MANAGEMENT PROBLEMS OF PUBLIC ENTERPRISES
IN THE INDUSTRIAL SECTOR
'A CASE STUDY OF THE MILLE CHAMIT COMPANY'.

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ABSTRACT

Although Public Enterprises in the Sudan, since independence, have been recognized and considered as an effective device that a required to play a developmental and promotional role in the socio-economic and political development of the Sudan, it has been observed that these organizations are confronting numerous challenges and suffering from a host of problems which stood in their way to achieve these objectives.

The present study is an attempt to focus attention on these problems in the context of the Industrial Sector as a whole, as well as in the case of the organization selected for the study.

The selection of the Industrial Sector Public Enterprises, is attributed to the fact that it is one of the most important sectors in the Sudan which has a leading role in socio-economic development. Furthermore, it suffers from a variety of acute problems which can be considered as representative of the problems of public enterprises in general.

The case study of The Nile Cement Company, is an attempt to focus attention to the same type of management problems which is faced by these organizations,
irrespective of the variations in their legal status, the nature of their work and objectives, organizational pattern and the impact of those issues on the efficiency and effectiveness of each enterprise.

An attempt is made to analyze and diagnose the reasons for this state of affairs. The study is mainly concerned with management and organization problems including personnel, financial and control problems.

In the first chapter this thesis discusses the concept of public enterprises in an attempt to discover their scope, purposes and objectives and the role their contributions are intended to play.

Chapter two consists of a historical review of the evolution and growth of the public enterprises in the Sudan, including their legal forms, a background to industry and the major objectives of the Industrial Sector Corporation, with a particular emphasis on the organization and management problems which have prevented these institutions from achieving their objectives.
In chapter three I trace the evolution and growth of The Nile Cement Company and describe its objectives, the role of Cement Industry, its organizational and management structure and its relation with its environment.

In chapter four the emphasis is on analysing the management and organizational problems found to exist in The Nile Cement Company.

In the final chapter certain solutions are suggested in the light of the concept of public enterprises in general with some consideration to the special circumstances of each individual public enterprise.

From our assessment of the managerial aspects of the public enterprises in the Industrial Sector as well as in the organization selected for the study, a number of deficiencies and shortcomings in the management of these autonomous bodies may be seen in the following areas:-

1) There is no definition or articulation of clear objectives or of the impact of goal setting on the overall performance and operational objectives of these organizations.
(b) Personal management which include, selection and promotion systems.

(c) Production management i.e. inventory control and storage.

(d) Marketing management, i.e. pricing and purchasing.
الاجتماعية بكل زبدة من شكلها التقليدي والبلاد، بين كل وحدة وليس في الفضاء، كان لابد ان يشمل الدعم للڏيادا، والبناء الاجتماعي والبناء التنظيمي
والممارس الذي يناسب كل وحدة.

فقد قد تقدم بعض هذه الاعلامات ادواتية حسب الاعظم
من جانب الدولة بجانب الاعمال الاجتياحي والشعور والعمل، والتعاون الذي
تخدم الاعمال الخطيرة لمؤسسات البلدان داخل المؤسسة أو الريادة
الاجتماعية أو على مستوى المواجهة بحدة، ونظامية،
ونى ذاهب هذه الاعلامات، فما تم اختيارا لمؤسسات المواجهة
الموازي بناءً على وحى وردة اجتماعية من وساحة تجوية وتشريع
المشايا الإدارية والتبادلية التي يحكي بها هذا المواجهة اتفاقا
ما بأنا سنة ثالثا للمشاعر والعمليات التي توفر مؤسسات
المواجهة بحدة،

النقطة التي دليت نحن اختيارا لدعم الاستدامة، وهو شركة ما،
لا بقدر لبا أن السياحة الموثقة التي المشي بها المواجهة
هذا المؤسسات والوحدات الاجتماعية داخل المواجهة النتا، لم تسج
في سياح مواجهة في البلدان، واضحة النماذج الإصلاحية، والإصلاح القائم، والإصلاح التنظيمي لكل مؤسسات ان
المؤسسات.

هدف هذا لمج إلى دراسة تمام المؤسسات النتا على
ال(GLFWdiamonds المثال السياحي باذن وذلك من خلال ابراز
الميزات الأمريكية والناحية المعاصرة، 
بأنا على في دفع عجلة التصميم الاقتصادية والإجتماعي.
ينسب الانتظام على تحديد أوج القواعد والإرشادات التي تدلل على مهنيات التدابير القانونية تبديل بعضها التدابير وتكييفهما مع بعضهما وإلغاءهما Wenn بعضها البعض باعتِبة النصي المذكور المعاهدة الإنسانية الإدارية السابقة التي تشير إلى ذلك بناءً على النص هذه المكاسب.

تعتبر هذه الدراسة في تفاصيل خاصة سلبية على الميزات الأساسية:

فإن الفصل الأول يقتصر على تقدير الفوائد الأساسية في تأسيس المكاسب المناسبة تضمن بعض المكاسب المختلفة من خلال مهنيات التدابير القانونية وبدلاً من ذلك التمييز بين مهنيات القانونية وال_sizes في تطبيق هذه القيم.

بعضها تتجلى في رفع مهنيات القانونية وال_sizes غير التزامات قياسية وفقاً لما تبين الإجراءات والعصبية في أصلها وفقاً لما تبين استخداماً وتحقيق أهدافها الإدارية والاجتماعية.

تتطلب الدراسة تمثيلاً بالدراسة والتحليل لتعزيز المؤسسات المحصلة من خلال التحليل التحليلي وتحديد المفاهيم التاريخية وتحديداً مهمة إعدادها والإطلالة والتحضير الإدارية.

مع ذلك، فتعتبر هذه الدراسة تحريحاً بالقدرة والدراسات لاعبية لل딩م الاستنتاج والتجاوز التاريخي في تكملة مهنياته القانونية وال_sizes.

وقد تتم الدراسة أيضاً المغابل التاريخية وال_sizes في متابعة إصلاحية التنمية والتنظيم الإداري التي توفر تجاوب مع المؤسسات العلاجية والمؤسسات الرقمية.
وبهذا إظهار نوايا الهيكل من من نواة المؤسسات على أداة التشريع،...

هذا يشمل القسم الأول، والدورة، وتعليمات التشريعات، والإدارية التي تواجه المعلومة.

الهيئة الدائمة صارمة من خلال رشته لدوره في وضع قواعد المستفادة من، من النواة، والتأتي في،...

قد تؤثر هذه القوانين على تنفيذه، ودوره في،...

(1) عدم الإعلان الدائم من جانب هذه الظروف، ودوره في،...

(2) قيام الحادثات المطلوبة لتنفيذ هذه القوانين بتفعيلها، ودوره.

(3) المحالة الرسمية بين مؤسسات الدولة، والإدارة الحكومية ذات تأثير مباشر على تنفيذ القرار على معدل، أداة،...

(4) إلغاء هذه القوانين لتفعيل معادلة قانونية وتذكر تأثير،...

(5) عدم إعلانه وإدارته خلال أثر التحكم، والتأثير، والإدخال القانونية والمالية، المقدمة، لدوره في،...

(6) إلغاء عدم إعلانه وإدارته خلال.
في الإدارات والجهات العامة وفقاً للقانون العام، فإن كل المؤسسات والجهات العامة مسؤولة عن تقديم الخدمات والمنتجات بما يلبي احتياجات العملاء. من خلال توفير الرعاية الصحية والمعلومات، يتم تحسين آليات العمل والاحتياجات للمواطنين والقطاعات المختلفة.

