

African Research Review

An International Multi-disciplinary Journal, Ethiopia

AFRREV @ Ten, Vol. 10(5), Serial No.44, September, 2016: 161-180

ISSN 1994-9057 (Print)

ISSN 2070-0083 (Online)

DOI: <http://dx.doi.org/10.4314/afrrrev.v10i5.12>

Prudence in Public Institutions Management: The Strategic Financial Efficiency Challenge in Nigeria

Agundu, Prince Umor C.

Head, Department of Banking & Finance,

Federal University, Wukari,

Taraba State, Nigeria

E-mail: agundu.prince@ust.edu.ng

Tel: +2348037757642

Abstract

This conceptual study addressed the need for fiscal prudence in Nigerian public institutions, with deeper emphasis on the imperatives of strategic financial efficiency. It stems from the realization that system-wide prudential adaptation still leaves much to be desired in the Nigerian economy. The framework, therefore, analytically embodies fiscal consolidation recourse, attitudinal condition referral, portfolio constitution refocus, and synergy conservation recipe. Logically, the consolidation of revenue flow in government ministries, departments and agencies (MDAs) into an ultra-large kitty with the Central Bank of Nigeria (CBN) is herein eulogized as bubble in the struggle, while the cycle of strange attitudinal inculcation, inclination and incarceration is visualized as hurdle on the saddle. Essentially, strategic financial efficiency advocacy in portfolio analysis and investment management circles still underscore the constructive optimization of risks with a view to attracting returns in relation to variability, volatility, and vitality. In project analysis settings, total quality cash flow control and operational/strategic management functionality are equally of the essence, as sustainable innovativeness and competitiveness of the focal institutions

remain imperative. Ultimately, when the financial efficiency outpost is this strategic, the institutional expectancy outcome will be synergistic. This is highly desirable, feasible and sustainable in Nigerian public institutions.

Key Words: Financial control, Institutional prudence, Strategic synergy

Introduction

Basically, the economy functionally thrives from the *public sector* and *private sector* divides. In terms of peculiarity of nature of activity, the economy consists of primary, secondary and tertiary sectors. This conceptual study critically focuses on the Nigerian public sector. It is analytically about efficiency, herein operationalized as the commitment to getting desired results without waste; the quality of ensuring functionality with frugality and attracting ambience with prudence. An assemblage of resource persons with this passion and mission ideally makes the purpose-driven institution. This attraction had long been the lot of corporate organizations in the private sector, but sadly, the Nigerian public sector is still grappling with dwindling impressions regarding strategic financial efficiency. Against this backdrop, the study again brings to the fore the imperativeness of prudent public sector financial management. Though there are contextual differences between public sector financial management and private sector financial management, there are also common conceptual grounds, and it is strategic to submit that the features that unite them are stronger than the forces that disunite them. This study, therefore, opts to flow with the rhythm of public and private sector financial management similarities, which finds expression in the process thrust, professionalism thrust, productivity thrust, probity thrust and prospect thrust (Agundu, 2008; Rosen, 2005; Buhari, 2001).

These critical dimensions underscore coordinated financial management functions, continuous finance/accounting resource development, circumspect cash flow digitalization, concerted zero tolerance for financial absurdities/irregularities and consistent sensitization for investment optimization (Agundu, 2016). In furtherance of the intents, key segments of the study are fiscal consolidation recourse, attitudinal condition referral, portfolio constitution refocus, and synergy conservation recipe.

Fiscal Consolidation Recourse

The institutionalization of anti-graft agencies in the Nigerian nation raised high hopes on the concretization of strategic financial management expectations and sustainability of in-roads macroeconomic efficiency. However, economy watchers express reservations over the random prudential executive accountability flashes, often perceived as *political selectivism*. Nonetheless, strategic financial efficiency seems to be making waves in Nigerian public institutions with the recourse to prudent fiscal consolidation and administration under the Treasury Single Account (TSA) regime.

From the position of AllAfrica Global Media, the regime is a welcome development that should be embraced for profligacy to be curtailed and eventually eradicated in Nigerian public institutions. The TSA is non-discriminatory, as it applies fairly to all government Ministries, Departments and Agencies (MDAs). Analysts on that platform recall that the TSA regime is not new; rather it is an old law that was relegated which is now revitalized to instil systemic fiscal prudence/discipline in the interest of good governance for the people of the Federal Republic of Nigeria. Accordingly, Section 80(1) of the 1999 Constitution as amended stipulates that:

All revenues or other money raised or received by the Federation (not being revenues or other monies payable under this Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Fund (CRF) of the Federation.

