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Volume 2 Number 2

Table of Content

1. Regulatory capture in the Nigerian banking industry.
Semiu Babatunde ADEYEMI Ph.D and Oladipupo Muhrtala TIJANI,
..... 1 – 20.
2. Concession as a Mechanism for Accountability in Port Management: An Empirical Study of the Nigerian Ports Authority .
Fatile Olufemi Jacob, Ph.D and Ejalonibu Layi Ganiyu,..... 21 – 43.
3. Effects of Relationship Marketing on Customer Loyalty: Empirical Evidence From Access Bank Plc, Nigeria.
Akinyele, Samuel Taiwo Ph.D, Affun, Sophia Okemute, and Akinyele, Feyisayo Aderemi, 44 – 63.
4. University Image and Students' Satisfaction in a Nigerian University
Omotayo Oyeniya, Ph.D., Obayopo, O. G., Onochie, Maxwell Prosper.....64 – 80.
5. Quality of Work Life As A Predictor of Perceived Employee's Job Commitment In Food And Beverage Industry In Lagos State, Nigeria
Akanji Rafiu BANKOLE Ph.D,81 – 92.
6. Phillips Curve Triangular Model: A Renewed Case For Nigeria
ONAKOYA, Adegbeми Babatunde, Ph.D.93 – 115.
7. Threshold Effect of Inflation On Economic Growth In Nigeria: An Empirical Analysis.
Roseline Oluitan Ph.D and Opara Philip 116 – 130.
8. Diminishing and Disappointing Role of Trade Unions in the 21st Century: The Nigerian Experience.
Francis C. Anyim Ph.D; Ayodeji O. Ilesanmi and Josephine Alaribe131 – 146.
9. Effects of Total Quality Management Practices On Customer Satisfaction In Nigerian Airlines.
Abdul-Azeez Ibraheem, and Olateju, Olawale I, Ph.D, 147 – 165.
10. Observable and Unobservable Risk Factors in Nigerian Stock Market: What is Missing?

Concession as a Mechanism for Accountability in Port Management: An Empirical Study of the Nigerian Ports Authority

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Abstract

This study was encouraged by the fact that the theoretical terrain of public accountability in public sector organizations posits that radical public service reforms have significant effects on provision of effective and efficient public services. Thus, successful natural resource management requires government accountability to an informed public. All this revolves around the main guiding research objective for this study which was to examine the effect of port concession on public accountability. The study adopted a survey research design and data were collected through both primary and secondary sources. Two hundred and four (204) respondents were selected through purposive sampling techniques out of which one hundred and eighty-one (181) completed and returned the questionnaires. Major operational and descriptive data were analyzed using simple percentage frequency table while Pearson Product Moment Correlation was adopted for the test of relevant hypothesis. The findings of the study showed that Reforms in Port has improved responsiveness, efficiency, productivity and operational performance in the Lagos Port complex. The conclusion indicated that the radical reforms in sea port (concession) for all its worth have positive effects on accountability. Though, the authority has failed to keep its part of the contract agreement especially as it concerns the provision of the enabling environment for port operations; infrastructures were still lacking, as well as other factors which have had quite a significant impact on the accountability of the new port operators. However, recommendations were made to help solve completely the issue of infrastructural decay in Nigerian ports to aid accountability.

Key Words: Accountability, Transparency, Service Delivery, Concession and Corruption.

1.0 Introduction

In today's global commerce, seaports or maritime transport play an important role of being many nations' major gateway for international trade and are a good instrument for measuring the economic health of a nation (Ogunsiji & Ogunsiji, 2010; UNCTAD, 2008). Seaports have considerable influence on the volume and conditions of trade as well as the capacity for economic development of nations still developing. In Nigeria, greater percentage of international trade is routed through the sea, and given its huge population; given the vast population it possessed, it is believed that the Nigerian economy may account for about 70 percent of all seaborne trade in the West African sub-region (Five Star Logistics, 2008). However, the country's ports are increasingly challenged to meet the pressure mounted from movement of ships and cargo in and out of the ports. Therefore in September 2004, Nigerian government initiated one of the most ambitious infrastructure concession programmes and by June 2005 it has passed the Infrastructure Concession Commission Act (ICRC Act, 2005). The concession is ever attempted to bring efficiency, responsiveness and accountability to port services in Nigeria (Leigland & Palsson, 2007).