(1) فحص الخلفية بين المتقدمين وتعويضات牺牲 هي جزء من هذه العملية. وفقاً للقواعد، يتم تحقيق اتفاقية على مستوى الدول من أجل تحسين الاتصالات والسلالات.

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Hamed Abdulla Al Padil
Introductory Remarks

State intervention in the socio-economic process has become a common feature of modern political systems.

In Sudan, as in many other developing countries, the State is expected to accelerate social and economic change. Accordingly, the Sudan Government exercises major responsibilities in the direction of economic and social change, particularly in the Post-Independence period which witnessed the creation of a positive attitude towards the importance of the resumption of devices and objectives in the light of the need for economic and social progress in the country.

Public enterprises are one of the devices required to play a developmental and promotional role. The newly developing countries have increasingly become aware of their importance as an instrument of quick and effective economic growth. The Public enterprise, as many scholars assert, is a most significant and important innovation of the twentieth century in the sphere of government organizations. It was adopted by many countries which do not essentially have the same
political system or ideology. However, the rationale for creating such institutions differ from one country to another. On the whole, economic obstacles and the need for more rapid socio-economic development are usually the reasons behind the wide and extensive use of different forms of public enterprises in Sudan as in many other developing countries.

The evolution and growth of public enterprises in Sudan, as in many other new states have raised some important and controversial questions as to their purpose, the nature of their operations and their relationship with other state organs. Among these questions are the following: What possible contributions can the public enterprises make to the process of national development? How can a workable balance be maintained between the principles of autonomy and public accountability? To what extent is such accountability rendered and to whom?

The concept of "public enterprise" has been used with a variety of meanings. Confusion about the scope and nature of activity of a public enterprise is still lacking both among scholars and administrators. An examination of the available literature such as we
playing the important role for which they were intended in the national development of the Sudan.

As many regular government departments and ministries have proved to be lacking in many respects, there has been a shift of emphasis in the industrial sector in favour of more use of public enterprises in almost all development activities.

Too many unrealistic expectations have been placed in these institutions without any awareness of their ability to meet them. The fact that such issues have not been considered has led to an observable situation where most of the public enterprises in the industrial sector suffer in their day-to-day operations from difficulties and limitations.

Most important among these problems are those concerning organization and management which, in my opinion, are essential factors behind the observable deterioration in the performance of the entire industrial sector.

The continuous changes and reforms in the legal form and organizational structure of public enterprises in the industrial sector is clear evidence of the failure of these organizations to achieve their objectives.
This study attempts to discuss these problems in the context of the Industrial Sector as a whole, as well as in the case of the organization selected for study. An attempt is made to analyse and diagnose the reasons for this state of affairs. We are not however, going to deal with all the problems which face these enterprises, since we are mainly concerned with management and organization problems, including personnel, financial and control problems. All these have hampered progress of these institutions, including the Nite Carrant Company, in achieving their goals and objectives.

My selection of an Industrial Sector Public Enterprise, may be attributed to the fact that it is one of the most important sectors in the State which has a leading role in economic development. Furthermore, it suffers from a variety of acute problems which can be considered as representative of the problems of public enterprises in general.

In addition to this, since I am employed in this sector, this was an additional motive for me to participate in the research efforts into such an important institution.
Data Collection:

The data used in this study was mainly collected from the following sources: The now dissolved Industrial Production Corporation, The Building Material and Refractories Corporation, Ministry of Industry files, reports and ordinances, Nile Cement Company files and reports, personal contacts and interviews with its Managing Director and Senior and Junior officials. All these sources gave me information which was extensive in scope and depth.

The main difficulty I faced with regard to data concerning the Nile Cement Company was the lack of a prepared and orderly information.

Organization of the Study:

In the first chapter this thesis discusses the concept of public enterprises in an attempt to discover their scope, purposes and objectives and the role these organizations are intended to play.

Chapter two consists of a historical review of the evolution and growth of public enterprises in the Sudan, including their legal forms, a background to industry in the Sudan, and the major objectives of the
Industrial Sector Corporation, with a particular emphasis on the organization and management problems which have prevented these institutions from achieving their objectives.

In Chapter three I trace the evolution and growth of the Nile Cement Company and describe its objectives, the role of Cement Industry, its organization and management structures and its relation with its environment.

In Chapter four the emphasis is on analysing the management and organizational problems found to exist in the Nile Cement Company.

The final Chapter deals with the diagnosis and analysis of these problems in more detail. Certain solutions are suggested in the light of the concept of public enterprises in general with some consideration to the special circumstances of each individual public enterprise i.e. the Nile Cement Company.

This thesis therefore endeavours to present the facts and point out suitable solutions which should be considered. Such solutions could be generally applicable to every organization established in the light of the concept of public enterprises.
CHAPTER IV

PUBLIC ENTERPRISES: A CONCEPTUAL ANALYSIS

The term public enterprises has been used to cover a variety of meaning and concepts.

Consensus about its scope and sphere of action is still lacking among scholars and practitioners. Indeed, different definitions and varying levels of emphasis still continue to characterize their thinking.

An examination of the available literature on public enterprises may reveal this fact very clearly.

However, the problem of identifying the true nature of the activities of public enterprises arises because of certain complex inter-relationships inherent in their situation. It seems that there is an inherent ambivalence in the very idea of public enterprises.

The dichotomy in the personality of public enterprises has given rise to the belief that an inherent conflict exists within the concept itself. It is also believed that there is a midway position between the two conflicting sets of aims, represented in the principle of autonomy, which satisfies both the business dimension and the factor of public accountability.
Furthermore, because of the different environmental and socio-political influences on the growth and development of public enterprises the shapes and patterns which they have assumed are intensely variegated. Thus rigid definition would fail to take any account of the variation and complexity of the situation of public enterprises. The lack of consensus about the concept of public enterprises may also be attributed to the dynamic change in the situation practice and conceptualization of the management of public enterprises’ organizations which are taking place on a global level as well as in each country.

The Need for Definition of Public Enterprises:

Why should an attempt be made to define public enterprises?

Firstly such a definition is required for statistical and comparison purposes. Scholars engaged in work connected with public enterprises find it extremely difficult to undertake research because of the inadequate delimitation of the formations of public enterprises. This difficulty becomes more acute when an attempt is made to undertake comparisons on an international level and cross-national studies.
Secondly, there are institutions which are specifically set up to service public enterprises, by providing them with training, consultancy, information, and research. How is it possible for institutions of this type to function if they cannot identify clearly who their clients are?

Thirdly, a definition is required for conceptual purposes. In other words, we want to define the characteristics, properties, and the general concept of public enterprises in order to formulate a comprehensive definition that will help as a device in testing our research hypothesis.

A definition viewed in these terms is an attempt to understand the rationale, objectives, and organisational structure, and strategy and the inter-organisational relationships of these public enterprises with their environment.

The Conceptual Dilemma of Public Enterprises:

Public enterprises are a sub-system of the public sector. While the roles and functions of the public sector are fairly easy to identify and describe,

the public enterprise sector can be defined according to many differing interpretations primarily because national governments adopt different conceptual and ownership criteria with respect to public enterprises.

Although many definitions of public enterprises have been attempted, they all concentrated on pointing out their main features and essential characteristics. On the whole, the definitions and interpretations made of the concept of public enterprises are based on different premises and have varying levels of emphasis. Environmental variations and different schools of thought make it a hard task for scholars to reach a specific definition.