Furthermore, Section 80(2) says:

No monies shall be withdrawn from the CRF of the Federation except to meet expenditure that is charged upon the fund by this Constitution or where the issue of those monies has been authorized by an Appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of Section 81 of this Constitution.

Thus, the regime is contextually coterminous with the Federation Account which is very popular among officials of the three tiers of government. In spite of the constitutionality of the above provision, actors in most public (federal, state, and local government) institutions over the years elected to operate multiple accounts with Deposit Money Banks (DMBs).

It could be recalled that the TSA regime began in February, 2015, with a Central Bank of Nigeria (CBN) circular directing the DMBs to utilize the approved e-collection technology platform, known as *Remita*, to collect and transmit all revenue accruing to government into the *Consolidated Revenue Account* domiciled in the Central Bank Nigeria (CBN). Actuality and visibility of compliance left so much to be desired. Then the more insistent and stringent directive was handed down by the present civilian administration in August, 2015. With a firmer fiscal consolidation recourse, the TSA logically, mandatorily and decisively, requires:

- MDAs to remit all revenue collections into a single account with the CBN;
- DMBs to serve as agents, at close of work each day, to receive and transmit all revenue collections to the single account with the CBN; and

- MDAs and DMBs to ensure that the affected accounts end with zero balances as remittances are made in full each working day into the single account with the CBN.

These details systematically apply to subsidiary accounts or sub-accounts, transactions accounts, imprest accounts, and allied specifications which are permissible besides TSA overarching framework. Operationally, the above fiscal administration expectations evoke far-reaching prudential re-awakening challenge to Nigerian public institutions on the one hand and their financial institution counterparts on the other hand. It fundamentally implies that:

- MDAs no longer have direct access to funds in DMBs outside their budgets;
- MDAs no longer keep huge amounts in float accounts in DMBs for *special* purposes;
- MDAs no longer avail free monies for DMBs to harness for trading operations;
- MDAs with their DMB allies no longer enjoy undue benefits from government revenues in utter neglect the public; and
- MDAs no longer constitute avenues for DMBs to basking in the euphoria of financial comfort zones in partial neglect of aggressive marketing and other dynamics of modern banking business.

Further clarifications on the scope of the TSA came from the Presidency and Federal Ministry of Finance (FMF) in August, 2015, reiterating that the regime applies to all fully funded organs of government, including MDAs and foreign missions as well as the partly-funded establishments, such as teaching hospitals, medical centres, and federal tertiary institutions. It vividly clarified public institutions such as the CBN and Nigerian National Petroleum Corporation (NNPC) were not exempted from the TSA as widely speculated. Accordingly, the TSA is to be complied with by all agencies without exemption; and the sub-accounts which are systematically linked to the TSA are to be maintained at the CBN within the accounting framework that is configured to genuinely allow access to funds based on approved budgetary provisions. This sends strategic financial signal that the era of fiscal leakages often witnessed in public institutions, where some officials deploy government funds at will and remit paltry balances to government, is over. Obviously, the fear of TSA should be the beginning of prudential wisdom (strategic financial efficiency) in Nigerian public institutions.

In the submission of Anumihe (2015), some strategic public institutions looked upon to patriotically exemplify the much-desired prudential reinvention the TSA regime include the CBN, Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), Nigerian Ports Authority (NPA), Nigerian

Communications Commission (NCC), Federal Airports Authority of Nigeria (FAAN), Nigerian Customs Service (NCS), Nigerian Maritime Administration and Safety Agency (NIMASA), Nigeria Deposit Insurance Corporation (NDIC), and Nigerian National Petroleum Corporation (NNPC). Furthermore, the analytical contributions of Eme, Chukwurah & Iheanacho (2015) regarding the TSA pragmatically envisage the strategic financial efficiency -anchored merits of the system as:

- Consolidation and optimal utilization of government cash resources, proliferated by the main or linked accounts through which government transacts all receipts and payments and gets holistic cash position at any given time;
- Demobilization and discontinuation of fragmented accounts for government revenues, which hitherto precipitated leakages of revenue meant for the Federation Account;
- Effective generation and administration (management) of government's finances (bank and cash positions), which effectuated timely capture and payment of all due revenues to government coffers;
- Intervention/prevention (blocking) of leakages in terms of revenue loss and mismanagement by officials of revenue-generating agencies, orchestrated by uncoordinated intermediation of multiple banking arrangements; and
- Drastic reduction/minimization of cost of borrowing by government and its agencies, potentiated by better cash management practices, as the Treasury can at all times have overall view of the revenue position without the cumbersome reconciliation and aggregation associated with the relatively recent past.

