
Monetisation Policy and Staff Productivity in Federal Ministries in Nigeria

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To cite this article:

Matthew Olu Okotoni, Oluwafisayo Olamiposi Falowo. Monetisation Policy and Staff Productivity in Federal Ministries in Nigeria.

International Journal of Health Economics and Policy. Vol. 8, No. 3, 2023, pp. 57-61. doi: 10.11648/j.hep.20230803.11

Received: December 2, 2022; **Accepted:** December 26, 2022; **Published:** July 6, 2023

Abstract: In 2015, the Jonathan administration attempted a review of the monetisation policy in the civil service after over a decade of its continuous implementation in Nigeria. The administration discovered that despite helping government reduce expenditure cost in the civil service, the implementation of the policy has engendered unexpected consequences in the area of productive commitments of public servants. This study examined the effect of the implementation of the monetisation policy on staff productivity in selected Federal Ministries. The study adopted a descriptive survey research design. Primary and secondary data were used for the study. Primary data were collected through the administration of questionnaire and conduct of interviews. The study population comprised 1710 staffs from Ministries of Finance, Communications and Science and Technology. Simple random sampling technique was used to select a sample size of 342 respondents, representing 20% of the study population. Interview was conducted with eight Directors, two from each Ministry. The data collected were analysed using percentages, mean and content analysis. The result showed that implementation of monetisation policy has not positively affected staff productivity in the Federal Ministries. The respondents disagreed with the effect of monetisation on the following indicators: high quality work outcome (3.95), large amount of work (4.0) and timely submission of reports (3.96). The study concluded that monetisation policy does not have positive effect on staff productivity in the Federal Ministries.

Keywords: Monetisation, Policy, Productivity, New Public Management, Public Sector, Implementation

1. Introduction

The drive to achieve public sector efficiency is a fundamental objective of every government all over the world. Operation of modern state requires an institutional structure that is effective and efficient [6]. The public sector provides the instrumentality through which development agenda of government is translated into laudable programmes and visible projects. Consequently, the success or failure of a government is determined by the public administration system. Arising from the foregoing, the need to raise labour productivity and efficiency culture in the public service assume centre stage in the priorities of government. This is because at the heart of developmental process in any society is the productive role and creative ingenuity of labour that influences the direction of socio economic development [10].

The enthronement of efficiency in the public sector has assumed another dimension with the introduction of the New Public Management (NPM) principle into public sector

management. The NPM has assumed a predominant management policy alternative that is embraced by government to deal with contemporary socio-economic problem [12]. This informed the wave of reform measures by the Obasanjo civilian administration in 1999.

In the light of the above, the Obasanjo's administration in its quest to have a proficient, active and target driven public service embraced the pattern of New Public Management approach through reforms in addressing the numerous socio-economic problems facing the country. Amongst the reform programmes is the monetisation of fringe benefits of the public servants. The urgent need for monetisation policy was a reaction to the alarming discovery at the close of 2001, where more than 85 percent of Government expenses were channeled to overhead costs [13].

Aluko [4] maintained that monetisation policy has been operated in different countries of the world. He emphasized the fact that its introduction in the health sector in the United States has produced increased workforce productivity. He

made similar submissions about the United Kingdom. The monetisation policy was expected to uplift the living standard of public workers by minimizing inflation, poverty, slow economic growth, wastage, unemployment and underemployment. Policy makers were also of the opinion that the programme would stimulate individual initiatives while encouraging motivation, creativity and fundamentally, improve service delivery quality, promote efficiency and patriotism in civil service.

In 2015, the Jonathan administration attempted a review of the monetisation policy in the civil service after over a decade of its continuous implementation in Nigeria. The administration discovered that, despite helping government reduce expenditure cost in the civil service, the implementation of the policy has engendered unexpected consequences in the area of productive commitments of public servants [13].

2. Statement of Research Problem

Existing work of scholars such as Agba [3] and Obodo [9] stated that there has been decline in labour productivity in Nigeria especially in the public sector. Aduma and Eneh [1] affirmed that labour productivity in the public sector is said to be relatively low compared to their counterpart in private sector in Nigeria. The issue of labour productivity in the public sector has been a long standing problem that has affected efficiency in the public sector in Nigeria.

