

## **Corruption in Nigerian Parastatals is an Impediment to Socio-Economic Development: Case of Ajaokuta Steel Company Limited (ASCL)**

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### **Abstract**

*The aim of this study is to conduct an in-depth study on a single case, exploring ASCL's failure to contribute to Nigerian socio-economic development. Ajaokuta Steel was substantially completed in the 1990s but unfortunately progressed no further. The aim of establishing Ajaokuta Steel Company was to take the lead of industrialising, developing, and taking Nigeria and Africa from poverty and unemployment. Questionnaire, interviews, and documents were used to gather data. The interviews from the case site and stakeholders were analysed from the interview transcript and data from the questionnaires were analysed using test statistics. The use of several data collecting methods was to achieve triangulation. The results of the interviews, documents and questionnaire indicated a lack of political will, international and local politics, corruption, military interventions in politics, the location of Ajaokuta Steel, patronage, ineffectiveness of anti-corruption agencies and the practice of abandonment of projects, as reasons why Ajaokuta Steel has not been fully completed. Theoretical framework based on neopatrimonialism was used to guide the researcher in the empirical work and in the study. This is because there is no known use of neopatrimonialism as a theory with parastatal in Nigeria known to the author. The originality of this study also lies with the opportunity of gaining access to interview the staff of ASCL which others found difficult to undertake. This is a huge breakthrough as that is rare in Africa where there is a huge public sector investment and that investment is moribund.*

**Keywords:** Neopatrimonialism, Political Will, Industrialising, Triangulation, Corruption

**JEL Classification:** O17

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### **1. Introduction**

Many African countries established parastatals immediately after they obtained independence (Etukudo, 1997), ostensibly consistent with the vision of external agencies to see socio-economic development in these countries (see UNDP, 1997). Parastatals also known as State Owned Enterprises (SOEs) are managed by the Chief Executives appointed by the government and are established ostensibly to

provide social goods and services for collective and public use rather than for private gain (Adeyemo & Salami, 2008; Ezzamel & Willmott, 1993; Mayston, 1993). Some are established essentially to make profits, others were established to provide essential services at a minimum cost to their citizens. They were separated from the regular bureaucratic ministry to enable them enjoy independence, take quick decisions and compete with their counterparts in the private sector (Babaita, 2001; Mwaura, 2007).

However, Studies (Etukudo, 1997; Mwaura, 2007; Needle, 2010; Ugorji, 1995) have shown that commercial parastatals have failed to make profit but have continued to draw resources from public funds. These studies have highlighted that: parastatals have disregarded the views of relevant stakeholders; government has dictated pricing policies to control inflation thereby distorting the market; governing board members have been mainly failing politicians; parastatals are bedevilled with inappropriate performance measurement and reward system, making them unattractive to ambitious professionals; parastatals suffer from a lack of management independence; and the decision-making process follows bureaucratic procedures which are slow and complex.

The period of military rule in Nigeria witnessed a massive neglect of a well-contrived State Owned Enterprises (SOEs). For instance, about 11,866 parastatals including Ajaokuta Steel Company Limited (ASCL) established by the Nigerian government between the period of independence and 1999 were abandoned by the Federal Government of Nigeria (FGN) (El-Rufai, 2012). For instance ASCL was abandoned when President Shehu Shagari left the office in December 1983 by the military-led government of General Muhammadu Buhari. Also, Bakre and Lauwo (2016) report that over \$10 billion was borrowed and invested in SOEs between the period of independence in 1960 and 1999 resulting in over \$20 billion foreign debts for Nigerian taxpayers. Revenues from oil and gas were directed to the servicing of the debts. The debt burden led to the abandonment of SOEs and sales of some at a giveaway price to cronies (Bakre & Lauwo, 2016).

The aim of this study is to conduct an in-depth study on a single case, exploring ASCL's failure to contribute to socio-economic development. ASCL was established in 1979, and certified 98% completed in the 1990s but has still not been fully completed to start the production of steel. Much publicity has been given to an ASCL issue on the pages of Nigerian daily newspapers and official reports which have carried captions such as: "World Bank cautions Nigeria on outmoded steel mill" (Botha, 2002); "Ajaokuta: The story of a deadly conspiracy" (Samuel, 2003); "Mega Fraud at Ajaokuta" (Melah, 2007); "Ajaokuta: When a challenge defies a nation" (Ezeobi, 2008); "Massive Looting of equipment and property of Ajaokuta Steel Company Limited and National Iron Ore Mining Company, Itakpe" (House of Representatives, 2009); "Nigeria: Why Ajaokuta Steel must be completed" (Inabo, 2010); "We can fix Ajaokuta Steel, NIOMCO with N650m" (Ofikhenua, 2010); and "Ajaokuta, the 31-yr jinxed company" (Alao, 2010). The above captions suggested there was a particularly serious and pertinent case to explore more in-depth into ASCL's case.

Most literature on governance parastatals in Africa (Etukudo, 1997; Mwaura, 2007; Ugorji, 1995) attribute corruption, inefficiency, and lack of profit as the reasons for SOEs' non-performance and recommend denationalisation of parastatals. They ignored the benefits of SOEs to the general public (Uddin & Hopper, 2003). This paper argues that instead of denationalising, appointments into SOEs should be based on integrity, faithfulness, honesty and one's previous records or experience. This is because both the private sector and public sector are disposed to corruption (Anwar & Sam, 2006; Klitgaard, 1997; Ugorji, 1995; Wanyama *et al.*, 2009). Privatisation cannot stop corruption (Fitzsimons, 2009). Moreover, difficulty in having access to SOEs in Africa makes governance in parastatals to be under researched (see Agbiboa, 2012; Etukudo, 1997). The theory of neopatrimonialism was used in explaining the reasons why there is socio-economic underdevelopment and political problems in developing nations (Roth, 1968).

The study is further divided into nine sections. Section two gives more contextual insight into the case of ASCL. Section three elaborates the theoretical framework while sections four and five examine corruption and socio-economic development respectively. Section six discusses the research methods. Sections seven and eight present and discuss the empirical findings respectively; while section nine provides the conclusions to the study.

## **2. The Ajaokuta Steel Company Limited (ASCL) Case**

Steel is the key to industrialisation, economic development and the foundation of human advancement of any nation. Steel company quickens economic, social and political growth; it enhances national income earnings; bring important infrastructure and wealth to the rural areas and the per capita consumption of steel is a major index of national prosperity (Federal Republic of Nigeria, 2008). Per capita consumption of steel is one of the parameters for measuring development of a country (Mohammed, 2002a). A nation's military, economic, political powers and technological development are measured by the output and per-capita consumption of steel.

The plan to establish a steel industry in Nigeria started in 1958 before independence (Mohammed, 2002a; Okafor, 2007). However, Western experts back in the 1960s advised Nigeria to concentrate on agriculture (Agbu, 2007; Mohammed, 2002a). This is because, according to these experts, there is high cost of technology and Nigeria lack the accompanying infrastructural facilities for steel industry; lack of skilled people to start a full-scale steel industry; and lack of local market for steel products (Agbu, 2007). However, Nigeria's ostensible quest for development and well-being of her people led to her inviting Soviet experts in 1967 to help establish an Integrated Steel Company at Ajaokuta leading to the feasibility study in 1970 by Soviet steel experts (Agbu, 2007). This decision was taken by the military-led government of General Yakubu Jack Gowon (in power from 1966-1975).