Corrupt public officials flourish in a society where there is a lack of proper governance, a failure in implementation of democratic values and prevalence of poor leadership. Consequently, corruption has eaten deep into the polity and can be found in every sector in Nigeria. The port sector has its own share as most of the infrastructures are not built up to standard and the roads are not constructed correctly. Moreover, the maintenance of the infrastructure is not up to par and this lack of maintenance is a breeding ground for inefficient and poor service delivery. This lack of proper maintenance of infrastructure is not as a result of inadequate funds but rather it is due to poor allocation and management of the projects. Public officials usually loot government funds for their own personal gain without regard to the consequences (Okekeocha, 2013).

Prior to the recent reforms, Nigeria's port system was primarily under State ownership and operation. The country's two largest port complexes (Lagos and Port Harcourt), together with two smaller ones at Warri and Calabar, serviced the maritime needs of the country as public service ports; owned, managed and operated directly by the Nigerian Port Authority (NPA). Under NPA there have been many attempts in the past to reform port services in Nigeria. However, the new sets of reform idea are significantly different from those of

the immediate post-independence period. Thus, earlier reforms aimed at shaping a sea port that could spearhead national development, albeit in the mould of the colonial age. This time around, reforms are driven by pressures from economic crises and structural adjustment, donor imposition, domestic demands for change amplified by growing political pluralism, New Public Management and emulation of reforms in other countries. Therefore, current reform efforts aim to reduce the costs and refocus the activities of the public port to bring about accountability, to drastically reduce the level of corruption, to change the way it works, and to promote the role of the market and non-governmental actors to engender quality in port service delivery (Olowu, 1999).

The idea of accountability in port service delivery is all about those with authority being responsive and answerable for their actions to the citizens, whether directly or indirectly. Moore (1998) argues that a good democracy promotes the accountability of state to society. Thus a polity is democratic to the extent that there “exist institutionalized mechanisms through which the mass of the population exercises control over the political elite in an organised fashion” (Moore, 1998:86). Thus, in response to the emerging international consensus on the current necessity of public sector accountability, Nigeria undertakes specific initiatives to promote this concept through reform of some public services. To date, Bureau of Public Enterprises (BPE) and Nigeria Port Authority (NPA) have successfully executed 24 concession agreements and the terminal operators for those terminals have already taken over their respective terminals.

So, with this willingness to take forward the Nigerian port reform initiatives, this paper looks at the merit in this argument in the light of making the new port operators responsive and accountable in service delivery. In this paper, the concession programme is seen generally as a mechanism for accountability (responsive port services) and specifically as a means to secure capital for port modernization as well as better organizational management and operational outcomes. Therefore, this study is directed towards assessing the impact of port concession on some public sector performance variables (i.e. accountability, transparency, reduction in the level of corruption and quality Service Delivery) in NPA. It is expected that this study will make contributions to the areas of quality of service delivery in Nigerian ports by making the system more responsive, accountable and less bureaucratic. In fact, the ultimate issue underlying the study is to entrench and ensure accountability and responsiveness in port service.

Statement of Problem

Over the years, government ownership has proved disappointing: the level of operational efficiency has been low and the sectors are embodiments of corruption. Views on how public utilities should be owned, organized and regulated changed. Over and above all these, in the face of competing demands, government lacked the resources to provide significant investment in these sectors. Consequently, most countries have transferred the provision of infrastructure services to the private sector. Such transfer has been accompanied by sector reform and re-structuring before privatization or concession and by the implementation of a regulatory framework. From the Latin American countries through Europe to the Far East, reform of one form or the other has been carried out. Concessions have gained in popularity recently but they are an old innovation. For instance, as far back as 1777, the French Government granted a 15-year concession to collect and distribute water to households in parts of Paris (Kerf, M. et al, 1998).

Despite the changes and radical transformation of the maritime shipping industry at the global industry level, many ports in developing countries remain completely State-run, often with implications for port performance. It is a known fact that financial constraints can prevent government authorities from investing in modern equipment and information technology. It is also true that Government responsibility for both port management and operations can limit responsiveness to the ever-changing service demands of modern maritime shipping services (Brooks and Pallis, 2011).

However, while many developing countries still follow public port models, Nigeria is one of those that have recently introduced reforms that promote private sector involvement, particularly in the operation of port terminals. It is generally believed that the Nigerian Ports by the 1990s demonstrated very low level of productivity which resulted in long turnaround times for ships and increased container dwell time. Instead of the forty-eight hours international standard to unload and reload a ship, it took weeks. The workforce was over bloated and management of the port lacks transparency and accountability. There were excessive port-related charges, and massive level of cargo theft. The most unfortunate was that the port infrastructure required considerable rebuilding and restoration. The above scenario entailed massive external financial support which the federal government was unwilling to provide due to the existing corruption and operating inefficiencies. Hence, port operators and users were left dissatisfied (Leigland & Palsson, 2007).

