

**THE EFFECTS OF ECONOMIC FACTORS ON PERSONNEL MANAGEMENT IN THE  
NIGERIAN CIVIL SERVICES**

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**ABSTRACT**

The civil services of any country stand out as the major machinery of government for the formulation and implementation of public policies. The civil servants play a major role in the performance of these government responsibilities. This is because they constitute the workforce of the civil services at the federal and state levels. The effective management of these servants of the state known as personnel management becomes more important today for sustainable development of the society. This has however been greatly affected by certain ecological factors one of which is the economic factor. The effect of the sustainability of development and the impact of this economic factor on effective personnel management is the thesis of this paper. The paper holds the view that economic factor constitute a barrier to effective personnel management in the Nigerian civil services today.

Keywords: Economic factor; Personnel Management; Civil Services; Personnel; Salary; Financial Management

## INTRODUCTION

The federal and state civil services in Nigeria and other countries of the world are usually regarded as the bridge between the citizens and the government. Therefore, it is the legitimate expectation of all citizens of a country that the civil services should concern themselves with the effective organization, management and prompt delivery of public services by implementing various public policies for the good of the people. However, in order to make the civil services perform this role of setting public agenda effectively, there is the need for government at all levels to ensure effective management of civil servants. This is because personnel management is central to the growth, viability and even survival of any organization. This has to do with the effective acquisition, utilization and maintenance of the employees of any organization. According to Frank (1974), it is a series of activities in which the job, the individual and the organization all interact as each develops and changes.

This is particularly more important in the public sector because government agencies at all levels presently employ a large and growing population of the Nigerian workforce. With government as possibly the fastest growing employment sector, it is placed to substantially influence the quality of personnel management in the total society by direct strategies with respect to the civil services (Bello-Imam 1992). However, there are a number of factors in the ecology of public administration which have very serious implications for effective personnel management in the public sector. These are political, social and economic factors among others.

The focus of this paper is however on the economic factors and their effects on personnel management in the Nigerian federal and state civil services and its effects on sustainable development. This is necessitated by the fact that the impact of economic factors on personnel management has become a central issue in the Nigerian civil services today. Indeed, it has become an issue of public concern since year 2014 when global oil prices crashed and inevitably reduced national revenue. The situation has thus become worrisome today as many state governments and even the central government are insolvent, hence cannot pay salaries of their civil servants as and when due. This development has great consequences for the welfare, quality of work, motivation and productivity of the affected civil servants.

Therefore, the main thrust of this paper is to attempt an analysis of the great consequences of this development for the welfare, quality of work, motivation and productivity of civil servants in the various civil services. To achieve this aim, the paper is organized into four sections. The first section examines the role of civil service and civil servants in nation building and national development. The second section is concerned with conceptual clarification of personnel and personnel management while the third section examines the effects of economic factors on personnel management in the Nigerian civil services. The concluding remark forms the fourth section.

## **THE ROLE OF CIVIL SERVICE AND CIVIL SERVANTS IN NATION BUILDING AND NATIONAL DEVELOPMENT**

The 1999 Constitution of the Federal Republic of Nigeria, Section 318 Sub-Section (1) defines the civil service of the federation (state) as:

Service of the Federation (state) in a civil capacity as staff of the office of the President (Governor) the Vice President, (Deputy Governor), a ministry or department of the government of the federation (state) assigned with the responsibility for any business of the government of the federation (state) FRN (1994).

Similarly, the civil service is described as the body of men and women employed in a civil capacity and non-political career basis by the federal and state governments primarily to render and faithfully implement and give effect to their decisions. Such career officers normally derive their appointment from the civil service commission, which also exercises power of delegating duties and responsibilities to departments in accordance with laid down rules (Ipinlaye, 2006).

In the context of the definitions of the civil service above, the Nigerian constitution has therefore bestowed on government, the duty of promoting the political, economic, social, education, foreign policy and environmental objectives of the Nigerian State. The process of formulating and implementing these objectives is called governance, while the organ employed for such purpose is the civil service (Olagunju, 2006). For this reason, public administration scholars and practitioners usually describe the civil service of any country as the bridge between the citizens of a country and the government of that country. Indeed, it is the heart of the government or the engine hub of governance.