Nigeria Steel Development Authority (NSDA) was established on the recommendation of the Soviet steel experts in 1971, the experts were expected to plan, construct and operate the steel plants; carry out geological surveys,

metallurgical research, study the market, and undertake training of staff overseas (Agbu, 2007; Federal Republic of Nigeria, 2008; Mohammed, 2002a). Under the military government of General Olusegun Obasanjo, NSDA was dissolved by National Steel Council Decree No. 60 of 18 September 1979. It was this dissolution that gave birth to Ajaokuta Steel Company Limited (ASCL), to be supervised by the Ministry of Mines and Steel Development.

Ajaokuta Steel is an industrial giant meant to take the lead of industrialising, developing, and taking Nigeria and Africa from poverty and unemployment. Ajaokuta Steel Company Limited (ASCL) is located at Ajaokuta, in Kogi State, Nigeria. ASCL was established in 1979 by the Federal Government of Nigeria (FGN) to earn foreign exchange, stimulate economic growth and to provide materials for infrastructural development, technology acquisition, as well as to generate employment and training of labour, income distribution and regional development (Miachi, 2001).

ASCL has 17 major units which include: Sinter Plant, Coke Oven & By-Product Plant, Iron Making Plant (Blast furnace), Steel Making Plant, Billet Mill, Light Section Mill, Wire Rod Mill, Medium Section & Structural Mill, Thermal Power Plant, Forge & Fabrication Shop, Machines and Tools Shop, Foundry Shop, Power Equipment Repair Shop, Rubberising Shop, Lime Plant, Refractory Plant, and Oxygen Plant unit (NATE, 2009). Some of these units were 100% completed but Coke Oven & By-Product Plant was 89.91% completed; Iron Making Plant (Blast furnace) was 99% completed; Steel Making Plant is 99% completed; Lime Plant was 98% completed; Refractory Plant was 98% completed; and Oxygen Plant unit was 98% completed (NATE, 2009).

ASCL was arranged to be completed in three phases. The first phase production capacity was 1.3 million tonnes annually to produce long steel products for construction industry. The second phase was to produce 2.6 million tonnes annually meant for the production of flat steel products for manufacturing industry. The third phase was 5.2 million tonnes annually for the production of both long and flat of steel products (Agbu, 2007; Mohammed, 2002a).

However, ASCL which was certified by experts to be 98% completed in the 1990s (ASCL website, NATE, 2009) had not started the production of steel. The assessment of the state of readiness of ASCL carried out by the builder (Tyazhpromexport [TPE]) of ASCL in 2000 gave an estimated amount of US \$460 million as the money needed to complete, rehabilitate, and commission the first phase of the steel plant (Agbu, 2007). In 2010, the former Minister of Mines and Steel Development, Mrs Alison Madueke, provide the missing infrastructures needed to complete ASCL and these include: completion of a rail line from Ajaokuta to Warri, dredging of the River Niger, linking of the Dolomite (Osara) and Limestone (Jakura) mines by rail, dredging and lowering of the Escravos bar (Warri), and the completion of the super-concentrate plant and other auxiliary units (Madueke, 2010). A steel company like ASCL cannot, however, start production of steel until all the units are 100% completed and the missing infrastructures are properly put in place (Okoroanyanwu, 2008). The uncompleted units and the

missing infrastructures represent 2% as put by experts (NATE, 2009) to start production of steel at ASCL.

The first phase of 1.3m tonnes production capacity of steel per annum was halted in late 1983 when Shehu Shagari was ousted by General Muhammadu Buhari and ASCL was temporarily abandoned. The first phase again almost stopped completely in the mid-90s due to political instability (shifts of military government), interference by the government and poor public services (Mohammed, 2002a, 2002b). ASCL was given in concession to Solgas Energy Limited (SEL) on 13 October 2003 (under a civilian government) in order to rehabilitate, complete, commission and operate the Steel Plant and recoup its investment within a period of 10 years, with the concession renewable for another 10 years (Agbu, 2007). SEL could not secure the funds required to reactivate and complete ASCL as such resulting in the termination of the contract in August 2004 (Agbu, 2007). On 13th August 2004 the FGN, under the same civilian government, entered into another agreement with Global Infrastructure Holdings Limited (GIHL) for the reactivation, completion and operation of the ASCL (Agbu, 2007; Mohammed, 2008). The concession agreement was terminated by the FGN under a new civilian government in April 2008 due to poor performance and failure by GIHL to comply with the major provisions of the agreement (Mohammed, 2008). Following this termination, the FGN approved the constitution of an Interim Management Committee (IMC). The IMC was dissolved and a sole administrator appointed for ASCL under a further new civilian government on 14 November 2012 (Ugeh, 2012).

Neopatrimonialism provides substantive critical framework for analysing the condition of ASCL. The next section discusses neopatrimonialism as the theoretical framework of this study.

### **3. The Theoretical Framework: A Critical Working of Neopatrimonialism**

The study used the theory of neopatrimonialism which relates to under-development. The theory provides a substantive critical framework for analysing the condition of ASCL.

Neopatrimonialism is a hybrid word. *Neo-* here denotes *legal-rational bureaucratic authority* in relation to patrimonialism (Erdmann & Engel, 2007). *Legal-rational bureaucratic authority* is obedience not to a person but to an office as spelt out in the rules and other procedures governing an organisation (Wren & Bedeian, 2009). Weber called this *bureaucracy* and described it as:

*a management approach based on formal organisational structure with set rules and regulations that relies on specialization of labour, an authority hierarchy, and rigid promotion and selection criteria ...an embodiment of efficiency, precision, speed, unambiguity, continuity, unity, and strict subordination (Ivancevich et al.).*

*Patrimonialism* is where loyalty is owed to those in authority and the exercise of public authority is to serve the personal pleasure of those in authority (Erdmann & Engel, 2007; Ikpe, 2000). Patrimonialism encompasses two dimensions (Erdmann

& Engel, 2007; Roth, 1968): *Traditional authority* which means authority that comes from tradition and custom based on hereditary succession to the throne and *Personal authority* which means loyalty based on material incentives and rewards. Under patrimonialism, the ruler is the owner of the citizens and whatever they own (Bovens, 2007; Dubnick, 2002). So there is no difference between the public and private realms as political and state offices are regarded as family fiefdoms operating through patron-client networks (Ikpe, 2000; Johnston, 2015). Patrimonialism is defined as a social and political order where the patrons secure the loyalty and support of the clients by bestowing benefits to them from own or state resources (Nawaz, 2008). The joining together of neo and patrimonialism gives rise to neopatrimonialism. The hallmark of African regimes is neopatrimonialism where leaders lead by personal discretion rather than following the rule of law or ideas where people have respect for persons more than the office he/she occupies; and leaders occupy offices to acquire personal wealth and status rather than performance (Bratton & Van de Walle, 1994; Wren & Bedeian, 2009). Thus, neopatrimonialism can explain why there is under-development, economic, and socio-political problems a society (Roth, 1968; Erdmann & Engel, 2007). Nawaz (2008) defines neopatrimonialism as a system of governance where the formal legal-rational state apparatus co-exists and is supplanted by an informal patrimonial system of governance. Erdmann and Engel (2007) maintain that neopatrimonialism makes the patrimonial authority to penetrate the legal-rational bureaucratic authority and “twists its logic, functions and output”. which is a threat to the society and can lead to underdevelopment. Clapham (1985) defines neopatrimonialism as a form of organisation in which relationships of a broadly patrimonial type pervade a political and administrative system which is formally constructed on rational-legal lines and officials hold positions in bureaucratic organisations with powers which are formally defined and exercised these powers as far as they can, as a form not of public service but of private interest.