The implementation of monetisation policy is expected to correct the observed anomaly due to the introduction of enhanced income package to the public servants. Despite the importance of increased productivity in the public sector, the attention of scholars such as Teniola [6] and Bakare [14] has focused more on the role of monetisation policy on recurrent expenditure and inflation in the economy with scant attention on the implementation of the policy on staff productivity in the public service.

The study therefore seeks to examine of implementation of monetisation policy on staff productivity in selected Federal Ministries and Parastatals in Nigeria.

3. Literature Review

3.1. Monetisation Policy in Nigeria

According to Bakare [6], the committee on implementation of monetisation policy was led by Chief U. J. Ekaette, the then Secretary to the Government of the Federation. The setting up of the committee became necessary as a result of the escalating cost of governance and due to the burden of making basic amenities available to workers under government payroll while leaving very little for capital development. The Government of the Federal Republic of Nigeria, through a circular reference no. SGF/19/S47/C.1/11/371, dated June 27, 2003, adopted the implementation of the monetisation policy in the Federal Public Service. The policy was to commence on July 1, 2003.

However, in December 9, 2003, President Obasanjo through a letter, Reference No. PRESS/36-1, which was addressed to the Service Head of the Federation, adjusted some provisions in the circular previously mentioned and changed the date of commencement of the policy to October 1, 2003 [6]. However, despite the change to October 1, 2003, the monetisation policy did not commence until June, 2004. Nweke [8] in a review of the monetisation policy stated that the monetised fringe benefits includes; residential accommodation, furniture allowance, utility allowance, medical allowance, leave grant, meal subsidy and so on.

Fayomi [7] listed the areas where fringe benefits of civil servants have been monetised to include: “(i) accommodation: (B/w 50%, 60% & 75% of annual basic salary) (ii) transport: (25% of annual basic salary) (iii) meal subsidy: (B/w N2,500 & N10,300) (iv) utility: (15% & 20% of annual basic salary) (v) domestic servant: (Only applicable to levels 15 – 17) (vi) leave grant: (10% of annual basic salary) (vii) medical: (10% of annual basic salary) (viii) furniture: (only levels 7 – 17 – 40% per annum) (ix) vehicle loan: (100%, 150% & 200% of annual basic salary) (x) driver: (only applicable to level 17)”.

According to Obodo [9], the implementation of the monetisation policy required that vehicles are no more to be purchased by the ministries. This also affected extra ministerial departments and Federal Government Agencies. The researcher further added that where it becomes a matter of necessity for a Ministry, Extra-Ministerial Department or Agencies to purchase new vehicles, a request must be forwarded to the President for approval. The Government equally set up a committee in charge of disposal of excess vehicles in the agencies/ministries. He also stated that every public servant in the federal public service will be paid between 50 per cent and 75 per cent of his annual basic salary as accommodation allowance.

On the other hand, the payment of 300 per cent of Annual Basic Salary is recommended as furniture allowance in line with provision of the certain Political Public and Judicial Office Holders (Salaries and Allowance) Act 2002” [9]. In the same vein, the researcher submitted that, “Domestic Servant Allowance is recommended to be retained for political office holders under this Act 2002, even though it has already been monetised. The provisions of the Act 2002, stipulates as follows: GL 15 – 1 domestic servant – N119, 586 per annum: GL 16 and 17 – 2 domestic servants – N358, 704 per annum and political office holder – 75% of annual basic salary” [9].

3.2. Implementation of Monetisation Policy in Nigeria

Olatunji, Muhhamed and Raji [11] concluded that a critical look at the journey so far on monetisation policy showed that the policy has not fared well in achieving the objective for which it was set up. They discovered that service delivery in the civil service is still poor. They further stated that civil servants are unproductive and grossly corrupt, despite the implementation. Corruption was attributed as one of the reasons why the policy has not achieved its objectives. The civil service is accused of prevalent redtapsism, mass

misappropriation of funds and generally unproductive.

Ukwandu and Onyema [15] emphasized that the monetisation policy was designed to help counter the dependency syndrome developed by public servants. It was expected the policy would help to prepare civil servants for post-retirement life. It could be argued that the latter objective had been met to some extent as some categories of civil servants purchased the official houses and cars given to them. Despite this, the policy has created some problems.