In the light of these, many public sector financial analysts are optimistic and enthusiastic that the fiscal consolidation recourse through the instrumentality of the TSA would emphatically mainstream government revenue management and administration on the critical path of strategic financial efficiency (Akande, 2015; Iroegbu, 2015; Yusuf & Chiegina, 2015). It is expected to stand out as one well thought-out, mapped-out, and rolled-out network of subsidiary accounts linked to the consolidated (single) account, with daily transactions effected in the subsidiary accounts and their closing balances transferred to the main (single) account. Eventually, at the end of each working day, the subsidiary accounts are left with zero balances while the main (single) account becomes positively updated by inflow on the one side and negatively updated by approved budget-captured outflow on the other side. This indeed constitutes a significant forward leap tendency for Nigerian public institutions on the path to strategic financial efficiency. Some stakeholders may be more bothered about apparent limited opportunities/possibilities for greater fiscal

allocation, collection and appropriation in sympathy for the MDAs, but balanced economy watchers rather sue for greater attention to be paid to fiscal prudential consolidation, preservation and utilization, so that huge revenue generation efforts may end up leaving loud empty treasury and colossal economic misery. Pertinently, a huge behavioural gap has to be addressed.

Attitudinal Condition Referral

What is worth doing is worth doing well, hence with respect to strategic financial efficiency, conscience would not allow the available (imprudence) to become desirable. However, prudential ideals advocacy are yet to sink deep in Nigerian public institutions. By extension, strategic financial efficiency is yet to gain grounds and sustainably impact on the collective psyche of public (civil) servants, and this is critically on account of ideological epilepsy. Having prevailed protractedly, the ravaging detestable ideological condition has degenerated into psychological captivity with many stakeholders fast losing hope and settling in their minds to live perpetually with imprudence.

Thus, in this condition, the quintessential referral submits that strategic financial efficiency has to grapple with endemic encumbrances closely tied to captivity of the paradox of bitter taste of trials and sweet taste of temptations. It epitomizes a firm psycho-ideological grip that cyclically evolves from attitudinal inculcation through attitudinal inclination to attitudinal incarceration. In the light of these, the Nigerian economy has come a long way. It is now what know, see or hear, alongside several well-soothing inter-dispensation defence mechanisms. Many concerned stakeholders in recent times had posted the nation with faces of a:

- Fine weak economy,
- Weak fine economy,
- Fine sick economy,
- Sick fine economy,
- Conventional all-is-well economy,
- Controversial all-is-well economy,
- Confessional all-is-well economy, and
- Concessional all-is-well economy.

Those who are on the side of hope would rather say *all will be well!* If these are visualized from a composite perspective, they should equally find expression in the critical components of economy to justify the yearnings of gown-town advocacy. To

further put the referral imperativeness in perspective, an articulate retrospection is featured herein from:

- Intelligentsia, represented by a frontline agency;
- Industry, represented by a frontline industrial association; and
- Individuals, represented by a frontline columnist.

In the first referral submission, the frontline agency (Nigerian National Merit Award Governing Board, 2016) desires that:

- Payment of living wages and pensions to public officers be regularly made and adjusted automatically in line with inflation; difficulties pensioners face in their post-retirement lives be abolished and anyone responsible for such infractions quickly identified and suitably punished;
- Existing regulations within the public service, especially regarding handling of public funds, be enforced; and the audit section strengthened;
- Companies that exhibit good corporate governance be appropriately rewarded, while those that perform badly are sanctioned;
- Parents pay attention to the moral upbringing of their children and wards at home because of the impact on subsequent educational performance;
- Government improves the conditions of service of teachers and the welfare of students; and
- Role of National Orientation Agency be expanded from compliance and control to cover character and conscience.

They further challenged religions organizations, communities and leaders to play more active roles in discouraging corrupt individuals from flaunting ill-gotten wealth. In the second referral submission, the Petroleum and Natural Gas Senior Staff Association (2015):

- Frowns at the level of decay of infrastructural facilities, especially the poor state of roads across the country;
- Frowns at employers of labour who are in the habit of owing workers' salaries;
- Frowns at the perennial queues in petrol stations all over the country and huge debts owed petroleum marketers from subsidy claims;
- Frowns at the length of time it takes the National Industrial Court (NIC) to dispense justice;

- Challenges the Federal Government to diversify the economy by resuscitating the agricultural, tourism and manufacturing sectors for job creation purposes;
- Challenges the Federal Government to put in place a systematic process at thinning out importation of petroleum products and an aggressive strategy at improving local refining; demands a viable business model to ensure that refineries perform effectively and efficiently; and
- Challenges that once programmes and budgets are approved, government should adhere to them for the specified duration.