The country's major ports were suffering from poor performance and high congestion. Among the widely reported problems were a) highly centralized decision-making, b) overstaffing, c) corrupt practices, d) underinvestment, e) limited integration with inland transportation, and f) insecurity of cargo (Borha, 2010). As a result, Nigerian ports ranked low in efficiency and demanded excessive charges compared to other West African seaports. Studies on the circumstances necessitating the Nigerian Ports concession and the initial outcomes have been carried out (Akinwale and Aremo, 2010); others have looked at logistics and physical distribution at the ports (Ogunsiji and Ogunsiji, 2010). Before the reforms, 29 government agencies had been involved in inspection and clearance, and 19 signatures were required to clear a container at the Apapa terminal, resulting in a slow, bureaucratic and often corrupt process for cargo clearance and a major bottleneck for the entire port system (United Nations, 2011). However, no known study have examined if some of the basic objectives of the concession were achieved a decade after the concession, hence the need for this study.

Objectives of the Study

The general objective of this study is to ascertain the effect of port concession on public accountability. The specific objectives are to:

1. Investigate the relationship between port concession and public accountability,
2. Examine the extent to which Port Concession can reduce the level of corruption in NPA,
3. Determine if there is a relationship between Port Concession and transparency in NPA,
4. Assess whether there is any correlation between Port Concession and quality service delivery in NPA.

Research Questions

Based on the above stated research objectives, the following research questions were asked:

1. Is there a significant relationship between port concession and public accountability?
2. Is there a significant correlation between Port Concession and reduction in the level of corruption in NPA?
3. Is there a significant relationship between Port Concession and Transparency in NPA?

scenario, couple with the fact that governments and port authorities around the world, have withdrawn from port operations knowing that enterprise-based port services and operations would allow for greater flexibility, efficiency, and better services to port consumers (Notteboom, 2007). This made the disengagement of government from the activities that could be more efficiently provided by the private sector inevitable. The process of involving greater private sector participation and expertise in the Nigerian seaports began in 2003 by the National Council on Privatization (NCP), the apex policy body on sector reforms in the country, in conjunction with the Bureau of Public Enterprises, BPE (Razak, 2005).

Thus, concessions were born out of the needs for one reform or another. Concession may be considered analogous to public private partnerships (PPPs) and Private Finance Initiatives (PFIs) and or seen as an arm of privatization. Privatization of state-owned enterprises (SOEs) has become a key component of the structural reform process and globalization strategy in many economies (Jerome, 2008). It gained popularity in recent times but is an old innovation as it was practiced by the French government as can be seen in the water project of 1776 (Idornigie, 2006). Concessions do not involve the sale or transfer of ownership of physical assets, only of the right to use the assets and to operate the enterprise. Concession agreements are for a limited period – usually 10-30 days, depending on the context and sector. The Government, as owner of the assets, retains much close involvement and oversight in concessions through regulatory bodies.

3.0 Empirical Review

Since the primary goal of government is to allocate limited capital resources to the production of those goods and services for which demand is great, then reliable and efficient allocation of those resources can only be afforded when there is accountability. Inadequate accounting and reporting, on the other hand, conceal waste and inefficiency, thereby preventing an efficient allocation of economic resources. Accountability is the process whereby public service organisations and individuals within them are held responsible for their decisions and actions, including their stewardship of public funds, fairness, and all aspects of performance. This will be realized by developing and maintaining a good strategy or mechanism through which a fair disclosure of information in timely reports to internal as well as external stakeholders is ensured (INTOSAI, 2004).

One of the positive effects of globalization is that governments around the world realized they lacked the resources and managerial ability to drive a modern seaport successfully (Razak, 2005). Port authorities in many countries have withdrawn from port operations knowing that enterprise-based port services and operations would allow for greater flexibility, efficiency, and better services to port consumers (Notteboom, 2007). This made the disengagement of government from the activities that could be more efficiently provided by the private sector inevitable. The process of involving greater private sector participation and expertise in the Nigerian seaports began in 2003 by the National Council on Privatization (NCP), the apex policy body on sector reforms in the country, in conjunction with the Bureau of Public Enterprises (BPE) (Razak, 2005). The Infrastructure Concession Regulatory Commission- ICRC Act 2005 was enacted to address the huge infrastructure deficit in Nigeria and the decrepit state of the existing infrastructure. The Act, which established the ICRC, also empowers Federal Ministries, Departments and Agencies (MDAs) to utilize Public Private Partnerships (PPP) as a procurement vehicle of choice where suitable, to rapidly turn around the infrastructural insufficiency. Thus, it provides for MDAs to enter into contracts with or grant concession to any duly pre-qualified private sector proponent for the financing, construction, operation, and maintenance of any infrastructure that is financially viable or any development facility of the Federal Government (ICRC Annual Report, 2010).