Leonard White, among other scholars, has admitted the difficulty of arriving at a precise definition that could apply to all types of public enterprises. When he states that,

There is no generally accepted definition of the government corporation. Analysis of these corporations reveals no simple or uniform type of corporate structure. They vary in the method of incorporation, in their relation to the Central Administrative Structure, in the degree of operating independence, in the source of...
J. Friedman, who has written extensively about corporate form of public organization, defines a public corporation as:

"an institution operating a service of an economic and social character on behalf of the government but as an independent legal entity, largely autonomous in its management, though responsible to the public through government or parliament and subject on the other hand to some direction by the government, equipped on the other hand with independence and separate funds of its own and the legal and commercial attributes of a commercial enterprise."

This definition is concise and comprehensive. It is, however, in the fact that it does not proceed to specify in clear terms the implications of the phrase "subject to some direction by the government."

Hadley Smith in his unpublished Ph.D. dissertation, after reviewing and analyzing many definitions states his own. He says,

"... A government corporation is a legal entity which is initiated by representatives of the public, including a government corporation, is incorporated by either a national or state government for a public purpose through general or special legislative act, or legislative decree, is controlled by the government but is more autonomous than the executive department and less independent than private business corporations, obtains a major part of its funds from sales, but is usually at least partly financed by the initiating government."

J. Friedman states that,

"... most countries with a certain degree of social and industrial development, eastern or western, socialist or capitalist, would under the dual pressure of an increasing state functions and the growing technical complexity of many of these functions have developed some form of public corporation... the development of a more or less autonomous form of public enterprise has in very few..."
cases been the result of a deliberate and systematic set of legislative and administrative measures. The post-nationalization of Great Britain, France and the Soviet Union Organizations of State industries were probably the only examples of the creation of a series of public corporation based on a definite political and legal theory, in other cases they have developed as empirical responses to specific needs without any preconceived theory and without much uniformity."

From these definitions made by different scholars, it is clear that it is difficult to devise a concrete and universally applicable definition of the corporate concept, which differs in the degree of autonomy or the amount of political or central control required.

The definition of public enterprise in any country is an enumeration of its basic features and characteristics, a determination of its legal status and a definition of its relations both with the executive and the legislative in the respective country.

In line with this argument Professor Friedman states that,

"... none of the many countries which have developed new autonomous forms of public enterprise have achieved a general theoretical definition of the "Public Corporation", it is exceedingly an institution and concept in state of flux and constant development." 1/

Public enterprises have also been defined as industrial, agricultural and commercial concerns which are owned and controlled by the central government in a unitary state or by the central and regional governments in federal state.

Another definition of public enterprises states that, they are government organizations established for the purpose of engaging in a defined commercial or business types of economic activity although they are in occasion established for non-business purposes as in the situation of scientific research institutions.

2/ Ibid., p.556.
At recent meeting of Senior officials of developing and developed countries convened by the Commonwealth Secretariat, the working definition of public enterprises adopted by the group include, "any commercial, industrial, financial agricultural or promotional undertaking, owned by a public authority either wholly or through majority shareholding which is engaged in the production and sale of goods and services and whose affairs are capable of being recorded in a balance sheet and profit and loss accounts. Such undertaking may have diverse legal and corporate forms such as departmental undertaking, public corporation, Statutory Agencies established by act of Parliament or joint-stock companies registered under the Company Law."

It was also described by W. Robson as, "The most important invention of the twentieth century in the sphere of government institutions."

However, what in my opinion is needed is a situational definition of public enterprises which is based on the political ideology and socio-economic systems prevailing in a particular country at a certain point in time.

A situational definition of a public enterprise must cover the following aspects and features:

1. Ownership: either wholly or majority public ownership
2. Distinct area of activity
3. A separate entity with its own capital structure
4. The production of services and goods, which are costed, priced, sold, and distributed.
5. Translation of the enterprise activities into financial statements.

From these different definitions, it may be seen that the essence of public enterprises lies in the process or mechanism through which they can develop the ability to strike a workable balance between a certain level of public control and the commercial viability and level of autonomy which are necessary for its overall efficiency.

The problem which seems to arise is therefore related to achieving the correct balance between these two dimensions. Any imbalance in favour of one or the other of these two aspects is connected with the particular circumstances of a particular enterprise.
Among the significant factors which may affect the balance are the following:

1. The socio-economic system within which the enterprise functions. For example, in societies which have a socialist orientation and which have systems of comprehensive national planning, the public accountability code of public enterprises tends to receive more emphasis. On the other hand, in some mixed economies where the national effort is shared by both public and private enterprises and where the degree of planning is less intense, there is a tendency to view public enterprises essentially as business concerns owned by the state. In such cases the balance emphasizes the commercial and business dimension.

2. The decision-making processes within the national system.

There is a natural tendency for greater weight to be given to public accountability in systems where there is more centralization, and conversely an emphasis on the business dimension in the case of a decentralized decision-making environment.

3. The nature of objectives set for public enterprises. Here the very process of articulating the objectives of a given public enterprise would determine
to a great extent the balance of public accountability and autonomy, commercial attributes and business activities.

(iv) The market position of the public enterprises may also affect the balance between these two sets of dimensions. An enterprise which has a position of monopoly or which is engaged in the production of basic or essential products and services would be subjected to the public accountability code considerably more than an enterprise operating in competitive conditions.

To conclude this conceptual analysis it may be stated that these institutions are like the chameleon in that they can adopt the appropriate colour to fit the appropriate situation in which they find themselves.

Epilogue: For Public Enterprises

Developing countries face the imperative need for planned development aimed at improving the lot of their people and bringing about socio-economic development with social justice. Most of these countries inherited at independence weak economies and administrative systems. These had been devised to satisfy the requirements of traditional government activities but were inadequate for the new requirements of industrial and commercial enterprises.17
The implication of development planning is that the very concept of government and the functions of the State has undergone a significant change. The State is no longer restricted to the classical laissez-faire model but has vigorously entered the world of economic and business.

The strategy of national planning involves not only the mobilization of resources, the defining of objectives and goals and the acceptance of the development approach, it also necessitates the creation of active instruments and devices of development. Public enterprises are one of the devices that ought to play this developmental and promotional role.

While there are alternative choices as to which developmental instruments and devices should be used, public enterprises have emerged as the key instrument for the successful achievement of these national plans and objectives. Moreover, the private sector in most of these countries has been weak or reluctant to be involved in such industrial and commercial activities.

Most of these countries for these reasons found it among others imperative to shoulder the majorities of development projects and to become engaged in actual production processes.
Generally the State establishes public enterprises for a number of objectives which include:

a. to avoid the routine procedures and bureaucracy which prevail in government ministries.

b. to achieve social objectives by providing certain public services especially in areas where the private sector is unable or unwilling to participate.

c. to make commercial profits by managing productive processes.

d. to encourage and mobilise the private and foreign sectors to contribute to joint investment projects.

e. to ensure state monopoly of the work in certain fields of economic and social activities.

f. to enter into competition with the private sector with view to encouraging and activating it.

g. to replace the private sector in response to socialist policies by nationalization, confiscation or preventing it for exercising its activity in certain areas or by making the employee partners in the ownership or management of enterprises.

h. to implement State policy aimed at regional development.
Classification of Public Enterprises

The classification of public enterprises may be viewed from different angles. Every social or economic organization is established for specific purposes so as to achieve its predetermed goals.

In the case of publicly established organizations which fall under the broad umbrella of public enterprises, it was considered imperative by the different states to delegate some aspect of governmental functions to these bodies.

In their attempt to adapt a mechanism to regulate these functions, some aspects of them, which are essentially economic in nature and consequently require a high degree of professional knowledge, are decentralised to these autonomous bodies.