In the third referral submission, by Nwamu (2016):

- The Nigerian economy is likened to 10-storey building, with each floor being occupied by people of the same class;
- The poorest of the poor live on the ground floor while the richest of the rich live on the 10th floor;
- Of the 20 pillars holding the structure, one is so huge that it is suitable even for a 30-storey building;
- Yet, in no time the structure caved in; and funds that should have been used to put better pillars were stolen and hidden elsewhere;
- Not minding (as long as the giant pillar remained), the occupants did not perceive any threat to those on higher floors, but they were soon proved wrong; and
- The false sense of stability offered by the huge pillar began to fade, especially when the roof started leaking and the structure began to fail.

With further regards to the national concerns, some economic fundamentals for pertinent reminiscence are captured herein in Tables 1 to 5:

Table 1: Nigeria's External Reserves (2016, Quarter 2)

Date	Amount Range (USD)
March 3, 2016	27.5-28.0
March 10, 2016	27.5-28.0
March 17, 2016	27.5-28.0
March 31, 2016	27.5-28.0
April 7, 2016	27.5-28.0
April 14, 2016	27.0-27.5
April 20, 2016	27.0-27.5
April 28, 2016	27.0-27.5
May 5, 2016	26.5-27.0
May 12, 2016	26.5-27.0
May 19, 2016	26.5-27.0
May 26, 2016	26.0-26.5
June 1, 2016	26.0-26.5
June 10, 2016	26.0-26.5
June 16, 2016	26.0-26.5

Source: Bello, O. *Financial Markets (2016, June 20 Highlights)*: 38

Table 2: Nigeria's Food Import Bills (2010-2015)

Year	Amount (USD)
2010	4.5 billion
2011	9.6 billion
2012	10.5 billion
2013	11.0 billion
2014	11.0 billion
2015	20.0 billion
Reference to Maputo Declaration 2003	
Country	Status
Burkina Faso	10%
Ethiopia	10%
Guinea	10%
Malawi	10%
Mali	10%
Niger	10%
Nigeria	1.6%
Senegal	10%

Source: Hughes, S. *Infograph (2016, June 13)*: 21

Table 3: African Nations' Agro-Financing & Nigeria's Budget (2016)

Country	Budget on Agriculture (Federal & States)
Burundi	10%
Malawi	27%
Mali	10%
Niger	13%
Nigeria	1.6%
Sierra Leone	3%
Zambia	10%
Nigerian Agriculture Budget Analysis (By Zones)	
Zone	Amount (N)
North-Central	7.27 billion
North –East	29.62 billion
North-West	60.18 billion
South-East	2.32 billion
South-South	10.94 billion
South-West	10.2 billion

Source: Jubrin, A. *Infograph (2016, June 14): 5*

Table 4: Nigerian Deposit Money Banks' Maximum Lending Rates

S/N	Deposit Money Bank (DMB)	Sector		
		Agriculture %	Mining & Quarrying %	Manufacturing %
1	Access Bank	25.00	29.00	25.00
2	Citi Bank Nigeria	21.00	21.00	21.00
3	Coronation Merchant Bank	24.00	24.00	24.00
4	Diamond Bank	22.00	25.00	25.00
5	Ecobank Nigeria	27.00	24.00	24.00
6	FCMB	27.00	21.00	26.50
7	Fidelity Bank	28.00	28.00	28.00
8	First Bank of Nigeria	27.00	27.00	28.00
9	FBN Merchant Bank	-	-	15.75
10	FSDH Merchant Bank	-	-	17.00
11	Guaranty Trust Bank	20.00	16.00	23.00
12	Heritage Bank	23.00	-	27.00
13	Key Stone Bank Ltd	n/a	30.00	30.00
14	Rand merchant Bank Nig. Ltd	-	-	17.25

15	Skye Bank	28.00	31.00	31.00
16	Stanbic IBTC Bank	28.00	27.00	27.00
17	Standard Chartered Bank	25.00	17.00	25.00
18	Sterling Bank	26.00	27.00	25.00
19	Union Bank	26.50	28.50	28.50
20	United Bank for Africa	25.00	29.00	29.00
21	Unity Bank	30.00	30.00	30.00
22	Wema Bank	25.00	-	27.00
23	Zenith Bank	19.00	23.00	22.00