The Royal.Haskoning carried out a study to identify some of the bottlenecks to the port operations and recommended the "landlord" model approach. Given the recommendation of the project monitors (CPCS, World Bank & Royal Haskoning) the Landlord port model was chosen. The landlord port model in essence entailed the public sector being responsible for port planning and regulatory tasks (related to safety, security and environment), and maintains ownership of port-related land and basic infrastructure and divide the Nigerian Ports Authority into several autonomous port authorities, each responsible for a different geographical zone. Under this arrangement, the private sector would be responsible for marine and terminal operations, construction, cargo handling operations, dock labour management, purchase and ownership of superstructure and equipment (NPA Brand Manual, 2005). Pay suitable compensation to the Port Authority for concessioning the land and the operations, manage commercial risks associated with their concession operations, and maintain direct contacts (and contracts) with shippers, who would pay the operators directly without interference from the port authority,

finance and implement investments and maintenance for superstructure and equipment.

The FGN embarked on the concession of Nigerian Ports essentially to solve the protracted problems of inefficiency, corruption, mismanagement, and huge debts that characterize the Nigerian ports. The rationale behind the Nigerian Port concession includes the \$34 million indebtedness of the NPA, the redundancy of 24 out of 83 managers as well as its poor management structure. Emphatically concession of Nigerian ports refers to lease of port terminals and re-organization of stevedoring companies. About 110 applications were received in December 2003 and out of 94 pre-qualified concessionaires, only 20 were granted to operate Nigerian seaport terminals for 10-25 years (Akinwale & Aremo (2010).

The port concession programme was completed in 2006 after an international competitive bidding process. This led to the emergence of 16 private terminal operators on the Build, Operate and Transfer (BOT) model. The reform brought about ceding of cargo handling operations at the port to private terminal operators, leaving the Nigerian Ports Authority (NPA) as the landlord. By July 2006, twenty long term port concessions were awarded with some more in progress (Leigland & Palsson, 2007).

Recent statistics from the NPA shows that there is a modest improvement in the fortunes of Nigerian ports in the last few years. The concession exercise has also led to the emergence of very large vessels with greater cost effectiveness, speed in delivery, improved cargo-handling technology and reduced unit freight cost. The initiative has brought on board international terminal operators with specialised technical efficiency in cargo handling. In addition, it has increased port competitiveness, fluid movement of goods across international borders, offshore manufacturing and electronic business transactions, among others. Since the concession of the terminals, statistics have shown that while cargo throughput has soared, ship traffic has also increased tremendously. The improvement in cargo throughput saw turnaround time of vessels coming down to 72 hours on the average in most of the terminals (Mohammed, 2008).

Oghojafor, Kuye & Alaneme (2012) in a their study examined the problems bedeviling the operations of the Nigerian ports before the concession programme and how well the concession has improved the performance of the Ports system. The content analysis of annual reports, as well as interview was

adopted in analyzing their data. The findings of the study showed that the concession has been able to reduce corruption and it earns more income for the government.

In their quest to verify the above submission, Obed & Emeghara (2013) adopted a cross-sectional survey research design using simple randomly sampling technique to select a total number of two hundred respondents who were drawn mainly from Apapa and TinCan Island Ports, Lagos, in carrying out a study to appraise the impact of Port Reforms and Concession effect on the volume of cargo delivery and operational performance in the Nigerian Ports. The result of the research shows that there is a noticed operational effectiveness and efficiency in the Nigerian ports since the concessionaires took over the ports.

4.0 Research Method

The research design adopted for this study is 'Descriptive and Survey Research Design' which involves the use of questionnaire and oral interview. The study used a correlation research method in order to examine the relationship between two or more variables at the point in time. The design was chosen because they provide an appropriate methodology for opinion and perception of the benefits accruable from the operators. This method is preferred to other methods because it enables the researcher to solicit information from the research respondents, particularly where the nature of the research makes practical field work necessary. The design enables the researcher to go out on field to meet the respondents who were selected by a sampling process that can give information on the researcher's area of interest.