Neopatrimonialism has the following characteristics: (i) *Clientelism*: This is a relationship that results in give and take of public resources between the *big man* and *small man* for their personal benefits (Le vine, 1980); (ii) *Patronage* is a relationship that results in the distribution of favours to groups by leaders (Erdmann and Engel, 2007); (iii) *Presidentialism* is delegating only trivial decision-making functions by leaders to subordinates while they keep important ones to themselves (Bratton and van de Walle, 1997); (iv) *Nepotism* means giving appointments and promotions to those who the leaders have relation with or are familiar with (Erdmann and Engel 2007); (v) *Prebendalism* is when leaders take their political offices as inheritance and use personal discretion in decision making (Ikpe, 2000); (vi) *Corruption* is the miss-use of authority given to someone for personal gain (Dike, 2005); and (vii) *Ethnicism* is being loyal to one’s ethnic group than one’s country (Agbibo, 2012).

The decision to use the theory of neopatrimonialism as lens to capture why there is stagnancy in Nigeria’s socio-economic development is as a result of Transparency in International (TI) constant rating of Nigeria as one of the most corrupt countries of the world (see TI from 2010 - 2016). Another reason why neopatrimonialism is

used for the present study is because of the saying that Nigeria and indeed Africa is very rich in both human and natural resources but most of her citizens are living in abject poverty (Hope, 2005; Lawal, 2007; Uneke, 2010).

According to some commentators, African development, governance, and accountability are threatened and affected by neopatrimonialist supremacy (Akopari, 2004; Erdmann and Engel, 2007). Neopatrimonialism creates fiscal crises thereby making development difficult and also creates personal loyalty leading to undue favour to some people (Bratton and Van de Walle, 1994). The transfer of state resources to supporters due to personal loyalty leaves opponents in poverty thereby leading to societal crises and preventing honest people from climbing to power. This affects the socio-economic development of a country (Bratton and Van de Walle, 1994; Nawaz, 2008). Neopatrimonialism provides limited accountability, destroys democratic accountability mechanisms, monopolises government power, government in power controls the judiciary, limits access to resources and prevents the State from collecting her full revenue through taxes. This inability of the state to collect her full revenue is so because the appointment of revenue officers is based on patronage to make them accountable to their patrons (Nawaz, 2008; Soest *et al.*, 2011). Neopatrimonialism makes leaders run offices as family fiefdoms and makes it difficult for leaders to maintain proper books of accounts that will enhance accountability (Johnston, 2015). Neopatrimonialism makes the president to be above the law enjoying immunity and controls the state resources as if they were his own properties by jettisoning the state budget. Moreover, during the military regime there was bold and large scale corruption as the constitution is suspended. They rule by force (decrees), promote ethnicism and patron/client relationship, oppress opponents, disregard human rights, gag the press and do not give accounts of their stewardship to the taxpayers (Ikpe, 2000). The emphasis of neopatrimonialism on leader's personal interest in governance is important as well as the focus on corruption on the analysis of ASCL.

#### **4. Corruption**

These features of neopatrimonialism can all be seen in terms of 'corruption' in a more generic sense. Corruption, from the Latin is gotten word 'corrumpere' meaning to destroy or adulterate (Grossi & Pianezzi, 2016), is described as diverting what belongs to others for personal ends (Shleifer & Vishny, 1993). It is carried out variously: bribery, extortion, fraud, embezzlement, nepotism (Dike, 2005; Grossi & Pianezzi, 2016; Uneke, 2010) and can manifest incronyism, misappropriation of funds, procurement kickbacks (Myint, 2000; TI, 2010; Zarb, 2005). It can be perpetrated through foreign exchange malpractices including currency counterfeiting, theft of intellectual property, piracy, dumping of toxic wastes and prohibited goods, deception, money laundering, illegal arms deals, smuggling, human trafficking, child labour, illegal oil bunkering, illegal payments, narcotic drugs, illegal mining, tax evasion, rigging of elections and fraudulent business deals (Ribadu, 2006; Smith, 2007). Organisations get involved in corruption for various reasons, including to keep higher prices, sustain a market for out-dated products and continue in competitive fields (Sikka & Lehman, 2015).

Corruption's effect is considered similar however it is perpetrated. It is a departure from the usual norm involving taking over collective possessions as if personally owned (Neu et al., 2015).

Klitgaard (1997) and Transparency International [TI] (2010) describe corruption as mis using entrusted power for personal advantage. Corruption is a global problem and a signal that the political, social, economic and legal systems of a country is weak (Global Organisation of Parliamentarians Against Corruption [GOPAC], 2005; Grossi & Pianezzi, 2016). Corruption is not a native of any country, race and society but rears its ugly head in religious societies, public sector, private sector, NGOs, and international organisations (Dike, 2005; Klitgaard, 1997; Ribadu, 2009). Corruption is not only prevalent in developing countries but also common in the developed world (Neu et al., 2015; Shleifer & Vishny, 1993), e.g. the Asian financial crisis of 1997-1998 (Anwar & Sam, 2006), the Maxwell scandal in the UK (Melville, 2007; Solomon, 2010) and Enron, WorldCom and Global Crossing in the US (Yang, 2006). In Africa, for some, corruption continues because predominant African culture sanctions, condones and encourages it (e.g. Aghiboa, 2012). The African continent is rich in agricultural, mineral and human resources but often experiences corruption and neopatrimonial rule so that corruption is often because of the neopatrimonial rule, corruption has eaten deep and as such, making it the main factor of its causes of poverty (Hope, 2005; Lawal, 2007; Shleifer & Vishny, 1993; Uneke, 2010). Poverty is a challenge affecting all races but the gap between the poor and the rich in Nigeria is very wide and many trace it to corruption (see Ali-Akpajiak & Pyke, 2003).

Corruption may be classified as follows. In the first place, corruption involving a huge sum of money is called grand corruption. This involves those politicians occupying elective offices and their accomplices removing huge sums of public money from the state treasury (GOPAC, 2005; Dike, 2005). The causes of grand corruption are covetousness, desire to remain in office, campaign financing, desire to favour friends to win their loyalty and contributions to constituencies electing them (Myint, 2000). The second class of corruption is bureaucratic corruption. Bureaucratic corruption involves inducing the bureaucrat to stimulate him/her to subdue the rules and regulations for personal gain (Dike, 2005; Everett et al., 2007; Lawal & Tobi, 2006; Shah & Schacter, 2004). Another class of corruption is called electoral corruption which involves the buying of votes; forcing people to vote for a particular candidate not accepted by the people; snatching of ballot papers and boxes at gun point and judicial decision in favour of a candidate not accepted by the majority of the people (Dike, 2005). The last class of corruption is state capture/influence peddling: whereby the private sector captures State actors (legislative, executive and judiciary) for its own purpose (Shah & Schacter, 2004). Multinationals and other contractors are prone to this form of corruption to win contracts from the government, a practice which negatively affects the socio-economic development of especially the developing world (see Klitgaard, 1997; The Corner House, 2000).