Source: Central Bank of Nigeria (2016, June 10)

Table 5: Nigeria Stock Market Report (Mid-Year 2016)

Sector/Sub-sector	Trades	Volume
Premium Board Securities		
Financial Services (Banking; Other Financial Institutions)	786	51,453,871
Industrial Goods (Building Materials)	841	51,724,906
Agriculture (Crop Production; Fishing/Hunting/Trapping; Livestock/Animal Specialties)	50	680,202
Conglomerates		
Beverages – Brewers/Distillers	281	1,392,579
Beverages – Non-Alcoholic	30	89,369
Food Products	177	2,950,124
Food Products – Diversified	67	493,534
Financial Services (Banking)	1548	151,249,489
Financial Services (Insurance Carriers, Brokers & Services)	166	12,514,569
Transport-Related Services	23	219,829
Support & Logistics (Leasing; Offshore Support)	3	1700
Services	52	1,016,465
Main Board Totals	3799	254,088,421

Source: Nigerian Stock Exchange (2016, June 29)

The analogical submission of Nwamu (2016) projected the Nigerian economy in a critically bad state, where total collapse would mean everyone being out of a job, few companies standing would fold up, government would collapse, and civil servants would no longer have salaries and allowances; there would be no law, no order, no schools; all would return to the jungle where only the fittest survive. However, viewing the various submissions against the convictions and contentions of governmental incumbents, stakeholders may find reason to patriotically accept that, in the long-run,

all will be well with the economy; that what the future holds for the nation is far better than the feature at present, although there is no quick fix (Adeosun, 2016). This is, therefore, well considered as position of *Keminomics* (contextualized in this study as the conceptualization and sensitization mechanisms enunciated by the serving Minister of Finance for managing, redirecting and rejuvenating the Nigerian economy, in the light of present day realities). It is apparently anchored on patriotism and prudence, as the Minister clarifies that, with the present template:

- Borrowing will not be the primary focus;
- Increasing internally generated revenue is critical, because it is sustainable;
- Revenue Team will hold daily revenue sessions with Ministries, Departments and Agencies (MDAs) to set and agree on clear targets;
- Monitoring and evaluation will be continuous;
- Cashless revenue collection processes are being deployed in high earning agencies to ensure maximization of receipts; and
- Other costly leakages are being blocked.

From the above submissions, a slip from the referral focal systemic efficiency makes such well-intended endeavour an exercise in futility. Thus, the strategic financial efficiency challenge is quite crucial. Presently, the course way of is fragiley articulate, but what point distortions and truncations would set in is a matter of time. This is where the stakeholders' concern for continuity lies. Indeed, pragmatism and pro-activism demand that drivers of public institutions together with managers of the nation should be more visible in their onerous task of decisively and innovatively fixing the economy, refocusing and anchoring public sector investments on the sustainable ideals of strategic financial efficiency.

Portfolio Constitution Refocus

Efficiency is the hallmark of rewarding and fulfilling finance/investment management. It is, therefore, expected to pervade the entire framework of institutional/corporate financing decisions, investment decisions and dividend decisions. Ultimately, it takes compliant institutions to the heights of leverage vantage in favourable operating, financial and aggregate magnitudes. To this end, refocusing institutional investments (portfolios) should be strategically anchored on risk minimization, return maximization and derivative optimization; even as dividend dispensing efficiency tends towards mutual internal comparative cost effectiveness, external comparative cost effectiveness, or balanced comparative cost effectiveness. The strategic refocusing should also spur forward-looking public sector investment

managers to move from *traditional* to *scientific* analytical disposition (Shim & Siegel, 2008; Gitman & Zutter, 2013). Traditionally, the ratios relating to the measurement and evaluation of efficiency, as enumerated by Brealey & Myers (1996) are:

- Sales to Assets = S/TA ... (Ratio 1)
- Sales to Net Working Capital = S/NWC ... (Ratio 2)
- Net Profit Margin = $(EBIT-T)/S$... (Ratio 3)
- Inventory Turnover = CGS/AI ... (Ratio 4)
- Average Collection Period = AR/ADS ... (Ratio 5)
- Return on Assets = $(EBIT-T)/ATA$... (Ratio 6)
- Return on Equity = $EACS/AE$... (Ratio 7)

Where:

S	=	Sales
TA	=	Total Assets
ATA	=	Average Total Assets
NWC	=	Net Working Capital
EBIT	=	Earnings Before Interest and Tax
T	=	Tax
CGS	=	Cost of Goods Sold
AI	=	Average Inventory
AR	=	Average Receivables
ADS	=	Average Daily Sales
AE	=	Average Earnings
EACS	=	Earnings available to common stockholders

A conservative profile of conventional financial efficiency indicators underscores:

- Operating Profit Margin (OPM) for core profit reciprocity,
- Net Profit Margin (NPM) for critical profit reciprocity,
- Earnings per share (EPS) for cream profit reciprocity, and

- Return on Assets (ROE) for cross profit reciprocity.