This study is intended to address the total population of employees in Nigerian Port Authority, NPA. However, the vast diversity of this population in terms of socio-economic and geographical status and other related variables would make for monumental undertaking. Therefore, it is necessary to delimit the setting from which a sample for the study could be drawn. Using simple random sampling technique; a total of two hundred and four (204) respondents were drawn from five major areas and these include: Apapa Terminal which is sub-divided into five points A-E; one Apapa Container Terminal; one Ijora Container Terminal; Tin Can Island Terminal which is sub-divided into three points A-C; and lastly, RoRo Terminal. Thus our sample is drawn as shown in the table below. The population of this setting stands at 2040 as at November 2014 as shown in table 2 below.

Table 2: Distribution of sample in NPA

Terminal	Population	Sample
Apapa Terminal A	200	20
Apapa Terminal B	170	17
Apapa Terminal C	210	21
Apapa Terminal D	230	23
Apapa Terminal E	170	17
Apapa Container Terminal	190	19
Ijora Container Depot	160	16
TCIP Terminal A	140	14
TCIP Terminal B	190	19
TCIP Terminal C	200	20
TCIP Roro Terminal	180	18
Total population	2040	204

Source: Field study, November 2014

The primary data were collected through structured questionnaires. The items generated to verify whether a relationship exists between port concession and public accountability formed part of a questionnaire consisting of 25 items with an introductory letter attached. Also the research instrument was validated using content validity. The content validity is established by giving a set of the draft questionnaire to ten executive/management staff of the NPA. These experts reviewed the content of the items and confirmed that the items were within the linguistic capabilities and understanding of the respondents. A pilot study was also carried out to test the reliability of the measures. To determine the reliability of the constructs, internal consistency of the construct was determined using cronbach's alpha. The Cronbach alpha was measured to be 0.894 for 25 items on the questionnaire (see table 1 below). This alpha level is above the required 0.7, thus the instrument can be said to be reliable. Therefore, one can conclude that the instrument will adequately measure the effects of public service reform on public accountability.

Table 1: Reliability Statistics

Cronbach's Alpha	No of Items
.894	25

Source: Field Work. April, 2014

Data Presentation, Analysis and Interpretation

In the course of this research work, two hundred and four (204) questionnaires were distributed through personal administration in Nigeria Port Authority (NPA), Apapa, Lagos. All the questionnaires, except 23, were valid. This means that the response rate is 88 percent. Therefore, a hundred and eighty one (181) questionnaires were used for the data analysis of this study. All completed copies of the questionnaires were properly edited and used for testing of our hypotheses. In this section also, responses to twenty-five (25) items on the questionnaire were analysed. The questionnaire was designed for and administered to major stakeholders that work at Lagos Port Complex, among who are NPA staffs, shipping agents, private terminal operator's staff, shippers (Freight Forwarders, and dockworkers). The response rate from data generated in the study are reported using simple percentage based on each terminal point as shown in table 4 below.

Table 4: Analysis of Response Rate

Terminal	Returned	Not Returned	Total	Rate Returned %
Apapa Terminal A	19	1	20	10.5
Apapa Terminal B	14	3	17	7.7
Apapa Terminal C	18	3	21	10
Apapa Terminal D	22	1	23	12.2
Apapa Terminal E	14	3	17	7.7
Apapa Contai. Ter.	17	2	19	9.4
Ijora Contai. Depot	15	1	16	8.3
TCIP Terminal A	13	1	14	7.2
TCIP Terminal B	16	3	19	8.8
TCIP Terminal C	17	3	20	9.4
TCIP Roro Terminal	16	2	18	8.8
Total	181	23	204	100

Source: Field study, April 2014

Demographic Characteristics of the Respondents

Demographic characteristics of the respondents are very important in the analysis of social survey related to human behavior. In this case, the characteristic of the respondents helped in understanding social background of the persons whose responses are very crucial to this study. Thus the focus here is on the discussion of the respondents' characteristics. In this study, two types of analysis were used. First, in order to provide a description of the sample from which data were collected, descriptive information on gender, age,

official and marital statuses of the respondents were given. Most of these data were analysed using cumulative simple percentage frequency table. These variables were measured by requesting the respondents to tick alternative responses provided in the bio-data. The demographic characteristics of the respondents were analyzed in table 3 below.