Civil services are the chief instruments for implementation of the will of the state as expressed through public policy. They are indispensable to the functioning of the modern state. With the change in the philosophy of the state from laissez faire to social welfare the modern state has taken upon itself multifarious tasks which are performed by the civil service (Bash, 2012). In terms of its importance as an institution of the state, it is perhaps the most important institution of the Nigerian state affecting the life of citizens daily. It is essential to modern life because of the role it plays. Therefore, the quality of the civil service is important to the quality of modern life (Omotosho, 2006).

Moreover, as the primary and primate instrument of the government, the civil service's nature, effectiveness and response cannot escape the constant attention of a government which desires to fulfill its pledges to the people. A cardinal pledge is the making of developmental processes to be steady in the polity and being sustained whenever there is every transition from one government administration to the other. This mission of sustainable development will avail the country the opportunity of implementing policies and executing governmental plans without prejudice or nepotism.

It is the function of the civil service to fulfill the will of parliament as formulated by the cabinet which works out the policy of government. In fact, there is a strong sense in which a country is a close reflection of the effectiveness, efficiency and sensitivity of its civil service. Its importance is such that even other bodies (such as the military and the parastatals) which are also used to implement specific aspects of government policies are themselves guided and controlled through the civil service (Phillips, 1992).

Following from the meaning and the role of the civil service in a nation is the role of the civil servants who work in the civil service. The civil servant is a servant of the state. He is thus situated squarely within the civil service. He belongs to the executive arm of government and is employed in a civil capacity as distinguished from the military, judicial or police capacity to give effect to the policies, programmes and decisions of the government of the day in any country. Through his pieces of advice, he contributes to the formulation and execution of public policies. Civil servants also play a very important role in setting public agenda and in the formulation of public policy; in implementation of formulated policy; and in overseeing and monitoring compliance with government's allocative, redistributive and regulatory policies by non-governmental organizations. These certainly influence national development (Bello-Imam 1992). Civil servants are body of men and women that translates law into action from one end of the country to the other. As a link, a state reaches the citizens through the civil servants who are trained, skilled and permanent body of professional officials, and who have adopted government service as a career.

The role and importance of civil servants are more relevant now in Nigeria than ever before. This is because of the need for them to adjust and rise to the challenges of civil rule, having operated under several years of military rule. Therefore, like any other instrument, the civil service has to be regularly serviced, shaped, re-shaped and oriented towards the requirements of the user to manage a human society, the performance of the civil service can be ignored only at the peril of the country and the government of the day (Phillips, 1992).

Managing the human component is the central and most important task, because all else depends on how well it is done. Just as the civil service and civil servants perform important role in the administration of any country, so also is effective personnel management in the civil services. It is against this background that the need to ensure effective personnel management in the civil services at the federal and states levels becomes imperative for nation building and national development.

## **THE CONCEPTS OF PERSONNEL AND PERSONNEL MANAGEMENT**

The importance, and of course, the uniqueness of the human being in an organization cannot be over-stressed. This is because the men and women who work in an organization can rightly be described as the key that unlocks the doors of an organization. These men and women are collectively called the personnel, staff, workers, employees or human resources. Out of the four major factors of production- men, materials, machines and money, it is the men or human resource who are the only dynamic factor of production. They can think, react to situation, recognize justice and injustice. They also co-ordinate and put the other factors of production into productive use. Other factors of production are indeed worthless without the involvement of this factor (Sharma et al, 2012).

To further strengthen this position of the human resource in any organization, Likert (1967) contends that:

all the activities of any enterprise are initiated and determined by the persons who make up that institution. Plants, offices, computers, automated equipment, and all else that make a modern enterprise are unproductive except for human effort and direction of all the tasks of management

In addition to its importance in any organization, Harbison (1973) rightly captures the importance of human beings in any country thus:

Human Resources, not capital, not income or material resources constitute the ultimate basis for the wealth of nations, capital and natural resources are passive factors of production; human beings are the active agents who accumulate capitals; exploit natural resources ; build social, economic and political organizations; and carry forward national development. Clearly, a country which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy, will be unable to develop anything else.