To further refocus and enhance the utility of the indicators, public sector real investment analysts may undertake *inter-front expanded modification* and/or *inter-frame enlarged modification*. Specifically, inter-front expanded modification involves:

- Cross-sectional competitive benchmarking,
- Cross-chronological progressive benchmarking, and
- Cross-industrial comprehensive benchmarking.

Inter-frame enlarged modification applies to:

- Return on Asset, drilled through the linkage of Ratio 1 and Ratio 3;
- Pay-out ratio, drilled through the linkage of Dividend Per Share (DPS) and Earnings per Share (EPS) ... (Ratio 8);
- Proportion of earnings plough back, drilled through Ratio ... (Ratio 9); and
- Growth in Equity from Plough Back, drilled through Ratio 7 and Ratio 9 ... (Ratio 10).

Another area of systemic refocusing relates to cash flow tracking. This derives from analytical appreciation of the cash flow cycle. The institutional operative channels seek to track and accentuate strategic financial efficiency with manifest:

- Cash from equity (issues),
- Cash from debt (credits),
- Raw materials from cash (purchases),
- Raw materials from account payable (supplies),
- Work-in-process from raw materials (conversion),
- Finished goods from work-in-process (conversion),
- Account receivables from finished goods (credit sales),
- Cash from finished goods (sales),
- Cash from account receivable (payments),
- Cash to debt (servicing),
- Cash to debt (Redemption),

- Equity to debt (conversion),
- Debt to equity (conversion),
- Cash to expenses (operations),
- Cash to infrastructure (procurement/replacement), and
- Cash from infrastructure (disposal).

In the management of characteristic financial assets (portfolios), the *classical* disposition had witnessed investors' efficiency instincts basically driven in the direction of dynamics of heuristic preferences. Accordingly, qualitative formation/variation basis sufficed with the spotlighting of growth potentials, past/present earnings, past/present price-earnings indices, projected/effectuated corporate expansion outlay, as well as research and development (R&D) commitments. Coming on the heels of this approach was *scientific* disposition. Under this dispensation, investors' efficiency instincts recorded heavier traces of attraction to dominant couples of financial commitments analytically designated as efficient portfolios. In this vein, an efficient investment analyst is return-attracted and risk-averse. Paradoxically, the ensuing dynamics compel an investor to operate in a *paradise* (a hypothetical dreamland where pain is avoided in search of gain, cross is avoided in search of crown, and pressure is avoided in search of pleasure).

Consequently, refocusing with well constituted efficient set of portfolio investments which are linked in an efficient frontier, public sector investment managers may efficiently pride with such portfolios that feature minimum risk for a given level of return or those that feature maximum return for a given level of risk. The *weeping* investor is then identified as one who indiscriminately or inadvertently opts for features of maximum risk for a given level of return or minimum return for a given level of risk. The economic consequence and psychological repercussion on such the deficient *weeping* investor cannot be wished away. Other advancements on the course-way of the *scientific* dispensation relate to efficiency tendency in the harnessing of risk-free assets and risk asset premium, represented by excess of expected return on the market over expected return on the security (Kevin, 2001; Agundu, 2001). The post-Modern Portfolio Theory (MPT) years, laced on Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory (APT), among others, refocus investor-efficiency on the universal recognition of ever-evolving scientific and stochastic analytical paraphernalia.