The different purposes for which public enterprises are established summarised as follows:

(a) Developmental and Promotional Purposes: A growing feature of public activity is the progressive establishment of autonomous institutions whose aim is to promote the objectives of national planning and development and to stimulate a variety of economic activities i.e. development corporations, regional development bodies.
(b) Infrastructural Purposes:

Closely allied to but not identical with the promotional and developmental institutions are organizations which are set up to provide the basic infrastructure of the country i.e. Roads and Bridges Corporation in Sudan.

(c) For commercial purposes:

Here the purpose is clear as public authorities have established a variety of business concerns which have all the characteristics of private business, except that they are publicly owned.

Local Classification:

Public enterprises have different legal forms, which were created as a response to the State's active involvement in the productive sector. The chief problem that confronts developing countries when they set up a public enterprise is that of choosing between several alternative organizational types. The chief are:

1. The departmental enterprise
2. The public corporation
3. The State Company
4. The operating contract.
Western opinion has generally been fairly strongly in favour of the Public Corporation on the ground that it provides exactly the right combination of commercial freedom and government control. Practically every known type of public enterprise may be found to work efficiently in some circumstances and badly in other.

What types of organisations are suitable for the public enterprises in the developing countries?

(1) *Departmental Enterprise*

The departmentally managed undertaking is the traditional type of public enterprise both in developed and developing countries. It was most commonly seen in the operation of posts and telegraphs, ports and harbours and electricity and water systems.

A.H. Hanson gives the following as being characteristics of the departmental enterprise:

i) The enterprise is financed by annual appropriation from the treasury and all, or a major share of its revenues are paid into the treasury.

ii) The enterprise is subject to the budget, accounting and audit control applicable to other government departments.
iii) The permanent staff of the enterprise are civil servants, and methods by which they are recruited, and the conditions of service under which they are employed are ordinarily the same as for other civil servants.

iv) The enterprise is generally organized as a major sub-division of one of the central departments of government and is subject to the direct control of the head of the department.

v) Whoever applicable under the legal system of the country concerned, the enterprise possesses the sovereign immunity of the State and cannot be sued without the consent of the government.

From the above mentioned characteristics it is clear that the departmental organization in the case of an enterprise which is of a marked industrial or commercial character, tends to raise government control to the maximum and it reduces initiative to the minimum. This disadvantage as Professor Hanson mentioned is relative and its seriousness depends on several factors:


Firstly, the extent to which flexibility and initiative are needed for the efficient operation of the enterprise concerned.

Secondly, the type of budgeting, accounting and auditing, control prescribed by law. How are civil servants in general recruited, trained and promoted? Unless the answers to questions such as these are clearly unfavorable to the departmental enterprise, one cannot condemn it as outright.

However in practice it was found that the condition for its success are unlikely to be met. The failure of such a type of enterprise could be attributed to the bureaucratic obstacles involved in its management, such as regulations which added to the formalities and created delays. Such bureaucratic obstacles did not allow sufficient room for the exercise of discretion, initiative and individual responsibility.

As long as the departmental enterprise is not clearly differentiated from other types of government activities, strong pressure will be brought on it to make it conform to standard government regulations and procedures, since emphasis on uniformity is a common characteristic of bureaucratic administration.
Public Corporation:

This is a form of autonomous institution usually administered by a board or commission as a collective body. This body is granted the authorities by the government to perform specified services within a specific field of activity. It enjoys a considerable measure of freedom and has some of the characteristics of the privately owned business enterprise, so that it may be free in its day-to-day operations from the detailed political and administrative controls which govern ministries.

Professor W. Friedman defines it as:

"an institution operating a service of an economic or social character on behalf of the government, but as an independent legal entity, largely autonomous in its management, though responsible to the public through government and parliament and subject to some direction by the government, equipped on the other hand with independent and separate funds of its own and the legal and commercial attributes of commercial enterprise."

According to B.H. Study, it has the following principal characteristics:

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1) It is wholly owned by the State.

2) It is generally created by special law which defines its powers, duties and immunities and prescribes the form of management and its relationship to established departments and ministries.

3) As a body corporate, it is a separate entity for legal purposes and can sue and be sued, enter into contracts, and acquire property in its own name.

4) Except for appropriations to provide capital to cover losses, a public corporation is independently financed. It obtains its funds from borrowing, either from the treasury or the public, and from revenues derived from the sale of its goods and services. It is authorized to use and reuse its revenues.

5) It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds.

6) It is ordinarily not subject to the budget, accounting and audit laws and procedures applicable to non-corporate agencies.

7) In the majority of cases, employees of public corporation are not civil servants, and they
are recruited and remunerated under terms and conditions which the corporation itself determines. 1

So a suitable legal framework for the efficient running of a business requires provision for some degree of initiative on the part of its management. Unless this takes place in actual practice little will be gained.

Joint Ventures Enterprises

(1) Joint-Stock Company "Mixed Corporation";

The term "Joint-Stock Company" or "Mixed Corporation," is applied to an enterprise established under the ordinary Company Law of the country concerned in which the government has a controlling interest through ownership of a majority of the shares.

The term "State Company" is applied to an enterprise established under the ordinary Company Law of the country concerned, in which the government exercises control through the ownership of all or some of the shares.

Hanson describes the Joint-stock Company as "probably the most widespread form of industrial public enterprise." 1/

Discussing its disadvantages, he states that the legal form of private enterprise is chosen or preserved although the purpose of the enterprise is fundamentally different.

If it is of the essence of a commercial company that the shareholders should have the right to dispose of profits, appoint directors etc, this is incompatible with the idea of a public enterprise.

The inevitable participation of ministers and civil servants in the administration of the Joint-stock Company is another disadvantage.

However, in spite of these disadvantages, Joint-venture enterprise "Joint-stock Company" can provide the following facilities:

(c) A Joint-stock company can obtain the necessary investment finance from domestic private enterprise or individuals.

1/ A.P. Hanson, Public Enterprises, Brussels, 1955, p.12.
(b) Most of the developing countries in the very early stages of planning and development do not have a sufficiently professional cadre to run government administration, let alone modern industry. Joint-ventures could therefore provide a channel for the acquisition of management know-how and for an absorption of the complex techniques of modern entrepreneurial into the government system.

(c) Joint-venture enterprises can facilitate the process of technology transfer.

(d) By adopting the joint-venture enterprise, the two sides may get together for the simple reason that they have common interests, whereas competitive policies might be mutually self-destructive. This situation largely applies in the case of domestic joint-ventures where public enterprises get together to create a joint company. In other words two central state government enterprises could combine as partners in a common joint-venture.

(e) Joint-venture enterprises could provide for the creation of units of optimum size. It is likely that a single public enterprise will not possess either the money, personnel or market to justify the setting up
of an industrial unit of optimum size. The only solution would appear to be for enterprise or authorities concerned to get together and create a joint-venture.

(f) Joint-ventures provide a mechanism for pooling comparative strengths and eliminating comparative weaknesses of the concerned partners.

**Fitsfalls and Disadvantages:**

Joint-venture enterprises "Joint-stock Companies," may face problems of conflict, of objectives, policies and management styles.

(a) **Conflict of Objectives:**

The objectives of the participating partners may by no means coincide. One of the problems of public enterprise management is the reconciliation of the conflicting objectives within the enterprise itself, such as financial or socio-economic objectives. When such a public enterprise enters into a joint venture with a private enterprise it must realize that the objectives of the private enterprise are likely to be of restrictive character since they are on commercial profit rather than on the achievement of socio-economic goals.
(b) Conflict of Policies:

Directly arising out of the conflict of objectives, a conflict of policies may emerge. Financial policies for instance can be approached in very different ways. For example in pricing policy the private partner may seek prices according to the market conditions, whereas the public partner may have an obligation to stabilize prices and to keep their level down.