Table 3: Demographic Distribution of the Sample

Demographic	Characteristics	Frequency	Total
Sex	1 Male	132	181
	2 Female	49	
Marital Status	1 Married	37	181
	2 Single	107	
	3 Divorced	19	
	4 widowed	18	
Age	1 Below 30 year	23	181
	2 30 – 39 year	72	
	3 40 – 49 year	50	
	4 50 – 59 year	21	
	5 60 & above	15	
Official status	1 Management	29	181
	2 Senior	113	
	3 Junior	39	
Qualification	1 Postgraduate	30	181
	2 1 st Degree./ HND	107	
	3 NCE/ND	33	
	4 WASSC/SSCE/NECO	11	

Source: Field study, November 2014

The table above shows that 132 well above 70 per cent of the respondents are male, while 49 of them or 27.1 per cent are female. The analysis reveals that majority of respondents are male. The result further indicates that 20.4 percent of the respondents are single, while 59.1percent fall within the married member of the study sample, 10.5 per cent are divorced and 9.9 per cent of the total respondents are widowed. It also indicates that 12.7 per cent of the respondents fall within 30 years and below, 39.8 per cent are within the age bracket of 30 – 39years while 27.6 percent of the respondents are within 40 – 49 years of age bracket, 50- 59 years forms about 11.6 per cent of the sample size and 60 years and above are about 8.3 per cent. This suggests that majority of the respondents fall within the bracket of the age required for this study. On

the level and status of the respondents, the result shows that 16 percent of them are management staff of Nigeria Port Authority, 62.6 per cent form part of the senior staff, while about 21.5 per cent of the respondents are junior staff. Again, the result of the analysis suggests that majority of the respondents are members of the senior staff and hence they form the significant part of the study population. Lastly on the level of qualifications, it is evident that 16.6 percent of the respondents are Post Graduate Degrees, About 59.1 per cent of the respondents have 1st degree certificate, NCE and ND certificate holders are about 18.2 per cent of the total respondents and about 6.1 per cent are senior secondary school certificate holders. The result suggests that all the sampled population have formal education from secondary school and above while most the sampled population have BSC and HND degrees.

Data Presentation and Analysis According to Test of Hypothesis

Having given a careful analysis of the responses obtained from the respondents, the hypotheses earlier formulated in this study will now be tested and the results are fully discussed below. The hypotheses were tested using Statistical Package for Social Sciences (SPSS,20.0), specific percentage analysis, Pearson Product Moment Correlation analysis with a significance level of 0.05 that corresponds to a 95% confidence level was used to test the hypotheses. Thus, to determine the relationship between our independent and dependent variables, Pearson Product Moment Correlation coefficients (r) was adopted. This technique can be determined as follows:

$$\text{Formula: } PP(r) = \frac{N\sum XY - \sum X \sum Y}{\sqrt{[N\sum X^2 - (\sum X)^2] [N\sum Y^2 - (\sum Y)^2]}}$$

Although this can be done manually using Pearson correlation formula for a small set of data, however we evaluated the test statistics using Statistical Package for Social Sciences (SPSS) 20.0 for the analysis of the study. Also, we used Likert scale of five points as the scoring instrument of our questionnaire. The scoring instrument (i.e., five points Likert scale) is a continuum with corresponding weights of 5, 4, 3, 2 and 1 in which 5 correspond with “strongly agreed” 4 “Agreed” 3 “Undecided” 2 for “Disagreed” and 1 for “Strongly Disagreed”.

Hypothesis One

H₀₁: There is no significant relationship between port concession and accountability in NPA.

Variables	N	R _{cal}	R _{tab}	Sig.	Decision
Port concession and Accountability in NPA	181	.950**	0.139	0.05	H0 Rejected

The Table shows the relationship between port concession and the public accountability. From the computation above, the calculated Pearson correlation is 0.950 while the tabulated Pearson correlation is 0.139. Thus, the calculated Pearson correlation is greater than the tabulated Pearson correlation at 0.05 level of significance. Therefore, the Null hypothesis is rejected and concludes that there is positive and significant relationship between public service reform and public accountability in Nigeria Port Authority (NPA).

Hypothesis two

H02: There is no significant correlation between Port Concession and reduction in level of corruption in NPA

Variables	N	R _{cal}	R _{tab}	Sig.	Decision
Port concession and reduction in level of corruption in NPA	181	.963**	0.139	0.05	H0 Rejected

From the computation above, the calculated Pearson correlation is 0.963 while the tabulated Pearson correlation is 0.139. This means that the calculated Pearson correlation is greater than the tabulated Pearson correlation at 0.05 level of significance. Therefore, the Null hypothesis is rejected and concludes that Port Concession has reduced the level of corruption in Nigeria Port Authority (NPA).