Beyond the probabilistic (stochastic) analytical tendencies associated with Random Walk Hypothesis (RWH), refocusing institutional investments elicits *information-content efficiency*, anchored on Fama-Elton-Gruber Efficient Markets

Model (EMM). This illuminates reward economies of the weak form, semi-strong form and strong form (Sharpe, Alexander & Bailey, 1995; Kevin, 2001; Aborode, 2005). The EMM in the face of empiricism springs up *oxy-foxy* apprehensions (relatively substantiated by run test), and *bullish-bearish* apprehensions (relatively substantiated by filter rule). Furthermore, they synergistically underscore *interaction-extent efficiency*, anchored on Sharpe-Trenor-Jensen indices. These illuminate portfolio reward in relation to variability, reward in relation to volatility, and reward in relation to vitality. Analytical efficiency is also of the essence of Elliot Wave Theory, which is identified with five distinct wave features (comprising three impulse proactive waves and 2 post-impulse corrective waves). Prevailing alongside is the Dow Movement Theory, which is identified with three distinct movement features (comprising primary movements, secondary movements and minor movements). Refocusing and attending portfolio optimizing details in public sector institutional investment management are of essence to harnessing the synergistic economies of strategic financial efficiency.

Synergy Conservation Recipe

One feature that distinguishes top-flying private sector organizations from down-trailing public sector institutional counterparts is the strategic financial management imperative. It derives from the cross-breed of financial management and the capstone course referred to as business policy/strategic management. Fundamentally, strategic management provides an overall direction to an organization with clear specification of objectives, development of policies and plans to accomplish objectives, and allocation of resources to implement the plans for the actualization of the objectives (Aborode, 2005; Nag, Hambrick & Chen, 2007; Kazim, 2008; Agundu, 2012). Where the process is effectively/holistically managed and anchored on the ideals of cost-benefit economics, then strategic financial efficiency significantly features as recipe for the realization and conservation of positively disproportionate institutional expectancy, in terms of sustainable economic/financial synergy.

In this regard, the eligibility of Chief Executive Officers (CEOs) of Nigerian public institutions in the Nigerian economy may be weighed against rugged competencies and psychological preparedness to go all out and impact. A professional recipe by KPMG Advisory Services (2016) detailing the operational imperatives for result-oriented CEOs emphasizes:

- Ensuring prompt implementation of approved operational plans in line with applicable laws and regulations;
- Overseeing the management of investment portfolio, including divestment, investments and turn-around/transformation of investee outfits to create greater shareholder value through improved financial performance;

- Providing broad guidelines for the establishment of standards for performance measurement and other interests;
- Ensuring continuous review and assessment of the effectiveness and efficiency of policies, procedures and processes and identifying improvement opportunities;
- Receiving and reviewing periodic financial and non-financial reports to effectively monitor and steer organizational activities to achieve strategic objectives;
- Identifying and deploying the right mix of people, technology, innovation and management to propel organization's present and future objectives;
- Ensuring timely implementation of Board and Executive Management meeting decisions; and
- Recommending the yearly budget for Board approval and prudently managing organizational resources within the budgetary provisions.

The strategic functional dimension for the synergy-driven CEOs further emphasizes:

- Planning, organizing, coordinating, directing and controlling various functions of the organization;
- Collaborating with the Board to define and articulate organization's vision and champion the articulation of strategies and plans for accomplishment, thus ensuring long-term viability;
- Ensuring the development and implementation of relevant structures (process, people, and systems) to support the achievement of organizational vision, goals and objectives;
- Providing strategic leadership in the management of organization's investment portfolio towards achievement of financial and profitability targets; and
- Proving leadership in the identification, appraisal and realization of opportunities for investments and new business developments.

It is equally expected of relatively conglomerate public sector organizations (likes of the NNPC) to develop and maintain auspicious relationships with key venture partners/investors and champion the formation/consolidation of business alliances, anchored on the strategic financial efficiency thrust of functionality with frugality.

Conclusion

The concern of Nigerian stakeholders for prudence in public institutions management is real. Accordingly, this conceptual study shut critically related issues and developments to the fore, with emphasis on the strategic financial efficiency challenge. It analytically admitted that regarding focal actors' disposition and commitment to prudence, economy watchers are tired of indecision, indiscretion and aberrations. The aberrations in particular had featured so glaring and staggering, constructively viewed against the tendencies/realities:

- i. Antagonism versus opportunism,
- ii. Budgeting versus fidgeting,
- iii. Election versus selection,
- iv. Immunity versus impunity,
- v. Insecurity versus obscurity, and
- vi. Motivation/sensation,
- vii. Patriotism versus pragmatism, among others.