(c) Conflict of Management Styles:

This aspect presents the greatest potential area of day-to-day operational conflict. Among the important considerations which arise are the organizational structure, systems of information and control, the authority of public auditors, the extent of authority exercised by parliament; the degree of confidentiality, the degree of participative management and the whole methodology of performance evaluation.

Of all conflicts likely to arise under the category of management style, the one which poses the greatest threat to the joint venture is the question of the degree of public accountability.

Full public enterprises are responsible for their deeds to government and parliament, their affairs
can be looked into by government auditors and what is required of them is not only performance and results but propriety. The extent to which private partners would like to expose themselves to the full rigour of public scrutiny may be questioned.

Patterns of Joint Venture:

Joint-venture enterprises take one of the following patterns:

(a) Joint-venture between two partners both from the private sector.

(b) Joint-venture between a private and a public sector partner. In this form the initiative may come from either the public or the private partner. The public sector uses to encourage investors from the private sector to participate in the economic development of the country, especially during the initial years of its industrialization programme.

(c) Joint-venture between two public sector partners.\(^2\)

(4) The Operating Contract:

This is a comparatively new device for the administration of public enterprises. The government enters into a contract with an established private

\(^2\) Richard D. Robinson, Joint Ventures and Public Enterprises in Developing Countries, Proceeding of an International Seminar held in Ljubljana, 4-12 December, 1979, DOP3, p.90.
company to manage a public enterprise with the contractor being reimbursed for all costs which he incurs.

The main features of this type can be summarized in the following points:—

(a) Within the terms of the contract, the contractor is given full authority to employ and dismiss personnel, determine rates of compensation, purchase supplies and equipment and determine operation policies.

(b) Statutes applicable to governmental agencies do not apply to the contractor and personnel hired by him are not considered public employees.

Clearly if flexibility is desired above all things, this is the way to achieve it. Moreover, this form is a more useful instrument for those countries that need rapid development. But in order to avoid the difficulties which may be anticipated between the contractors and the concerned government, it is advisable that the government should find a firm with the requisite technical experience, which is prepared not merely to manage the enterprise but to invest a substantial amount of capital in it.
The Control of Public Enterprises

Why is Control System Established?

The control of public enterprises aims either at preventing actions incompatible with the public interest and hence guaranteeing conformity of public enterprise's goals and policies with long term national objectives, or at stimulating a positive contribution to public welfare.

In any organization, certain basic concepts must be adhered to. Any organization must have clear objectives, targets and norms, which will indicate adequate performance. Also, a system of monitoring and control to determine whether this performance has been achieved is essential, as is an information system which keeps the management alive to what is going on in order to ensure the stability and growth of the organization. It is precisely for these purposes that control systems are established for the supervision of the activities of these organizations.

There are five areas in which there is a sharp differentiation between the conditions in which public enterprises operate and controlled in contrast to those in the private sector.
(a) The question of objectives and purposes;

Since private enterprise traditionally seeks survival, growth and profitability, all its efficiency parameters are devoted to these targets.

Public enterprises, in addition to these objectives, are expected to attain a complex variety of social and national objectives. The problem of evaluating and monitoring the fulfilment of these social objectives is clearly more complicated than in the traditional control system which solely concerned with judging profitability.

(b) The Factor of Internal Control:

In the case of the private sector, attention is focused on internal control which enables the managers of an enterprise to ensure that every thing is going well. However, in spite of the fact that the shareholders by law have the right to be informed about the financial situation, attend general meetings and ask questions, the average shareholder is not really capable of judging the company's performance from the published accounts.

In public enterprises, the shareholder is the government, and this being the case, the professional manager in public enterprises cannot operate solely according to the criteria of internal management.
(c) The Factor of Public Opinion

Being public organizations, public enterprises are compelled to work in the field of glare of publicity. The citizens, the press, assemblies and parliaments and other forms of public opinion assert themselves, comment on the management of public enterprises and continuously express their desire for improvement. So public enterprise has to build an information system directed towards the general public in order to feed it with information about the inner workings of the enterprise. The nature of the information which public enterprises should provide is part of the methodology particular to control systems in public enterprises.

(d) The Question of Interlinkage:

Private enterprises work professionally within their own spheres of excellence, but they do not do so within a social and economic environment. They are always seeking knowledge about government policies, the attitude of trade unions and above all about the activities of their competitors.

Public enterprises are environmentally differently placed. If we accept the proposition that
each public enterprise is an instrument of public policy that we have a family of public enterprises, each being a subsystem within a larger and integrated system. This means that public enterprises are required to evolve their policies and operate their enterprises so as to maintain a harmonious linkage with each other and a healthy relationship with overall national development planning.

**Types of Control:**

W. Friedman mentioned four types of control mechanisms for public enterprises:

1. Ministerial direction
2. Parliamentary control
3. Financial, audit control
4. Judicial control

According to Hanon, the major forms of control are:

1. The law relating to public enterprises
2. Ministerial control
3. Financial control
4. Efficiency control
5. Legislative control

A. H. Hanson mentions that the Nansen Report states that,

"... the single most critical control point is the law, decree or other basic authority providing for the creation of a public enterprise, and that this likely to determine in large measure all other organizational relationships."

He says,

"... the law gives the undertaking, its name and legal status, specifies its purpose, endows it with general and particular powers, prescribes its formal relations with governmental authorities and provides it with source of finance." \(^1\)

(a) **Ministerial Control**

Ministerial control is thought to be necessary in order to keep an enterprise in line with public policy, although it should not interfere with administrative autonomy. The extent and nature of the control exercised by executive may reflect the political atmosphere prevailing and the attitude of the government towards economic planning.

\(^2\) A. Hanson, *On cit.*, p. 360.
However, in order to reconcile public accountability on one hand with autonomy on the other, ministerial or executive control should be restricted to specific powers over those enterprises in particular matters of special importance. These matters should be determined and specified by statute, such as the appointment and removal of the Board of Directors.

(a) Financial Control:

The success of public enterprise demands the striking of a just balance between contradictory requirements.

On the one hand, there must be strict financial responsibility to public authority in order to ensure regularity and honesty in the expenditure of funds. This is particularly important in developing countries where corruption and malpractice are likely to be alive. On the other hand, public enterprise needs to be free from the financial control which applies to ordinary government departments, since such control is unduly restrictive for an agency with commercial functions.
Hence the question arises of whether the enterprise should be permitted to introduce its own financial system. If the answer is positive this might have adverse consequences and misuse of public funds, especially if the concept of respect for public property is lacking, either in the organization or in the communities at large. Therefore some sort of compromise is required. As suggested by Professor Hanson, the best method is to specify which items of expenditure require government approval.

Public enterprises require a special kind of audit control to suit the business, like a budget and commercial accounting system, which will not undermine the enterprise's autonomy and efficiency.

(c) Legislative Control:

A.K. Hanson states that the legislative has three functions:

1) To pass legislation
2) To provide finance
3) To supervise the administration.

Hence through legislation Parliament can create, eliminate, or cut down a public enterprise and
hold it accountable by checking and scrutinizing its accounts.

Administrative supervision takes place through the responsible minister who is himself responsible to the legislature, or through a special committee designated for such purpose. Legislative control can take several different forms, such as questions in the legislature, annual reports and statement of accounts.