Every organization or country has certain fundamental objectives it desires to accomplish. These objectives can only be achieved through the cooperative efforts of the human resources in the organization or country. It is therefore important to manage the human beings in the country or organization in such a way that they can be effectively utilized. This is what is called personnel administration, human resources management or personnel management.

Personnel administration is that branch of public administration which can help an organization in the management of personnel resources with the use of well thought out principles, practices and rationalized techniques in selecting, retraining, and developing personnel for the fulfillment of organizational objectives systematically and scientifically (Sharma, etal 2012). Personnel management can also be described as the art and science of planning, organizing, implementing and evaluating the personnel resources in any organization to ensure their best use for the achievement of the objectives, goals and targets of an organization (Goel 1993). In the same vein, personnel management is concerned with obtaining the best possible staff for an organization and having got them, looking after them so that they will want to stay and give in their best to their jobs (Cuming 1975). Similarly, Rastogi (1995) contends that:

Personnel management is that part of the management function which is primarily concerned with the human relationships within an organization. Its objective is the maintenance of those relationships on a basis which, by consideration of the well-being of the individuals, enables all those engaged in an undertaking to make their personal contribution to the effective working of that undertaking.

In Nigeria, the central, states and local governments are usually the largest employers of labour today. Correspondingly, the management of human resources employed within the civil services of a country has become so complex and sophisticated that modern scientific methods of managing for results have to be improved upon with a view to achieving set-goals for increased productivity, efficiency and economy (Ojofeitimi, 1992). Managing the human component is therefore the central and most important task, because all else depends on how well it is done. Under a good personnel system, the employees in an organization would direct action towards a common goal in a cooperative and coordinated fashion. Efficient public personnel administration generate development, dynamism and modernization and ultimately lead to nation-building through lubricating and optimizing the capacity and capability of personnel within the machinery of government (Basu, 2012). It follows that a civil service that underrates the critical role and underplays the importance of people in goal-achievement can neither be effective nor efficient.

## **THE EFFECTS OF ECONOMIC FACTORS ON PERSONNEL MANAGEMENT IN THE NIGERIAN CIVIL SERVICES**

As already noted, there are a number of factors in the ecology of public administration which have serious implications or consequences for effective personnel management. These are political, social and economic factors among others. The economic factors which is the focus of this paper has become an issue of national concern today. Indeed, it has dwelt a deadly blow on the effective management of the civil servants to the extent that governments at all levels have found it difficult to pay the salaries of their civil servants for many months. The economic state of the nation affects personnel management directly. This is because the amount of financial resources available to the civil services will be reduced. A healthy economy is therefore a prerequisite to a high quality of work life of civil servants.

One major economic factor which has serious effect on the financial position of the central and state governments is the dwindling oil revenues.

The Nigerian economy, which has hitherto being largely an agricultural one, now has the petroleum industry accounting for the lion's share. Today, 90 percent of revenue accruing to the central government comes from the oil sector. Public sector manpower has also risen rapidly over the years. The economic fortunes of Nigeria had fluctuated greatly over the years. This is because of its dependence on oil while the market for oil has remained an uncertain one. Its price fluctuated from one day to the other with the result that a public administration system which depended so heavily on oil to fuel its programmes has to learn to respond to major crisis both of expansionary and contractionary nature. Since 1977, the oil sector has faced periodic oil gluts and since 1980 a gradual reduction in oil prices has ensued with the result that large-scale contraction (privatization, reduction in employee benefits and retirement) has had to be embarked upon in the public sector (Olowu, 1991). For instance, in the first quarter of this year, 2015, the federal government recorded N1.31 trillion shortfall in revenue accruable to it (Punch, 13 May, 2015). This perverse situation is worrisome and, in fact, has become an issue of public concern.