Ayapere [5] identified a number of faults from the implementation of the monetisation policy. Firstly, the benefits of monetisation policy to federal civil servants are not commensurate with the cost of providing civil servants' basic needs. The findings showed that after removing deductions from the consolidated salary, the net income from the salary becomes nothing compared to the market forces in respect of food items, house rent, clothing, children school fees, and many things that can be mentioned. The inflation created by the policy has made the purchasing power of civil servants less strong.

In addition, the deductions made from civil servant's salaries for pensions and health insurances were introduced because of the monetisation policy. The majority of the civil servants are not utilizing the health facilities, while the pension administrators hardly furnish the civil servants with up to date information on balances. Ayapere added that the accumulations of this funds from deductions over time is not properly scrutinized. The contributors of the fund would prefer the money made available to them for their personal use rather than making free money available to some individuals in the name of managing on their behalf.

Teniola [14] believed that the monetisation policy that was meant to solve problems has now created more problems for the country. He referred to the policy as a monster. He is of the opinion that the policy is doing more harm to the country than solving. He suggested a need to revisit the policy to address the problem of growing recurrent expenditure in the country. In his opinion, the action of President Buhari and his Vice to reduce their salary by half, is not enough; there is a need to revisit some of the policies and programmes of government of which monetisation is one of them.

3.3. Theoretical Framework

The work is anchored on the scientific management theory. The first serious thought on scientific management theory was made by Frederick Winslow Taylor, where he conducted studies in industry in U.S.A. towards the end of the nineteenth century. The theory is concerned with improving administrative efficiency for increased productivity. The scientific management theory was formulated to address the challenges that confronted the industrial sector, which was an issue that pre-occupied the mind of the scholars of the era. The theory specified a number of objectives which include: increasing the efficiency of workers, avoiding wastage, training of workers, finding the best alternative of achieving the goals of the job.

The goals of the monetisation policy are to reduce cost and

increase workers' productivity. The essence of the policy is to address the trend of the growing recurrent expenditure of the government. Also, the policy by converting fringe benefits to cash will increase the level of disposable income available to workers. By so doing, it is expected that this will bring about an increase in workers' productivity. Furthermore, the policy aims at ensuring equity in the allocation of scarce resources.

The theory particularly emphasized the fact that workers are primarily working to earn a living. This perception of the workers to the work they do is that, it is a means to an end. In this vein, the policy aims at motivating workers for higher productivity or better performance, which is an essential component of the theory. This is also the main focus of this study; the influence the increase in income from conversion of fringe benefit to monetary benefit has on staff productivity. Furthermore, the theory addressed reduction in waste, which is a goal of management. This is in line with the monetisation policy. The monetisation policy is meant to cut cost of governance which assumed an increasing trend in Nigeria. The government adopted the policy to cut cost, save money realized, and this will be subsequently reallocated to other areas of needs.

The theory also imbibed the concept of downsizing, rightsizing as a means of achieving efficiency and effectiveness. This is also contained in the policy as a number of workers at the lower grade are laid-off, in the course of implementation of the policy. The policy specifies that a category of the workers is to be retrenched most especially those with less qualification. The theory has assumed a lot of relevance in the world and it is still influencing a lot of management thinking in the world. However, the theory has been criticized for lacking humanitarian concept, and been less democratic in the area of decision in the organization.

4. Methodology

The study adopted a descriptive survey research design. Primary and secondary data were used for the study. Primary data were collected through the administration of questionnaire and conduct of interviews. The study population comprised 1,710 staffs from Ministries of Finance, Communications and Science and Technology. Simple random sampling technique was used to select a sample size of 342 respondents, representing 20% of the study population. Interview was conducted with 6 Directors, two from each Ministry. The data collected were analysed using percentages, mean and content analysis.

5. Analysis of Results

Respondents' Opinion on Effect of Implementation of Monetisation Policy on Staff Productivity in the Selected Federal Ministries.

The table below presented respondents opinion on the effect of implementation of monetisation policy on staff

productivity. The results showed that about 2.5% and 4.5% of the respondents strongly agreed and agreed that the quality of their work outcomes has been influenced by the implementation of monetisation policy. On the other hand, majority of the respondents submitted that the quality of their work outcomes has not been influenced by the implementation of monetisation policy. This is represented by 79.9% of the respondents expressing their disagreement with the implementation of monetisation policy and its effect on the quality of their work outcomes. This is further corroborated by the mean result (3.95); indicating disagreement with the responses provided by the respondents.