Corruption is dangerous to any society as it affects its socio-economic development. It involves using the power of one's position to convert communal



wealth into one's personal assets (Lehman & Thorne, 2015). It makes the poor person poorer and the rich richer thus leading to under-development (De Maria, 2009; Englebert & Tull, 2008). It keeps nations poor thereby affecting their socio-economic development (Johnston, 2015).

For Kale (2001), corruption:

*threatens the rule of law, democracy and human rights; undermine good governance, fairness and social justice; distorts competition, hinders economic development and endangers the stability of democratic institutions and the moral foundations of society.*

Corruption makes one entrusted with power and authority to misuse it (Dike, 2005); which endangers national security, quickens international illegality and discourages foreign investment (Leiken, 1996); twists merit standards, leads to higher public procurement but lowers infrastructure quality (Everett et al., 2007); hinders national development through those having offshore accounts and redirecting attention from productive economic activities (Sturges, 2008). It also leads to discouragement and loss of professionalism by honest civil servants. Corruption perpetrated by those going into politics to acquire wealth endangers lack of trust in government on the part of international communities and honest civil servants. Some corrupt politicians are more interested in government spending that brings huge bribes. They increase project costs and re-award contracts two or more times (Uneke, 2010). This leads to increased distrust, rivalries, suspicion, selfishness and discouragement of collective action (GOPAC, 2005; Shleifer & Vishny, 1993; Uneke, 2010). Corruption leads to loss of governance, cosmetic accountability, unequal income, loss of competition and retards socio-economic growth (Grossi & Pianezzi, 2016). While African countries continue to borrow money for socio-economic development and keep on repaying debts, the money is being laundered back to the developed world by those in positions of authority (Uneke, 2010).

##### **5. Socio-Economic development**

Socio-economic development here means positive increase in the standard of living of people. It may be social, economic, political, cultural, or psychological advancement of a society. A developed society then means a society where poverty, unemployment, and inequality are reduced to the barest minimum. Ighodalo (2012) describes development as empowering people to make choices, making people to participate in decisions that affect them, and to serve as the agent of change. Development is not 'Manna' [2] but got through great human efforts (Hyden, 1994 in Ighodalo, 2012). Development is to ensure that the natural resources are properly extracted and not allowed to deteriorate (see Ighodalo, 2012). Development cannot be attained in a country where there is corruption, disaster, or war.

Social development means enhancement in infrastructural facilities (good roads, rails, and housing); good health care delivery system (availability of hospitals, clinics, doctors, and drugs); and good educational system (availability of well-equipped schools, teachers, lecturers, free or affordable education) (Todaro & Smith, 2003).

Economic development means the upgrade of goods and services of the productive sector of a country (Todaro & Smith, 2003). Their study further state that economic development is the improvement in the quality and quantity of goods and services delivered to an ordinary man; while Todaro & Smith (2003) describe economic development as a means of generating and sustaining an annual increase of a country's Gross National Product (GNP). It is the change involving the advancement of people's welfare and capability in a country.

Socio-economic development is the joining together of social and economic development. The signs of socio-economic development are satisfaction of basic needs (food, clothing, and housing), enhancement of the level of employment, GDP, improvement in the levels of education and quality of life (life expectancy), increase in national self-determination by making countries to be less dependent on others, meeting the needs of the present without jeopardising the needs of the future generations, accountable government and respect for human rights, increased freedom, and participation in the decisions that affect one's life (see Ijere, 2014).

Since independence, Nigeria has often been under military rule [3], which commentators suggest has particularly served as an impediment generally to socio-economic development. For instance, commentators point to the highly militarised political system, breakdown in the rule of law, corruption, pervasive rent-seeking, weak institutional capacity for economic policy management and co-ordination, lack of accountability, inappropriate and indiscriminate allocation of funds, spending on non-productive ventures and the channelling of revenues (e.g. from oil) to military and inappropriate uses (African Peer Review Mechanism [APRM] 2009, Bamgboye, 2014). This leads us to research methods.

## **6. Research methods**

To have first-hand knowledge of what one is investigating, one has to be actively involved in the activity of what is being investigated (Burrell & Morgan, 1979). The current study used:

- (i) *Observation*-In the case site, the researcher observed administrative staff attending to their paper work while production managers sat idle in their offices. The researcher interviewed some of the idle workers.
- (ii) *Semi-structured interview*-Interviews were recorded on a voice recorder, transcribed, highlighted, presented and analysed based on the issues that emerged out of the interviews.

As the case of ASCL is sensitive, data were collected in accordance to opportunities presented and therefore interview was conducted two times. The two interviews cover the same issue and they were jointly analysed. In practice, this meant collection of data in two phases. The first visit was in December 2010 to March 2011. Sixteen people were interviewed in all. Thirteen stakeholders who are Chief Executives Officers (CEO) of parastatals who are not staff of ASCL but know much about parastatals and three ASCL management staff were interviewed. Each interview lasted for forty-five minutes and was recorded after permission was sought from the interviewee. The second visit was in December 2011 to February

2012. Seventeen people were interviewed in the second phase. Ten stakeholders and seven ASCL management staff were interviewed. In total, thirty-three respondents were interviewed and their voices recorded using a digital recorder after their opinions were sought. The recorded interviews were transcribed and the results analysed. There were also informal discussions with several people that were not recorded. This is because some people did not want their voices to be heard and declined to complete questionnaires. The breakdown of those interviewed is as shown in Table 1 below.

**Table 1 List of Interviewees (first and second phases)**

| Interviewees' affiliations   | No. of interviewees in the first phase of interviews (December, 2010 – March 2011). | No. of interviewees in the second phase of interviews (December 2011 – February 2012). | Total |
|--|---|--|-------|
| Journalist   | 2   | 1  | 3     |
| Civil servant  | 5   | 2  | 7     |
| Human right activist   | -   | 1  | 1     |
| Legal practitioner   | -   | 1  | 1     |
| Politician   | 1   | 1  | 2     |
| Political commentator, analyst and academic                          | 1   | -  | 1     |
| Representative of UNDP, World Bank and non-governmental Organisation | -   | 1  | 1     |
| Chamber of Commerce (DG)   | 1   | -  | 1     |
| Nigeria Labour Congress (NLC)  | -   | 1  | 1     |
| Academic   | 3   | 2  | 5     |
| ASCL Management Staff  | 3   | 7  | 10    |
| Total  | 16  | 17   | 33    |

*Source: Authors' Computation*

The interview schedule for the first phase of interviews has three parts. The first section of the schedule is directed to politicians from Kogi State where ASCL is sited. The second section questions are directed to other stakeholders (taxpayers/public) [4] and the third section questions are directed to the management of ASCL.

The interview schedule for the second has two parts: the first part deals with other stakeholders (community as taxpayers/public). This part of the interview is divided into five themes which are: (a) Governance and Accountability in Nigeria; (b) Governing Board of Parastatal organisations; (c) Stakeholders; (d) Perspective on governance and neopatrimonialism; (e) Ajaokuta Steel Complex. The second part of the interview schedule is meant for the management and staff of ASCL. This part is broken down into four themes: governance and accountability in ASCL, governing board of ASCL, privatisation and the ASCL stakeholders. The interview was brought to an end with the following question for both parts - other

stakeholders (taxpayers/public) and management and staff of ASCL: “what do you think should be done to bring the needed change?”