In order that public enterprises should not be subjected to Parliamentary questioning on matters of day-to-day management, and in order to reconcile parliament's attempts to keep effective control over public enterprises with the maintenance of the corporate freedom and autonomy of management, W. Friedman suggests the establishment of small parliamentary committees equipped with the necessary expertise and familiarity with the institutions of public enterprises, which would make parliamentary control more effective.

(D) Efficiency Control:

W. Robson suggests the formation of an efficiency commission, while Hansen elaborates on this idea by proposing a high control board, i.e., an organization and method office to be attached to the chief executive. This office would carry out permanent supervision and check the modes of operation of the public enterprises with the aim of improving efficiency.

(K) Judicial Control:

Judicial control is exercised in two forms. The first is the general body of laws relating to breach of contract, and test which may lead to legal sanctions. Such cases are subject to the jurisdiction of the ordinary court, as according to the separate legal entity of the public enterprise.

The second is the special control exercised over public enterprises especially by the legislature and the executive in order to prevent the abuse of the statutory power conferred upon them.

The Accountability of Public Enterprises

The concept concept ranges between the two extremes of autonomy and accountability. The position of the public enterprise between the two depends on the
particular merits and objectives circumstances of the respective enterprise. In other words the degree of accountability of any public enterprise is governed by its situation, the demand on the one side for independence and autonomy for the public enterprise, and the desire on the other for the exercise of external control by the public authorities.

Accountability can, however, be identified as a control process which is intended to ensure the efficiency of public enterprises, so that they make the greater possible contribution to the public welfare. This is due to the conviction that the concept of public enterprise essentially aims at striking a balance between the flexibility and autonomy enjoyed by private commercial enterprises, and responsibility to the public as represented by ministers and Parliament.

As regard accountability, the question is usually raised of what form and what degree of corporate autonomy is desirable. This is because on the one hand, freedom from Parliamentary estimation, appropriation and accounting procedures, civil service regulations and ministerial interference in operational management is considered important. While on the other hand,
accountability to the legislature and the executive is equally important.

Hence the question of autonomy versus accountability remains one of the unsolved riddles of public enterprise management.
CHAPTER III.

DEVELOPMENT OF PUBLIC ENTERPRISES IN SUDAN.

"... The function of the modern state is no longer that of a night watchmen reserved for it by the classical economists. Its role now is fundamentally different since it has become responsible not only for satisfying the constantly growing public consumption of educational, health and other services, but also has an ever-expanding responsibility for financing investment as a primary condition of economic development". 1/

"... Comprehensive economic planning is necessary for quick development and should combine both government activities and private enterprise. It should also cover all sectors such as agriculture, industry, health services, education and housing, etc." 2/

"... We believe in a combined and joint effort by the private and public sectors, and we firmly believe in private enterprise, in private initiative without exploitation, monopoly or dictation. We also uphold the principle of directing the economy and the planning of flexible planning which requires comprehensive, clarity of vision, and dedication to the cause of progress and freedom". 3/

"... In fact the state is the principle owner, and has almost absolute control over its resources. The Sudanese people own 95% of the land and own 90% of the investments in both the agricultural and industrial sectors". 4/


4/ Ibid., p.4.
These quotations were taken from speeches and official documents published by government of different political ideologies and philosophies. Despite this, common features and ideas can easily be sought that indicate the deeply entrenched traits of the Sudan's philosophy of social and economic development.

At independence, the Sudan inherited an economy predominantly run by the government, which concentrated mainly on agriculture and public utilities. The private sector was therefore weak and ineffective. The government in the aftermath of independence found it imperative to shoulder responsibility for most development projects and to engage in the actual production process through concerted national development planning.

Since the Sudan was not committed to a radical philosophy of socialism or an all-out nationalization policy, successive governments have adopted different compromises policies of encouraging and enhancing the role of the private sector, without undermining the public sector.

The commitment of the public sector to active participation in the long-term economic development of the country raised many questions concerning the choice
of the appropriate form of public enterprises to be adopted. Should participation be attained by placing government enterprise under the control and bureaucratic form of the traditional government departments (i.e., departmental enterprises)? or should this be achieved by stimulating the involvement of the private sector, (i.e., Joint-Stock Company) or by following the pattern in the developed countries whereby a new institution is set up, especially run, and organized to cope with the new responsibilities (i.e., public corporation)?

The problem of the choice between these different forms still faces the government. Since September, 1963, its policy was directed towards the adoption of the State Company form.

As a matter of fact the Industrial Public Corporations (i.e., Cotton and Sugar Corporations) were converted into the state company form. They became private and public joint-stock companies operating in accordance with the 1926 Company Law.

This policy is an indication of the many problems related to both internal and external factors that have hampered the operations of public corporations and prevented them from achieving their desired objectives.
Moreover this tendency might indicate a change in the criterion for the assessment of the efficiency and the effectiveness of the enterprise concerned, and how it should balance profitability as well as with social profitability.

However, legal forms of public enterprise do not in themselves guarantee efficiency or the elimination of management problems. Efficiency and effectiveness are the product of the spirit in which the enterprise is run.

**Public Enterprises in the Industrial Sector: Evolution and Growth**

As mentioned before, public enterprises have been important in the national economy of the Sudan since the early years of the present century. The eventual domination of the public sector over the economy is a result of the nationalization and confiscation measures taken in 1970. The evolution and development of public enterprises in the Sudan may be divided into four stages as described below:

1) The first stage is the period prior to independence which witnessed the establishment of the enterprises that have played the most significant role in the development of the Sudan economy. The first, Sudan Railways,
was started in the year 1898, and the second the Gazira scheme, was established in 1925.

During this period the Sudan also began to experience some central planning after the Second World War, when it initiated its first development programme, 1946-1951, with a budget of £14.6 million. The most important projects at that time were the provision of water and electricity supply in towns, ginning factories, cotton and oil mills, the extension of mechanized crop production, the construction of the expansion of the Gazira schemes and the raising of the Sorra Dam.

The effort of public enterprises at that period was mainly directed towards the development of agriculture and transportation, in accordance with the urgent needs of the country. Most of these projects were executed by the public sector as the private one had no role during this period.

ii) After independence, from 1956 up to 1970. During this period public enterprises were established to cover all areas of the economy, such as in the field of industry and banking.
In the case of industry, the government itself stepped in as an investor and established nine new factories, including two sugar factories, two factories for canning fruit and vegetables, one cardboard factory, one tannery, a factory for oilseed extraction, and one for milk processing.

The Ten-Year Plan of Economic and Social Development, 1961/62-1970/71, which was formulated during this period, is directed towards objectives for regional development.

Most of the government factories were therefore distributed over different regions of the country, so that the plan could achieve its comprehensive objective.

However, it should be mentioned that planning for the private sector is a relatively new experience and a difficult exercise for developing countries such as the Sudan. Most of the factories were therefore established in cooperation with foreign firms.

In 1965 the Industrial Development Corporation was established to take over the role of the Government Industrial Board, established in 1963 for the purpose...
of managing and directing the affairs of the public enterprises in the industrial sector. The Industrial Bank of Sudan was also established in 1960 to cater for the credit needs of public enterprises and other economic activities within the industrial sector.

iii) The third stage and the most crucial one in the development of public enterprises in the Sudan occurred under the Sayyid regime, which embarked upon a policy of nationalization and confiscation. These measures included the entire fields of banking, foreign trade and most of the big private industrial undertakings, both foreign and local, as well as some tourist and road transport enterprises.

