Each of the focus group discussion sessions was carried out with the proprietor or owners, the management and the workers. Although there were slight variations in the focus of the discussion with each of the three groups with which session were held, the issues discussed covered broadly the following:

1. Origin and development of the enterprise
2. Objectives and goals of the enterprise
3. Performance of the enterprise
4. Organisational characteristics
5. Work characteristics
6. Individual characteristics
7. The future of the enterprise

The discussions were held in an informal atmosphere so that participants were able to make their contribution without any constraints, as in the case with questionnaires. Although there was a discussion guide which was

used by the researcher who is also the moderator in most cases, the guide was not intended to be a fully fledged questionnaire nor to be followed rigidly. It was rather an aide-memoire to be referred to by the moderator during the discussion to ensure that the chief points of interest were covered. Besides the tape-recording, the moderator made notes of the discussion as it proceeded.

This apparently explained the fact that more of the surveyed public sector enterprises have been in existence for a longer period than those in the private sector (Table 2).

The focus group session lasted for an average of two hours. Generally, the discussion of the various performance indicators, management practices and problems was carried out within the framework of the comparison of the enterprises in private and public sectors as discussed earlier.

The discussion focused on issues such as the reasons and justification for government involvement in the establishment of enterprises, the goals and objectives of the enterprises, the determinants of their performance and suggestions for improvement.

## 3. Rationale for government involvement in the establishment of public enterprises

The basic issue discussed with the various focus group participants relates to their views on the need for government to be involved in the establishment of business enterprises. Although there were divergent opinions regarding the rationale for government involvement in the establishment of enterprises, there was some agreement amongst the focus group participants that no country can leave its economy open to the private sector without any form of control, especially in a country such as Nigeria where the indigenous private sector is yet to mature. The discussants suggested various reasons for the establishment of enterprises by government in Nigeria, especially since some of the public sector ventures can be effectively handled by the private sector.

One of the frequently mentioned reasons for government initiative in the establishment of business enterprises by the discussants in the private and public enterprises where focus group discussions took place, relates to the fear of foreign domination of the economy. Participants agreed that multinational companies based in the Western world can manipulate key sectors of the Nigerian economy if government does not take the initiative to establish business ventures in those sectors of the economy where the indigenous private sector entrepreneurs are not willing or capable of investing. The Bendel Insurance Company Limited and the New Nigeria Bank Plc are good examples of such enterprises. Before their establishment the defunct Midwest, later the Bendel State and now Edo and Delta States, did not have

Table 1  
The types of private and public sector enterprises surveyed

Types of enterprises	Private		Public	
	No.	%	No.	%
Finance enterprises	2	6.6	1	3.3
Food processing	8	26.6	4	13.3
Agriculture based enterprises	2	6.6	3	10.0
Social services	3	10.0	2	6.6
Transport based	4	13.3	1	3.3
Publishing and broadcasting	4	13.3	2	6.6
Manufacturing	3	10.0	11	36.6
Others	4	13.3	6	20.0
Total	30	100.0	30	100.0

Source: Field Survey.

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