(iii) *Questionnaire Survey* -The questionnaire recipients are ASCL management and staff, politicians, lawyers, medical doctors, civil servants, Ajaokuta community, academics, labour unions, managing director of a private company, journalists and human rights activists who know much about parastatals and ASCL. The use of questionnaire for this study is the need to be anonymous in order to hide the identity of respondents, protect their jobs and personality. Some respondents who completed questionnaires did not complete the demographic aspect of the questionnaire. Fifty-one questionnaires were given out but fifty were returned. This represents about 98%. Questionnaires were also given to those persons who did not want to be interviewed but were important to this study. The breakdown of the questionnaire distributed is as shown in Table 2 below.

Table 2: Respondents of the questionnaire

| Respondent                             | Number    |
|--|-----------|
| ASCL Management and Staff              | 18        |
| Academic                               | 8         |
| Journalist                             | 4         |
| Civil servant                          | 12        |
| Managing Director of a private company | 1         |
| Politician                             | 1         |
| Lawyer                                 | 1         |
| Human right activist                   | 1         |
| Labour union member                    | 2         |
| Traditional ruler                      | 1         |
| Other                                  | 1         |
| <b>Total</b>                           | <b>50</b> |

Source: Authors' Computation, 2020

The questions in the questionnaire are grouped into A to L. Groups A to C deal with the demographic aspect. Groups D to J use 5 point Likert scale: 1: Strongly agree; 2: Agree; 3: Undecided; 4: Disagree; 5: Strongly disagree. Question K asks the respondents to comment what they think could be done to bring the needed change and Question L is: any other comment(s)?

The questionnaire was piloted among PhD students. All errors were corrected before its distribution to the stakeholders and management of ASCL. Data obtained from the questionnaires were analysed using Statistical Package for Social Sciences (SPSS). The statements in the questionnaire were on a 5 point Likert-scale. All tests and decisions in this study were based on 95% confidence level. The themes that emerged out of interviews and questionnaires administered form the basis of analysis and conclusions.

(iv) *Analysis of documents* -The following documents were collected from ASCL for this study: letters sent from the Ministry of Iron and Steel Development to ASCL, documents relating to government policies and pronouncements on ASCL.

Others are parliamentary debates on ASCL, ASCL progress reports, ASCL accounting statements, ASCL CEO's presentations to the governing board, Memorandum and Articles of Association of ASCL, internal and external documents, and labour union's documents as regards ASCL. Other documents used for the purpose of this study are newspaper reports and ASCL's website. These documents back up interviews and questionnaire to build up validity.

Mixed methods of research was adopted in order to gain the advantages of qualitative and quantitative methods of research and to support in-depth and triangulated research. To confirm research findings, several methods and sources of data can be used (Bryman & Bell, 2007; Collis & Hussey, 2014; Johnson & Christensen, 2012). This is done to reinforce confidence or credibility of research findings. The disadvantage of one method is dislodged by another method's advantage. For example, those who refused to be interviewed were more disposed to complete the questionnaire. The use of theoretical framework in this study, analysis of documents, questionnaire, and interviews confirm that triangulations have been reached. We shall now turn to empirical research findings.

### **7. Empirical Research Findings**

For the purpose of analysis the interviewees were coded as follows. The 13 *stakeholders* interviewed in the first phase of interviews are coded as follows: AA1, AA2, AA3, AA4, AA5, AA6, AA7, AA8, AA9, AA10, AA11, AA12, and AA13. In the second phase of interviews, 10 *stakeholders* were interviewed and are coded as follows: AB1, AB2, AB3, AB4, AB5, AB6, AB7, AB8, AB9, and AB10.

Again, the management of ASCL interviewed were coded as follows: the three *management staff* interviewed in the first phase are coded as: MA1, MA2, and MA3. The seven *management staff* interviewed in the second phase are coded as: MB1, MB2, MB3, MB4, MB5, MB6, and MB7.

Questionnaires were given to people who declined to be interviewed but agreed to complete the questionnaires. Fifty-one questionnaires were given out but only fifty were returned; the response rate is 98 per cent. The returned questionnaires were grouped into three according to the careers and status of the respondents. The first group is the staff of Ajaokuta Steel Company limited (18 respondents representing 36%) and given the name - Group ASCL. The second group is academics and journalists (8 + 4 = 12 respondents respectively representing 24%) and given the name - Group ACAJO. The third group is made up of civil servants (12), managing director of a private company (1), politician (1), lawyer (1), human rights activist (1), labour union (2), traditional ruler (1) and other (1) = (20 respondents representing 40%) and given the name - Group CISOT. The grouping is similar to the recent study by Falgi (2009) and Wanyama (2006).

#### *Highlights of research findings*

*Steel, a life blood of a nation:* According to interviewee MB1, ASCL was established to produce steel; serve as the bed rock of Nigerian industrialization and economic development; and to provide jobs and revenue for the country. Similarly, interviewee MA1 opined that steel is a life blood of a nation and a country without steel is just like a human being without blood. Interviewee MB2 argued that a steel

company generates employment; steel products are used to produce military weapons; steel products are used for building bridges, rail tracks and houses. Other benefits of steel products are economic competitiveness, national security; and it is the backbone of bridges, skyscrapers, railroads, automobiles and appliances (Umunnakwe, 2009).

Table 3 (Sa) supports the views of the interviewees that ASCL was established to promote industrialisation, economic development and provide employment for Nigerians and beyond. Group ASCL revealed the mean of 1.12, group CISOT 1.20, and group ACAJO 1.00. Group ACAJO expressed the highest agreement that ASCL was established to promote industrialisation, development, and provide employment to Nigerians and beyond.

*Lack of Political Will.* Some interviewees argued that ASCL which was substantially completed in the 1990s has not been fully completed because, according to interviewee MA1, the priority is not there; interviewee MA2, lack of political will; and interviewee MA3 said lack of political will, international and local politics. Interviewee MA1 maintained that ASCL will be completed if FGN takes it as a priority and decides to fund it because it did borrow money from anywhere to complete the project up to 98%. "Is it because of the remaining 2% that FGN will take loan?" Interviewee MA1 asked. Interviewee AA1 remarked that for ASCL to be completed there must be political will, patriotic zeal, and commitment on the part of the government because excess revenue from the crude oil can take care of that.