Although the nationalization and confiscation measures firmly established the leading role of the public sector enterprises in the development and progress of the country, the government's economic policy did not neglect the role of the private sector in this respect. The significance of private investment, especially in the field of industry, could not be ignored. Measures to redefine the role of the private investment in the field of industry have been under serious consideration by policy makers since that time.
Concrete steps have been taken to improve the incentives for both private foreign and domestic investment, particularly in the field of industry. The Industrial Investment Act, 1972 was intended to replace the previous Act of 1967 by granting these bodies additional exemptions and concessions, in order to promote and activate both domestic and foreign investment, such as the Kenya Sugar Company.

iv) The final stage represents the tendency of the Sudan Government towards the stimulation of private sector investment, so that it may cooperate with the Public in order to rehabilitate, reform and increase the productivity capacity of most of the industrial undertakings, most of which are working at a loss or beyond their maximum capacities.

According to this policy most of the public enterprises in the industrial sector were converted into private or public companies limited by shares and incorporated under the Companies Ordinance, 1929. Most of the sugar and cotton public corporations were converted into private, public companies in accordance with a Republican Decree issued on the first day of September, 1963.
The Ministry of Industry since that time, has acted as a patron in its relations with these companies, in order to achieve control and public accountability, but without interfering in the day-to-day operations and internal management of these undertakings.

Organisational Forms of Public Enterprises in the Sudan.

2) Miscellaneous Enterprises.

These were found to have the same characteristics as those mentioned in the previous chapter. Most of the enterprises classified under this form were found during the pre-independence periods, i.e. Posts and Telegraphs Department, The Central Electricity and Water Administration. Since 1970, most of these forms of enterprises have been converted into independent public corporations with responsibilities of their management being vested in a Board of Directors formulated in accordance to the provision of their establishment acts.

These measures adopted by the Government are intended to ensure its active involvement in the national economic development plan. Furthermore, it also aims at granting these enterprises relative autonomy
and flexibility to enable them to play their leading role in guiding the Sudanese economy towards self-sufficiency.

E) Public Corporations:

The concept of the public corporation seems to be unclear and confused in its initial stages in Sudan. Departmental enterprises are sometimes regarded as public corporations. On other occasions both public corporations and departmental enterprises are incorporated under the title "Government entities with separate budgets".

This reflects the lack of clarity as to the concept, characteristics, functions and roles which this form of enterprise should play with regard to socio-economic development of the Sudan. However, enterprises which may be considered as public corporations in the Sudan are those which comply with the conceptual framework mentioned in the first chapter.

The two main differences between government enterprises and public corporations in the Sudan are that the latter enjoy freedom in conducting their affairs and their accounts are quite separate from those of the government.
This lack of clarity about the concept of public corporation still exists. We will see later that even the Public Corporations Acts of 1971 and 1976 do not define it in such a way that its characteristics are specified or distinguished from other forms of public enterprises.

C) Joint-Stock Companies

These are enterprises in which the government chooses to become a partner in both business and management ownership.

However, prior to 1983, joint-stock companies have only rarely existed in the Sudan, in spite of the fact that, as cited by Hanson, it is "probably the most widely used form of industrial public enterprises".

The small number of this type before 1983 can be attributed to the following factors:

1. It is disadvantageous, as mentioned by Hanson and which have already been explained in Chapter One.

2. After independence, the Sudan, like most other developing countries, selected the organizational model that was then adopted by the developed countries, mainly public corporations. This choice was made irrespective of the differences in the socio-economic and political
systems, on the assumption that it is the most appropriate way of achieving modernization and national development.

iii) The private sector was weak and reluctant to become involved in such organizations.

iv) The commitment of the May Revolutionary Regime to socialist ideology in order to provide commercial and social services to the public at large motivated its adoption of the public corporation, which emphasizes public accountability to a greater extent than Joint-Stock Company.

With the exception of the textual Shipping Lines, which is a joint undertaking between the Sudanese and Yugoslav Governments, the Sudan Government's participation in other such ventures has been prompted mainly by the financial difficulties encountered by private initiatives, i.e., The Nile Cement Company, Sudanese American Textiles.

The proliferation of Joint-Stock Companies—especially in the industrial sector—was marked in the year 1963 during which most of the cement and sugar corporations were converted into Joint-Stock Companies, incorporated under the 1955 Companies Ordinance.
General Principles Underlying Public Enterprises in Sudan.

a) Legal Situation Before 1970.

In the Sudan, public enterprises were established by separate legal instruments governing to each individual case. They were established by the Governor-General before independence, and since independence by the legislatures or the President of the Republic, as far as the Industrial Development Act, 1963.

The legislative acts prescribe the corporation's functions, their mode of operation and their relationship with other government bodies and the public at large. The Act also prescribes the structure and composition of the Board of Directors, their functions, powers and financial provisions, etc.

b) Legal Situation After 1970.


The General Framework of the Act:

The definition of a public enterprise was set out in the Public Sector Enterprises Act, 1971 in Section 3(1) as follows:
"A public sector corporation established under the provision of this Act to carry out all activities in regard to specific economic sector."

A branch corporation was defined as a corporation established by a sectoral corporation as a branch thereof to work in one or more similar or allied fields of the economy, and includes similar production units or economic schemes.

From the above definitions it transpires that the Act did not define a public enterprise in such a way as to specify its characteristics and distinguish it from other types, that it was used solely for the purposes of the Act, for the fact that the establishment of public enterprises was not restricted to the above Act.

It may be difficult to provide a definition of a public enterprise in the Sudan, as several different types of bodies are known under this title.
However, it is worthwhile mentioning that all the sectoral and branch corporations established under the provisions of this Act and that of 1976, were dissolved in 1979, 1980 and their powers, authorities and functions were transferred to the production units.

The abolition of these corporations is in itself an indication of their organizational and management problems as we are going to discuss later.

How is a public corporation established?

Under the Public Sector Enterprises Act, 1972, Section (9) Sectoral Corporations are established as corporate bodies for six sectors which are:

1) Industrial Production.
2) Agricultural Production.
3) Commercial.
4) Banking.
5) Tourism.
6) Transport.

Other sectors may be added by order of the President of the Republic.

The Central Authority sets out the statute of establishment by which the Sectoral Corporations, enumerated above are bound. The power to establish a branch corporation is vested in the Board of Directors of the Sectoral Corporations.
Section (14) provides for the following:

a) The Board of Directors shall exercise on behalf of the sectoral corporations all the powers it considers necessary, expedient or useful for realizing the purposes of the Sectoral Corporations.

b) Without prejudice to the generality of the provision of subsection (a) of this Section, the Board of Directors shall have the following powers: "To issue the securities of the establishment or branch corporations, and to amend such statutes whenever it is so made necessary."

As far as the Public Sector Companies, Section(7)(i) authorizes the Supreme Authority to make special provisions for the public sector companies which are established by or in which sectoral or a branch corporation participate under the provisions of this Act, with respect to the rules or procedures to be followed in its establishment and participation therein financial and administrative affairs, and the reasons for their winding up and to liquidation.

All of this is outside of the provisions of the Companies Act.
Who is responsible for carrying out and following up the general policy of the Public Enterprises?

Under Section (9) of the Public Sector Enterprises Act, 1971, this is the function of the Supreme Authority. The President of this authority is the Prime Minister with the Minister of Planning as his deputy. It consists of eleven other Ministers (elevated under 1971 Amendment), and the Chairman of the Board of Directors of the Banks and Public Corporations. The Act also provides, as forth in Section (7) that it controls and supervises the whole system.

It has the power to merge, continue, liquidate or reorganize branch corporations, lay down the terms of service of employees in the central or branch corporations, settle disputes, issue directives and directions for a central corporation; present their budgets to the Council of Ministers and set out the articles of association of the public-sector companies.