The situation today is that most states in the country have become insolvent to the extent that they cannot pay salaries of their civil servants. Some state governments now owe as much as six months arrears of salaries to their civil servants. This phenomenon had reduced the level of productivity of the civil servants and these had effects on sustainable development in the country. Civil servants in the affected states have now adopted different strategies to survive months of unpaid salaries. Some of these strategies include begging for money, food stuffs, living on debts, absenteeism from work, among others (The Punch Newspaper, 12 May, 2015). The National Administrative Council of the Nigeria Labour Congress had on May 19<sup>th</sup>, 2015, set up a task force to pursue payment of salary arrears owed civil servants by some state governments.

The report of the Task Force revealed that while some of the states had paid salaries of workers up to date, they owed arrears of pensions running into months. To this end, the congress planned to commence strike actions in (18) eighteen states out of (36) thirty six of the country which are owing civil servants' salaries arrears ranging from three to seven months. The

Federal government also had to borrow N473 billion between January and April 2015 to meet up its own financial obligations to federal civil servants (The Punch Newspaper, May 22<sup>nd</sup>, 2015).

However, another major dimension in respect of the economic factors affecting personnel management in the civil services is the financial recklessness of some state Governors. More than the dwindling oil revenues, state insolvency is largely a product of some state governors' misdeeds such as lack of planning, failure to take initiatives and financial mismanagement of these governors. They also harbor a large number of "ghost" workers, appoint large members of political aides for their selfish interests.

The situation described above is certainly not the ideal milieu for effective personnel management. Therefore, it calls attention to the primacy of economic considerations in personnel management issues in the civil services. If economic situation actually deteriorates as is presently the case, it has great consequences for effective personnel management. Salary or compensation is a major personnel function in any organization. It is related in some ways to almost every other personnel management function. It can lead to emigration of high level professional and technical manpower in the civil services, otherwise called brain drain. It affects both quality of work, welfare, motivation and productivity of civil servants. It will also increase work alienation, frustrations and disenchantment in the civil services. If state governments cannot survive the wage bills of their civil servants, they will find it difficult if not impossible to provide social services for the citizenry of the respective states for national development.

In view of the importance of salary or compensation in any organization, adequate attention must be paid to its regular payment. Payment of staff salary as and when due is even more important and sensitive now than ever before in the Nigerian public service. This is because of the high inflationary trends leading to economic hardship on the part of civil servants today. Therefore, if employees' financial remuneration is not given the needed priority, it can lead to industrial disputes of various dimensions. No nation or organization will be able to achieve its objectives in an environment of industrial disharmony. The quest for rapid nation building and national development will become a mirage if there is no proper management of employees' wages.

## **CONCLUDING REMARKS**

This paper examined the role of the civil service and civil servants in a country. It also examined the importance of effective personnel management for the attainment of nation building and national development. In view of the important role that the civil service and civil servants play in national development, effective management is central to employee motivation and commitment for high productivity. Personnel administration must create a congenial environment for the personnel so that they may feel a sense of involvement, commitment and loyalty to the organization (Basu, 2012). Payment of workers' salary, which is one major aspect of effective personnel management, must receive the top most attention of public service employers.

The impact of the dwindling oil revenues should be properly managed by the various levels of government in order to reduce its effect on personnel management in general and staff compensation management. This is why this paper suggests that urgent measures must be taken by the federal and state governments to address the issue of civil servants' salary backlogs and regular payment of salaries as and when due. In the face of economic crisis, payment of salaries to civil servants should be made one of the priorities of any government. They should ensure proper financial management of scarce resources, embark on serious planning and avoidance of waste as much as possible. Government at all levels

should address the issue of “ghost workers”. They should also avoid bloated work force in the name of political considerations. In addition to adopting cost reduction measures, state governments should initiate policies that will diversify their revenue base in the long run. Other sources of revenue other than oil should be explored. These are agriculture and minerals resources or other forms of investments. State Governments should pay adequate attention to their internally generated revenue to supplement federal revenue allocation they receive on monthly basis. This is more important now that the national revenue from oil has become highly unpredictable, hence unreliable. States cannot be agents of development when they depend almost entirely on unstable revenue allocation from the federal government. There is need for government at all levels to pursue vigorously, the building of a country that is based on fiscal federalism, prudent and accountable spending of public funds for national development.

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