Table 3: Ajaokuta Steel Complex and Neopatrimonialism

| Statements   | No | Overall Mean | SD   | Group Means |       |       | K-W P-value | M-W P-values |            |             |
|--|----|--------------|------|-------------|-------|-------|-------------|--------------|------------|-------------|
|  |    |              |      | ASCL        | ACAJO | CISOT |             | ASCL-ACAJO   | ASCL-CISOT | ACAJO-CISOT |
| Sa- Ajaokuta Steel was established to promote industrialisation, economic development and to provide employment for Nigerians and beyond.                          | 49 | 1.12         | 0.39 | 1.12        | 1.00  | 1.20  | 0.17        | 0.40         | 0.26       | 0.10        |
| Sb- Ajaokuta Steel is not completed because the government is not willing to complete it.  | 49 | 2.02         | 1.18 | 1.82        | 2.17  | 2.10  | 0.86        | 0.58         | 1.00       | 0.65        |
| Sc- Government is not willing to commit more money to the multi-billion dollar Ajaokuta Steel Complex because the money will not be used for its intended purpose. | 48 | 2.44         | 1.33 | 2.12        | 2.25  | 2.80  | 0.30        | 0.86         | 0.14       | 0.30        |
| Sd- The Russian technology is an out-dated technology.   | 48 | 3.48         | 1.29 | 3.94        | 2.92  | 3.45  | 0.14        | 0.06         | 0.18       | 0.38        |
| Se – The following factors affect Scio-economic development of Nigeria:  | 47 | 1.57         | 0.80 | 1.50        | 1.33  | 1.79  | 0.31        | 0.28         | 0.55       | 0.15        |
| Se(i)- Ethnicity   |    |              |      |             |       |       |             |              |            |             |
| Se(ii)-Corruption  | 48 | 1.12         | 0.39 | 1.00        | 1.00  | 1.32  | 0.02*       | 1.00         | 0.02*      | 0.06        |
| Se(iii)-Patronage  | 47 | 1.96         | 0.98 | 2.37        | 1.25  | 2.05  | 0.01*       | 0.00*        | 0.31       | 0.02*       |
| Sf- Nigeria has adequate structure to bring fraudsters, money launderers and other economic and financial crimes offenders to justice.                             | 50 | 2.34         | 1.27 | 2.94        | 1.92  | 2.05  | 0.02*       | 0.02*        | 0.02*      | 0.63        |

Note: Table 7.1 shows the results of questionnaires received from respondents. It reveals the statements made and the number that responded, overall mean, the number of respondents that agreed and disagreed to the statement, group means, Kruskal – Wallis (KW) p. value and Mann-Whitney (MW) p. values tests conducted. The table shows the mean responses to the statements at various levels: 1=strongly agree; 2 = agree; 3= neutral; 4 = disagree and 5= strongly disagree. A \* indicates significance at the 5% level.

Source: Authors' Computation

Statement Sb in Table 3 reveals that Group ASCL's mean equals 1.82; group ACAJO's mean equals 2.17; and group CISOT's mean equals 2.10. These mean that all the groups supported the statement with Group ASCL expressing the highest agreement that the FGN can complete ASCL if it wills. However, some respondents argued that, it is not that government is not willing to complete ASCL but when money is budgeted and released, the money may not be used for the purpose intended. This means that the money may be misappropriated. This is the statement Sc with the overall mean of 2.44.

*ASCL technology, an out-dated technology.* Interviewee AA12 said the Soviet agreed to build Integrated Steel Company for Nigeria because they were looking for a place to dump their obsolete equipment. Some of the interviewees were of the opinion that it may be that the technology paid for may not be the one supplied. Other interviewees such as interviewee AB10 believe that the machines are obsolete, ought to be upgraded, and we don't need such gigantic or massive technology. In 1990, according to interviewee AA1, Japanese experts were invited to assess the viability of ASCL. The Japanese experts suggested that the company should be dismantled for it to be revived. In 2001, Hacht Associates were invited through a privatisation agency to assess the workability of ASCL but reported that Ajaokuta was not worth it and that ASCL should be turned to a power generating plant (Ayorinde, 2012). In addition, the World Bank Chief, Nicholas Stern, in July 2002 said, Soviet-era (1970s) technology is a drain on a nation's resources (Botha, 2002). In the same vein, the United Kingdom Department For International Development (DFID) evaluated the economic viability of ASCL as marginal (Chukwu, 2013).

However, interviewees MA2 and MA3 argued that Russian technology is a rugged technology and there is no way the USSR technology can be converted into USA technology after it has been substantially completed. The problem with ASCL, according to interviewees MA2 and MA3 may be because it is a Russian technology and not western technology. The USSR technology, according to MA1 and MA2, was used to produce iron rods and wires by GIHL between 2004 and 2008 in the completed rolling units. In 2009, Nigerian Association of Technologists in Engineering (NATE) noted that technology, if it cannot meet the need of that time can be modified to suit the need of the moment and not totally jettisoned as some may suggest.

Table 3 (statement Sd) reveals that majority of the respondents disagreed with the statement that ASCL technology is an out-dated technology. The overall mean equals 3.48, Group ASCL's mean = 3.94, and group CISOT's mean = 3.45. While Groups ASCL and CISOT narrowly expressed disagreement with the statement, Group ACAJO (2.92) narrowly supported the statement.

*International and Local politics.* Interviewee AA1 stated that the world powers like USA and other European countries would not like any other products to compete with theirs in African markets. But interviewee AA13 asked "were there no international conspiracies before the company was 98% completed?" Interviewee AA6 however,



argued that what is needed is a strong political will and patriotism because competition exists in all areas of human life both locally and internationally.

The feud between Western bloc and Eastern bloc was also cited by some interviewees as the reason why ASCL was not completed. This, according to the interviewees, may be the reasons why many European countries and western agencies are describing ASCL technology as drains on resources and its economic viability as minimal. On the other hand, the former Soviet Ambassador to Nigeria, Vladimir Snegirev, in 1983 declared that:

*we agreed to build this project for your country at a time when no other country in the world wanted to” (Alli-Ballogun, 1988).*

This statement suggests that ASCL is experiencing a challenging time.

The condition of ASCL on the other hand as mentioned by the interviewees is prompted by local politics. This is because those importing steel products are afraid of being thrown out of business. All these are contributory factors working against the completion of ASCL.

*Military Interventions in Politics:* Military regimes in Nigeria, according to interviewee AA13, are responsible for ASCL problems as they do not give representation to any people. Interviewee AA13 maintains that various military regimes made ASCL a conduit pipe through which resources allocated to ASCL in the budget are siphoned. For example, a dedicated and special account amounting to \$12.4 billion being the excess revenue from the crude oil sold during the Gulf War in 1991 with the Central Bank of Nigeria (CBN) depleted to \$200 million in June 1994 (Agbibo, 2012; Apter 2005). The fund, according to Agbibo (2012) and Apter (2005) was meant for three major special development projects which are the Shiroro Hydro-Electricity project, ASCL and National Iron Ore Mining Company (NIOMCO), Itakpe. The account and its content were discovered when the FGJ set up a panel headed by Dr. Pius Okigbo in 1994 to investigate the activities of the CBN and to recommend measures for the re-organisation of the apex bank (Nnochiri, 2012; Tsa, 2012). General Ibrahim Babangida, however, said that the \$12.4 billion meant for the completion of ASCL and two others was not stolen but used for regenerative investment and critical infrastructure such as building of Abuja City and Lagos Third Mainland Bridge (Daniel, 2015).

Moreover, General Sani Abacha, according to scholars, fronted a debt buy-back involving ASCL in 1996, by withdrawing the sum of \$2.5 billion from the Central Bank of Nigeria (CBN) meant to settle the debt owed by Tiazhpromexport of Russia for building ASCL. He negotiated with the Russians for a debt buy-back in which he gave \$500 million to the builders of ASCL and took \$2 billion (Administrator, 2011; Agubamah, 2009; BBC NEWS, 1998; Daniel & Freeman, 2007; Obadina, 1999; Oyediran, 1998). These actions by the military affected the completion of ASCL.

*Location of ASCL:* ASCL was located at Ajaokuta after feasibility studies were carried out by the Russian steel experts (Agbu, 2007; Mohammed, 2002a). Interviewee AA5 posited that all the relevant natural resources for the siting of a steel industry are available in Kogi State.