Hypothesis three

H03: There is no significant relationship between Port Concession and transparency in NPA

Variables	N	R _{cal}	R _{tab}	Sig.	Decision
Port concession and Transparency in NPA	181	.958**	0.139	0.05	H0 Rejected

From the computation above, the calculated Pearson correlation is 0.958 while the tabulated Pearson correlation is 0.139. This means that the calculated

Pearson correlation is greater than the tabulated Pearson correlation at 0.05 level of significance. Therefore, the Null hypothesis is rejected and concludes that there is significant correlation between Port Concession and transparency in NPA

Hypothesis Four:

H04: There is no any correlation between Port Concession and quality service delivery

Variables	N	R_{cal}	R_{tab}	Sig.	Decision
Port Concession and Quality Service Delivery in NPA	181	.952 **	0.13 9	0.0 5	H0 Rejected

From the computation above, the calculated Pearson correlation is 0.952 while the tabulated Pearson correlation is 0.139. This connotes that the calculated Pearson correlation is greater than the tabulated Pearson correlation at 0.05 level of significance. Therefore, the Null hypothesis is rejected and we conclude that there is significant correlation between Port Concession and quality service delivery in Nigeria Port Authority (NPA).

Discussion of Findings

The major issues addressed in this research study include:

1. Verification of relationship existing between port concession and public accountability
2. Examination of the extent to which Port Concession has reduce the level of corruption in NPA,
3. Determining whether Port Concession can promote transparency in NPA,
4. Assessing the correlation between port concession and quality Service Delivery at NPA

The first proposition examined the effect of port concession on public accountability in Nigerian port Authority (NPA). The results obtained from the research hypotheses revealed that port concession has a significant effect on public accountability in Nigeria Port Authority (NPA). Thus, in testing hypothesis one, the Null hypothesis was rejected and concluded that there is a significant relationship between port concession and accountability in Nigeria Port Authority (NPA). This finding corroborates the findings of Manyabula (2009) who posited that port reforms led to the improvement of public sector transparency and accountability. Though this finding is in contrary with the

findings of Oghojafor, Kuye and Alaneme (2012) who contend that Ports concession programme may not have solved the existing problems at the ports even though it was able to earn more revenue for government. The increased earning is yet to be reflected in the infrastructural development of the ports as revealed in their findings. They argue that most of the peculiar problems which led to the concession were still prevalent. However, our findings in this research is also in consonance with the findings of Obed and Emeghara (2012) who found that there are significant changes in the operational productivity in Nigerian Seaport after the reform. Also, the research is corroborated by the findings of Obed and Ndikom (2013) who argues that post concession era, has brought about positive developments in our ports which has in many ways enhanced the productivity and accountability in Nigerian ports. Improvements in port efficiency are helping to realize potential.

Hypothesis two which states that there is no significant relationship between Port Concession and reduction in level of corruption in NPA was rejected. This is because the calculated Pearson correlation coefficient is greater than the tabulated value at 0.05 significance level. It therefore, suggests that port concession has significantly reduced the level of corruption in Nigeria Port Authority (NPA). Our finding here support the submission of Ihenacho (2005) who stated that, it is pertinent to note that before the past reform efforts of Government, Nigerian ports were grossly inefficient and ineffective and were plagued with all forms of vices and high level of corruption.

The third hypothesis also has its Null hypothesis rejected and concluded that Port Concession has promoted transparency in NPA. The finding of this research is in line with the findings of Oghojafor, Kuye & Alanem (2012) which claimed that the operating expenditure decreased from an average of N2.25 Billion in the 2004/2005 pre concession year to N1.4 billion in 2007. This may be explained by the fact that there may have been possible prudence in spending. It further decreased to 445 million in 2008. They further argued that considerable revenue was also saved when the right downsizing is done as dead woods were weeded out. The 2008 annual report also showed that port security was intensified as measures were put in place to control the access roads and restrict entry of people without legitimate business in the port premises. Again, the over bloated personnel strength was reduced from an average of 1343 pre-concession period to 733 post-concession. It is assumed that the port usually have an over bloated staff strength which led to redundancy and ineptitude.

Lastly, hypothesis four also has its null rejected as it was discovered that Port Concession brings about improved and quality service delivery in NPA. For example, using Operational Performance as a reform strategy, concession gives more authority to new port managers over operations, including budgeting, purchasing and personnel. This is assumed to increase efficiency based on the notion that old port managers (public servants) are hampered by rules and regulations and have few, if any, incentives to take risks and to be innovative and service oriented. This will enhance accountability. This claim is supported by the findings of Muhammad (2008) who claim the following arguments: there is decrease in waiting time and container dwell time both of which improve operational performance in terms of increased cargo movement (Transit/Trans-shipment), there is also infusion of private capital to improve facilities and equipment, new business opportunities which now exist engender lower cost due to economy of scale. Also, this finding is corroborated by the study of Ocean Shipping Consultants (cited in AICD, 2009) who claimed that concession has improved Operational performance in the following sense:

- Improved turnaround time for ships and cargo.
- Improved cargo-handling performance.
- Higher average number of cargo moves on a weekly and monthly basis.
- Improved cargo and personnel security measures.