Given that private sector organizations are thriving with prudence, in spite of the turbulent operating terrain nationally and globally, there is no justification for their public sector counterparts to trail with imprudence. Thus, strategic financial efficiency is possible in Nigerian public institutions, as it is desirable, practicable and sustainable (Agundu & Ogbole, 2014; Ogbole & Agundu, 2015). Paradoxically, *it is minds away, not miles away!* The critically challenging task before key actors in Nigerian public institutions, therefore, is to brace up like their private sector counterparts, synergize and make things work. They should more innovatively in sensitizing institutional stakeholders to think strategy, embrace and accentuate total quality cash flow management under the prevailing consolidated public financial control mechanism. Furthermore, in line with the ideals of strategic financial efficiency, investment executives in Nigerian public institutions should enhance the management of risk-return trade-offs by *profitably* attributing the attributable, avoiding the avoidable, controlling the controllable, decomposing the decomposable, and diversifying the diversifiable. This is affirmative of synergistic portfolio performance as a function of risk-free asset, return attributable to market risk, return attributable to diversifiable risk, and return attributable to pure selectivity. When efficiency is truly strategic, expectancy will indeed be synergistic.

References

- Aborode, R. (2005). *Strategic financial management*. Lagos: Masterstroke.
- Adeosun, K. (2016). Financing our future. *DailySun*, April 11, p.26.
- Agundu, P.U.C. (2001). *Portfolio paraphernalia*. Port Harcourt: Pearl.
- Agundu, P. U. C. (2012). *Vintage: Strategic financial management and macroeconomic advancement*. Port Harcourt: MPP.
- Agundu, P. U. C. (2016, May). Strategic financial efficiency in Nigerian public sector: Tall order or dull ordeal? Paper Presented at the Faculty of Humanities, Management & Social Sciences Seminar, Federal University Wukari, Taraba State, Nigeria.
- Agundu, P. U. C. & Ogbole, O. F. (2014). Public expenditure and strategic financial management architecture in Nigeria: Fiscal causality analysis. *European Journal of Accounting, Auditing and Finance Research*, 2(4), 83-96.
- Akande, L. (2015). Buhari orders federal ministries, agencies to open treasury single account, Press Release, August 9.
- AllAfrica Global Media Inc. (2015). Why TSA cannot be faulted. AllAfrica.com. Retrieved September 22.
- Anumihe, I. (2015). How treasury single account (TSA) may affect the economy. Syndigate.info. Retrieved September 09.
- Brealey, R. A. & Myers, S. C. (1996). *Principles of corporate finance*. New York: The McGraw-Hill.
- Buhari, A. C. (2001). *Public finance*. Ilorin: UNILORIN Press.
- Eme, O. I., Chukwurah, D. C. & Iheanacho, E. N. (2015). An analysis of pros and cons of treasury single account policy in Nigeria. *Arabian Journal of Business and Management Review*, 5(4), 21-39.
- Gitman, L. J. & Zutter, C. J. (2013). *Principles of managerial finance*. New York: Prentice Hall.
- Iroegbu, C. (2015). Treasury single account 'll block leakages. *Vanguard*, August 24, p.38.
- Kazim, A. (2008). *Strategic management and business policy*. New Delhi: Tata McGraw-Hill.
- Kevin, S. (2001). *Portfolio management*. New Delhi: Prentice Hall.

- KPMG Advisory Services (2016). Managing director/chief executive officer (FZN/098). *The Guardian*, January 12, p.15.
- Nag, R., Hambrick, D. C. & Chen, M. J. (2007). What is strategic management, really? Inductive derivation of a consensus definition of the field. *Strategic Management Journal*, 28(9), 935-955.
- Nigerian National Merit Award Governing Board (2016). Communique of the 8th annual forum of laureates of the national order of merit held from December 1-2, 2015. *The Guardian*, January 4, p.57.
- Nwamu, A. (2016). An economy explained. *Leadership Sunday*, February 21, p. 72.
- Ogbole, O. F. & Agundu, P. U. C. (2015). Fraud waves in Nigerian organizations: Process patrol and financial control mechanisms. *African Social and Educational Journal*, 4(3), 14-21.
- Petroleum and Natural Gas Senior Staff Association of Nigeria (2015). Communiqué of the national executive council (NEC) meeting of PENGASSAN held on November 12. *The Punch*, December 30, p.39.
- Rosen, H. S. (2005). *Public finance*. New York: McGraw-Hill Irwin.
- Sharpe, W. F. Alexander, G. J. & Bailey, J. V. (1995). *Investments*. Englewood Cliffs, New Jersey: Prentice Hall.
- Shim, J. K. & Siegel, J. G. (2008). *Financial management*. New York: Barron.
- Yusuf, I. A. & Chiejina, N. (2015). Anti-graft war: One economy, one account. *Sunday Nation*, August 16, p.9.