However, Agbu (2007) argues that ASCL was located at Ajaokuta by political permutation of politicians. For this reason, interviewees AA1, AA2, AA3, AA5, AA7, AA8, AB1, AB2, AB3, AB6, AB7, AB9 and AB10 considered the location of ASCL as one of the reasons for its non-completion.

*Dissolution of Nigeria Steel Development Authority (NSDA):* NSDA was established in 1971 on the advice of the Russian steel experts that built ASCL (Federal Republic of Nigeria, 2008). However, NSDA was dissolved in 1979 and the Ministry of Mines and Steel Development became ASCL's supervisory Ministry (Mohammed, 2002a). After the transfer of ASCL to the ministry:

*a lot of activities were then haphazardly embarked upon; lots of inflated subsidiary projects were being simultaneously chased (Mohammed 2002a).*

*Ethnicity:* Table 3 (Se{i}) revealed that ethnicity affects socio-economic development. The overall mean is 1.57 and the group means equal ASCL = 1.50; ACAJO = 1.33; and CISOT = 1.79. This reveals that ethnicity affects socio-economic development. In Nigeria, even political parties are formed along ethnic/geo-political zones.

*Corruption:* Statement Se (ii) in Table 3 examined corruption as one of the characteristics of neopatrimonialism. The overall mean of 1.12 and the group means (group ASCL= 1.00; group ACAJO= 1.00; group CISOT= 1.32) reveals that there is corruption in Nigeria. KW p.value and MW p.values are significantly different. Groups ASCL and CISOT are significantly different. Groups ASCL and ACAJO have higher agreement than group CISOT to the presence of corruption in parastatals in Nigeria. Interviewee MB4 argued that corruption is the enemy that is withholding the completion of ASCL and said it is the greed of technocrats who are not patriotic. He further contended that corruption was exhibited while drafting the concessional agreement with Global Infrastructure Holdings Limited (GIHL) that made no provision for the input of the office of Attorney-General of the Federation (AGF). Interviewees AA1, AA2, AA6, and AB1 pointed out that the process of concessioning ASCL to GIHL is fraudulent and GIHL manifested that fraud through the cannibalisation and vandalization of plants and equipment, and lack of maintenance of equipment.

The Pohang Steel Company Limited (POSCO) of India which is the 10<sup>th</sup> largest steel company in the world today is said to be state owned, have similar design, and took off almost at the same period with ASCL but ASCL is yet to be completed (Okafor, 2007). This is linked to corruption. Dr Mohammed Sanusi who is the secretary-general of African Iron and Steel Association (AISA) remarked that the cost of the first phase of ASCL which was originally put at \$1.5 billion has now gulped about \$6 billion and

still yet to be completed. He remarked that a contract that is supposed to cost the government five million naira will be corruptly tripled to fifteen million naira in Nigeria (Kadiri, 2012).

*Patronage:* The examination of Table 3 (Se{iii}) revealed that patronage [5] affects socio-economic development of a country and it is one of the characteristics of neopatrimonialism. The overall mean is 1.96 meaning that, patronage affects a country's development.

*Ineffectiveness of Anti-corruption Agencies:* Table 3 (Sh) shows that there are enough structure in Nigeria to deal with frauds, corruption, money launderers and other economic and financial crimes offenders. In Nigeria, there are structures like Economic and Financial Crimes Commission (EFCC), Code of Conduct Bureau (CCB), and Independent Corrupt Practices and other related offences Commission (ICPC) to deal with corruptions and other fraudulent practices. ACAJO is of the opinion that anti-corruption agencies in Nigeria are capable of tracking down financial and economic crimes offenders. ASCL (2.94) and CISOT (2.05) are of the opinion that the performances of the above agencies are below expectation.

## 8. Discussion of Findings

This study investigated corruption in Nigeria with an in-depth examination of ASCL. Neopatrimonialism was used to guide the researcher into knowing what is happening in ASCL and this guided the particular application of the methods. Neopatrimonialism as noted earlier is when a leader converts what belongs to the people into his personal properties and takes the office he occupies as a personal inheritance and owes no accountability to anyone (Ikpe, 2000). The major findings of this study are highlighted and discussed below.

First, *lack of political will*. This means that the leader has no interest in completing a project embarked upon by his/her predecessors but may want to re-locate the same project to his/her own ethnic place of origin. This action takes place when the leader according to the interviewees has the intention of relocating the project to the area he hails from and to re-award the contract to friends, relations, classmates and political associates. Ethnicism and nepotism are characteristics of neopatrimonialism. This is consistent with other findings that people in government are loyal to their ethnic place of origin since Nigeria's independence in 1960 (Agbibo, 2012; Akinola, 1988; Salawu & Hassan, 2011). Lack of political will is traced to the politicians' self-interest in seeking what is the best for themselves, families, friends and ethnic groups (Balko, 2013; Urgo, 1995). Mohammed & Yusuf (2004) argue that Nigerian leaders' political will can only be stimulated if they place their love on their country above themselves, families, friends and ethnic groups.

Second, the staff of ASCL and other stakeholders interviewed were of the view that ASCL was not completed because it *was not located* in the region of one of the major

tribes in Nigeria. They argued that the locational issue was the key factor and not the feasibility of the site. Agbu (2007) argued that Ajaokuta is a feasible site. Agbu (2007) earlier agreed with Mohammed (2002a) that Ajaokuta was a feasible location for the steel as recommended by the Russian experts that undertook the feasibility study and that the needed raw materials were available in Ajaokuta (Agbu, 2007; Oyeyinka & Adelaye, 1988). Since independence in 1960, those in leadership positions are interested in siting public projects in the areas where they come from (Agbiboa, 2012). *Ethnic preferencing* is one of the characteristics of neopatrimonialism. It is where a leader prefers to take a parastatal notwithstanding the suitability of the environment and the availability of the needed raw materials for the industry (Agbiboa, 2012; Akinola, 1988; Iyoha, 2008; Salawu & Hassan, 2011).

Third, ASCL was labelled *out-dated technology* because the western countries advised Nigeria to concentrate on agriculture when Nigeria approached western experts in 1958 for the establishment of a steel company (Agbu, 2007; Mohammed, 2002a). However, interviewees argued that Global Infrastructure Holdings Limited (GIHL) turned out iron rods and wires from the completed rolling mill units during GIHL's period in ASCL. Majority of the interviewees and technology experts argued that technology cannot be wholly jettisoned but modified to meet the need of the moment. The reason for saying ASCL technology is an out-dated technology could be to flood African countries with their steel products and to possibly advocate for another steel company to be built for Nigeria instead of ASCL. When people impose their personal interest on people for their personal gain, it is neopatrimonialism. Other interviewees are of the views that the technology that Nigeria paid for was short-changed as it is supplied out-dated technology. This is done for personal gain. It is corruption which is in line with the argument of Sikka and Lehman (2015).

Fourth, *military interventions in Nigerian politics* have affected the completion of ASCL. Various amounts set aside for the completion of ASCL were either removed out-rightly or misappropriated by the military without accountability. This is prebendalism (a characteristic of neopatrimonialism) where a leader takes his political office as inheritance and use personal discretion in decision making (Ikpe, 2000). Military regimes give no room for criticisms and accountability (Brinkerhoff & Goldsmith, 2002).