The findings also showed that few of the respondents agreed that there is high standard of task accomplishment with the implementation of monetisation policy. This is supported by 1.6% of the respondents. On the contrary, more than 80% of the respondents claimed that the implementation of monetisation policy is not responsible for high standard of task accomplishment. The mean result of (3.95) further buttressed the result which means the implementation of monetisation policy has not influenced high standard of task accomplishment in the Federal Civil Service.

The results from the table showed that few of the

respondents agreed that the implementation of the monetisation policy enhanced the speed and efficiency with which work is done. This is corroborated by 7% of the respondents. Majority of the respondents representing more than 80% expressed their disagreement with the implementation of monetisation policy on the speed and efficiency with which staff work is executed. This is further supported by the mean result (3.96). The implication from the results is that the implementation of monetisation policy has not positively influenced the speed and efficiency with which work is executed.

The results emanating from the table revealed that about 6% of the respondents affirmed that the implementation of monetisation policy has influenced the amount of work done. However, majority of the respondents affirmed on the contrary. The result showed that about 77% of the respondents disagreed with the influence of monetisation policy and the volume of work they done by staff. The implication of the foregoing is that the implementation of the monetisation policy does not enhanced the volume of work done by the civil servants. This is further corroborated by the mean result (4.0).

Table 1. Examination of the Effect of Implementation of Monetisation policy on Staff Productivity in the Selected Federal Ministries.

VARIABLE	SA		A		D		SD		Mean
	f	%	F	%	F	%	F	%	
My work outcomes are of high quality with the implementation of monetisation policy	8	2.5	15	4.7	255	79.9	41	12.9	3.95
I have a high standard of task accomplishment with the implementation of monetisation policy	4	1.3	19	6.0	257	80.6	39	12.2	3.96
I accomplish tasks quickly and efficiently with the implementation of monetisation policy	4	1.3	19	6.0	243	76.2	49	15.4	3.95
I do a large amount of work each day with the implementation of monetisation policy	8	2.5	12	3.8	247	77.4	52	16.3	4.0

Key: SA: Strongly Agree = (mean: 1.0-1.9); A: Agree = (mean: 2.0-129); D: Disagree = (mean: 3.0-3.9); SD: Strongly Disagree = (mean: 4.0-4.9)

6. Interview Report

The responses from the respondents revealed that the effect of the implementation of monetisation policy on staff productivity has not been favourable to productivity. The respondents are of the perspective that the policy has brought more discouragement to the staff and therefore the policy cannot stimulate productivity because it has not been regarded as incentive to the staff, rather it is more of disincentive to staff. The implementation of monetisation policy has been more of discouragement to staff than motivation. It has encouraged low productivity among staff.

A Deputy Director from the Ministry of Finance asserted that

The implementation of monetisation policy has not translated to increase productivity among staff. The implementation of the policy has taken more benefits from the civil servants than it has added to them. In view of this, it is difficult to conclude that the policy has enhanced the productivity of civil servants. The civil servants have been disappointed with the implementation of monetisation policy. (Fieldwork Sept, 2019).

The submissions showed that the policy has not boosted

the morale of the civil servants when examined from the angle of work attitude. The implementation of monetisation policy has rather made life difficult for civil servants rather than ameliorating their work conditions. This implies that the implementation of monetisation policy has not created a better work attitude for the respondents. The policy has succeeded in promoting non-challant work attitude among the civil servants. The civil servants became disconsolate with the implementation of monetisation policy.

In view of the responses gathered, the respondents are of the opinion that the implementation of monetisation policy in the federal ministries among civil servants has not stimulated efficiency since majority of the civil servants are not satisfied with the implementation of the policy.

7. Conclusion

The implementation of the monetisation policy in the Federal Ministries has not positively affected staff productivity in the Civil service. This is because the implementation of the policy of monetisation has dampened the morale of civil servants rather than enhanced the living standard of the civil servants. This implies that the

monetisation policy rather than positively influence the civil servants has engendered hardship and more inconvenience in the life of civil servants in the Federal Ministries.

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