That suggests that the efficient and effective service delivery being enjoyed in Nigeria Port Authority has been engendered by the port reform.

Concluding Remarks

This paper aimed at addressing the issues associated with the public accountability especially in the Nigerian port system. In this study, four research questions were answered and four hypotheses were formulated and tested. The results of the hypotheses tested suggest that there is significant correlation between both the accountability and transparency and port concession. Evidence from this research also shows that port concession correlated with the quality service delivery and reduction in the level of corruption in NPA. This correlation is positive and significant at $p < 0.05$. Findings from this study also show that motivation is a key factor in public accountability; and port concession programme adds value and leads to better performance.

It is evidently shown by this research study that the concessions programme has had a positive impact on accountability in port service delivery. It was

discovered that Shifting from public to private terminal operation also involve changes in the skills and knowledge base of the workforce as private terminal operators apply international and modern standards. Additionally, greater exposure to international labour standards has led to action on the side of workers seeking to improve operational performance of their labor, and the dramatic increase in “throughput” creates more qualified and formal sector jobs. Nigeria’s successful port concession programme has led to significant interest in a number of new projects, the most notable being the Lekki Port in Lagos State. A Greenfield project, it will be able to handle 1 million TEU of container cargo per year, roughly doubling the national capacity.

However, despite the huge success from the concession, it must be noted that, capacity constraints remain an issue. The terminal operators have complained of lack of adequate infrastructures at the ports, which impedes their business operations and adds to cost of doing business. Also the existent structure of most government agencies at the ports do not conform to post concession era, these structures are obsolete therefore there is a need to reframe the system and structure of those agencies to conform to current situation at the port (Oghojafor, Kuye and Alaneme, 2012). It is in the light of the above identified problems that we recommend as follows:

As the port starts operating the Landlord port system, this study suggests that only the competent and reliable private sector entrepreneurs should be allowed to provide port services. Also, the Nigerian Ports Authority should either quickly acquire enough automated cargo handling equipment and latest cargo handling innovation such as on-dock rail and post – Panmax cranes so as not to be left behind in achieving optimum productivity and efficiency. Such cargo handling equipment should be handled by private investors whilst NPA concentrates only on the administration of the ports. The resulting increased productivity, efficiency, responsiveness and accountability as well as speed will ensure a faster turnaround time for vessels at the ports.

So also, the Federal Government should as a matter of urgency equip the Nigerian Customs Service with enough hydro-scanning machines and sufficient competent staff to facilitate their operation so as to stop manual 100 per cent physical examination of the goods at the ports and avoid delayed examinations. Personnel should also be urgently trained for their operation. Since hydro scanners have been criticised as being unable to detect HS Code (classification, value, quantity, composition and texture) of cargo on which the value of the cargo is calculated because they are designed for tracking drugs

and illegal arms, adequate Customs personnel will assist where manual inspection is still needed in addition to the hydro-scanners. Governments should promote and disseminate positive experiences to potential investors through organs such as investment promotion agencies.

The Nigerian Ports Authority with the Nigerian Customs Services should make use of the Bonded Cargo Terminals outside the ports in Lagos in order to enhance productivity and operational efficiency, reduce stress on its existing facilities at the ports and to encourage the use of the ports as “cargo transit” and not as “cargo storage” areas. It is interesting that NPA had entered into arrangements with some shipping companies including Maersk and Panalpina to take cargo to Kirikiri and Lilipond terminals outside the ports of Apapa and Tin Can Island, Lagos for inspection and release to the cargo receivers. These measures will help in decongesting the Apapa and Tin Can Island ports and facilitate quick delivery of cargo.

Moreover, it is the suggestion of this study that the tariff structure should be simplified and duplicity eliminated. The effectiveness of the simplified tariff will make the Nigerian ports to be competitive in the West and Central African sub-region. The simplified tariffs will also reduce corruption at the ports and it is suggested that they should be continuously reviewed in order to remain competitive. This research also agrees with the opinion of a maritime expert that “even though the computation of local handling charges arises in three main areas namely, container related, documentation-related and also wharf age/equipment/services-related, in determining the payable handling charges there should be a balance whereby only true and verifiable costs are passed by the carrier to the shipper on a no-loss, no-gain basis in a transparent and participatory manner” (Igbokwe, 2001). Thus, the charges will be reduced and our ports made more attractive to shippers and cargo diversion to neighbouring ports reduced if not eliminated.

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