Fifth, another factor considered by interviewees to be the reason why ASCL has not been completed is *corruption*. Interviewees argued that the concessional agreement between FGN and GIHL was done without the input of the Attorney-General of the Federation. This is considered to be fraudulent and with the intention to evade accountability. Where a decision is taken secretly without people's involvement, it is neopatrimonialism (Brinkerhoff and Goldsmith, 2002). This is in agreement with the previous studies which maintain that ASCL is in its present condition because of

inflated contracts and ministerial mishandling (Alli-balogun, 1988; Kadiri, 2012; Mohammed, 2002a).

Sixth, *the dissolution of Nigeria Steel Development Authority (NSDA)* was considered to be another reason why ASCL has not been completed. The action by politicians to make the Ministry of Mines and Steel Development the supervisory ministry of ASCL may on the face of it suggest that they intended to interfere in ASCL's activities and to neopatrimonialise ASCL. This will make the ministry to take over the decision making on ASCL thereby side-lining the steel professionals in NSDA. The NSDA was established on the advice of Soviet experts. In Singapore, a similar independent body, Temasek Holdings Limited (THL) was set up for parastatals, which controls and directs them, and gives account to Singapore people (Anwar and Sam, 2006).

Seventh, *the inconsistency in government policies* by neglecting projects initiated by the previous government, ASCL has been greatly affected. This is done in order to start a similar project elsewhere so as to have advantages of awarding a new contract with its kickbacks. It shows lack of respect for continuity (Okafor, 2007). This is neopatrimonialism where a leader awards contract to people who are his relations, friends and political associates (Balko, 2013; Urgoiji, 1995).

Eighth, *Ineffectiveness of anti-corruption agencies*. The Independent Corrupt Practices and other related offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) are the two major anti-corruption agencies in Nigeria. They have the functions of curbing bribery and corruption, fighting economic and financial crimes; investigating, preventing and prosecuting those that are corrupt (EFCC Act 2004; ICPC Act 2000; Sec.46; Iyoha & Oyerinde, 2010). These agencies have defects: in the sense that, they are weak in implementing the anti-corruption laws. The courts are weak and the agencies teach offenders how to escape the anti-corruption laws. Corruption offenders hire senior lawyers to evade justices in law courts. The executive arm of government interferes in the operation of the agencies by setting free their favourites. The agencies are poorly funded and they are under staffed. There is no protection for whistle blowers and no special court is available to try accused persons. These weaknesses are affecting EFCC and ICPC in performing their functions effectively. Respondents and interviewees suggested a special court for the EFCC as a remedy to some of these anomalies.

Government interference and impunity have made some offenders to go scot-free. This is in line with Goldsmith (2007) who states that government gives preferential treatments to some people and make them go without being punished. This action by the government makes the work of EFCC and ICPC difficult. Government interference in the work of EFC and ICPC can be argued to be *patron-client* relationship.

Due to foregoing, especially given the perception of sabotage and mischief, African governments advised by the World Bank (Ariyo & Jerome, 1999) subsequently

followed a trend from the developed world by “hollowing out” [6] parastatals (Rhodes, 1997). It is also because of the lack of good governance and accountability in the public sector that has prompted the World Bank to encourage countries to privatize parastatals, introduce budgetary discipline, decentralise administration, encourage market competition and make greater use of non-governmental organisations to achieve efficiency in the public service (Rhodes, 1997).

Most developing countries are beginning to follow this step, especially as it is required by the World Bank and other lending agencies as a condition for loans and aids (Uddin & Hopper, 2003). Nigeria promulgated the Nigerian Privatisation and Commercialisation Decree No. 25 of 1988 and subscribed to the view that business should be left in the hands of professional people (Ahunwan, 2002).

### **9. Conclusion**

This paper analysed corruption in Nigeria using ASCL as a case study. The central question is: “why has ASCL experienced serious delays in steel production over the period since 1979 to date?” The following emerged as the reasons why ASCL has not been completed based on the documents consulted, interviews conducted and the questionnaires administered: (i) lack of political will; (ii) ASCL technology, is an out-dated technology; (iii) international and local politics; (iv) military interventions in politics; (v) corruption; (vi) location of ASCL; (vii) dissolution of NSDA; (viii) inconsistency in government policies. The theory of neopatrimonialism has been used as a search light to discover what ASCL is experiencing. Neopatrimonialism is based on the principles that people in authority convert public resources for personal use.

The industrialisation of a country depends on its access to iron and steel. From the foregoing, it is recommended that: Leaders should exercise political will and courage to complete ASCL. Leaders should be consistent in their policies and monitor their implementation. Government is a continuum and therefore a new government should continue with the projects initiated and embarked upon by the previous government. The military should face their constitutional duties. Political offices should be made less attractive to Nigerians; ASCL, if not privatised, should have a supervising agency other than the Ministry of Mines and Steel Development to avoid interference. Leaders should avoid sentiment and ethnicity. A special court should be established for the EFFF and ICPC to enable them prosecute economic crime offenders to hasten unbiased justice.

The decision to limit the study to ASCL without comparing it with a similar organisation is a limitation of this research. The circumstances surrounding ASCL necessitate a holistic and an in-depth study to unearth the reasons for stoppage of work for over two decades ago. Also the limitation of non-comparison with similar organisation is due to time factor, lack of resources, and difficulty in gaining access to parastatals. With the foregoing shortcomings of case study, to generalise the findings of this study may not be appropriate.

This study contributes to the literature on corruption in Nigeria. The theoretical framework of this study relates to developing countries. It is most suitable to the case under investigation.

Further research may look at two or more cases. The theory of neopatrimonialism could be used to compare ASCL with other parastatals or private steel companies in Nigeria. The researcher can also investigate in-depth into the international communities' connections with ASCL's case and international agencies suggestions concerning ASCL.

#### **Notes**

1. A theory gives new insights and broadens one's understanding of a phenomenon (Anfara & Mertz, 2006).
2. Miraculous food – something obtained without effort (Collins Dictionary and Thesaurus, 2000).
3. In all the Nigerian military ruled for 29 years up to 1999 from 1966: Nnamdi Azikiwe (Governor-General) and Tafawa Balewa (Prime Minister) 1960-63; Tafawa Balewa (Prime Minister) and Nnamdi Azikiwe (Ceremonial President) 1963-1966; Gen. Aguiyi Ironsi (Military) Jan. 1966- July 1966; General Yakubu Jack Gowon (Military) 1966-1975; Gen. Murtala Muhammed (Military) 1975-1976; Gen. Olusegun Obasanjo (Military) 1976-1979; Alhaji Shehu Shagari (Civilian) 1979-1983; Gen. Muhammadu Buhari (Military) 1983-1985; Gen. Ibrahim Babangida (Military) 1985-1993; Earnest Shonekan (undemocratic civilian-no voting-installed by the military) August 1993-Nov. 1993; Gen Sani Abacha (Military) 1993-1998; Gen. Abdulsalami Abubakar (Military), 1998-1999; Chief Olusegun Obasanjo (Civilian) 1999-2007; Alhaji Musa Yar'Adua (Civilian) 2007-2010; Goodluck Ebele Jonathan (Civilian) 2010-2015; Muhammadu Buhari (Civilian) 2015-To date.
4. The taxpayers/public in this case are the civil servants, journalists, lawyers, academics, doctors, and others within sights into parastatals.
5. Patronage is also one of the characteristics of neopatrimonialism which means politically motivated distribution of favours to ethnic groups by a leader (Erdmann & Engel, 2007).
6. Introducing private sector management principles into the public sector or privatising parastatals (Rhodes, 1997).

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