After this authority held a number of meetings, its general secretariat, established under Section (8) was dissolved by a Presidential decree.

This decision raises the question of why the activity of the Supreme Authority was stopped?
In my opinion this is an indication of certain management problems resulting from the powers, authorities and functions granted to this body by the Act itself.

A basic argument concerning the nature of public enterprises is that it is essential for their success that they should have full freedom in their affairs of day-to-day management whilst being subject to ministerial directions in matters of general policy affecting the overall national interest.

Closer examination of the functions and powers of the Supreme Authority which were mentioned above reveals that enterprises were not granted creative powers which would enable them to work in an atmosphere of freedom from fear and anxiety.

Moreover these powers and functions of the Supreme Authority show that public enterprises are bound by innumerable apparatuses of control. The whole system of managing these enterprises entails the creation of large body of so called controllers whose sole objectives is to search for, what in their view are administrative errors to justify their very existence. The result of this system is that the managers of the subordinate enterprises are extremely reluctant to take any action.
If we examine the membership of this body, it seems that the system is inefficient, costly and completely devoid of logic, since the controllers themselves are civil servants. It includes eleven ministers which mean that the whole system is hampered by bureaucratic, red tape and formalism. This often paralyzes administrative action and contradicts the very concept of public enterprise.

Furthermore, the Act in most of its sections establishes lengthy and tortuous procedures which also contradict the spirit of public enterprises, its supposed freedom from routine and red-tape.

One potential danger lies in the feeling of resentment which the members of this body, who are employed in ministries, might feel towards those newly created enterprises, especially as the condition of service, salary, scales, etc., may be better in the latter.

It may also be observed that the 1871 Act made no reference to the public companies except in passing.
C) **The Economic Council for Public Corporations**

Section (6) states that the Economic Council shall be under the chairmanship of the Minister of Finance and National Economy, now known as the Minister of Finance and Economic Planning. The members are the Minister of Public Service and Administrative Reform, the Attorney General, any minister charged with the supervision of any corporation and any other person to be appointed by the President of the Republic.

It should be pointed out that most of the ministers have been engaged with the supervision of at least one of the corporations in the different sectors. So the provisions of the Act provide that the Council of Ministers under the chairmanship of the Minister of Finance has the right to carry out and conduct the functions of this body. This entails impractical way to conduct the functions set forth in Section (6) of this Act.

The **Supervising Minister**

The Act gives the minister the power to issue general or specific directives regarding matters relating to the corporation which he considers to affect the

public interest. The Board of Directors should act in accordance with such directives.

On the whole, the Public Sector Act, 1976 has failed to eliminate the shortcomings which we have mentioned in our analysis of the Public Enterprises Act, 1971.

The Central Administrative Council for Public Enterprises

This organ is established under the supervision of the Minister of Public Service and Administrative Reform. Its recommendations are submitted to him to present them in turn to the Supreme Council.

It has the responsibility for all matters relating to employment policy in public enterprises and assisting public enterprises in the revision of their organizational structures.

As we will see later, the attitude of this organ towards the conditions of service and organizational structure of these undertakings is not constructive, bureaucracy, red-tape and formalism prevail. This attitude is enforced by the provisions of the various public service laws enacted since 1973.
In 1973, The Public Service Act set out the organisational structure of the public service, the personal records, salaries, procedures, appointment and promotion and disciplinary in the public service institutions.

These provisions apply to all employees in ministries, government departments, central government administration, people's local government organs, public service corporations and public corporations.

It is therefore obvious that the public service laws do not differentiate employees of the central government and those of other public sector organs. This attitude, as we have mentioned previously, is reinforced by the provisions of the Public Service Pensions Act, 1974. One explanatory note to this Act is stated that among the achievements of the Ministry of Public Service and Administrative Reform and the new conditions of public service is that the new term of service ensures equality between employees in the central government, service corporations, public corporations and the people's local government organs.
as well as public enterprises. It also aims to raise wages to equalize them with those in service enterprises and public enterprises.

From the foregoing it is clear that in respect to public service laws, the policy of the state aims at creating public enterprises under the same terms as central government organs, irrespective of the types of enterprises, their objectives or their manner of establishment.

Control and Supervision of Public Enterprises.

In spite of the fact that necessity has dictated a certain degree of freedom and independence for public enterprises from the executive organ, it is generally agreed that there has to be effective control over public enterprises since they operate with what are originally public funds and are expected to contribute effectively to development plans.

4) The Control of the People's Assembly.

Section (19) of the Public Enterprises Act, 1976, states that, the minister should place before the People's Assembly one month before the end of the financial year, a copy of the annual estimates of revenue and expenditure of every enterprise for the next financial year. He should
also place before the People's Assembly as soon as possible after the end of the financial year, a statement of the final accounts of the annual budget and the Auditor General's report on them.

Article (94) of the Permanent Constitution, 1973 also stipulates that, Ministers should appear before the People's Assembly or its committees to answer questions from the members. They should also deliver any statements required by the People's Assembly or its committees in accordance with its regulations. The scope or type of these questions is not specified.

Article (153) also provides for that the People's Assembly, with the approval of the President of the Republic, may assign to any committee of its members the duty of investigating any matter within the authority of the executive and submitting to the Assembly a report on the same. The People's Assembly may therefore investigate the affairs of public enterprises on the assumption that they fall within the field of responsibilities of ministers.

After the passing of the People's Assembly Administrative General Committee Act, 1974, the Assembly became empowered to investigate any complaint from any person
about any decision made by the administrative organs included under Section 2(1) of the Public Enterprises Act. The Assembly also exercises control over public enterprises, through its powers to approve the general development plan and the general budget according to Article (118) of the Constitution which covers the budgets of public enterprises.

One of the most important objectives of the Public Enterprises Act, 1976, is to ensure the control of the People's Assembly over all public enterprises. In spite of the fact that Section (13) of the Act already provides for this, the restriction of the scope of application of the Act to public enterprises is in accordance with its provisions. The provisions of the Section did not apply to a great number of enterprises established by special Acts or operating without an Act.

3) Executive Control:

Article (93) of the Constitution provides that the Prime Minister is responsible to the President of the Republic. There is no doubt that the powers granted to ministers by the Acts and regulations of public enterprises fall within their functions, for which they are answerable to the President of the Republic.
The control of the executive authority over public enterprises may be external and internal. The latter is exercised through the presence of government representatives such as under-secretaries and directors of various departments in the membership of the boards of directors of public enterprises.

As for external control, this is exercised through the supervision of the minister over public enterprises, in accordance with the Act or its regulations of establishment.

The Minister of Finance and Economic Planning is the authority of last resort in all matters pertaining to the budget and financial allocations of the public sector.

Control is also exercised by the Supreme Council, as we have mentioned before, over public enterprises established under the Public Enterprises Act, 1976. It has the power to appoint and remove the chairman and members of the Board of Directors and to fix their allowances.

The Public Enterprises Act, 1976 grants the supervising minister the power to issue directives of a general nature in Section (?) as follows:
i) To make regulations, for the meetings of the Board or regulating and managing the enterprise.

ii) To decide on financial matters such as budget, loans, leasing of new assets, change of capital or investment in new projects.

iii) To appoint auditors and determine the form of the accounts.

iv) To transfer ownership of the property of the enterprise.

v) To recommend to the President of the Republic on the liquidation of any enterprise or its merger with another enterprise, if it fails to achieve its objectives or this is required by the public interest.

vi) To specify the percentage of profits to be paid by each public enterprise to the government.

C) Judicial Control

This is exercised through the practice of ultra vires, which is the decision by a court striking any transaction carried out by a person outside the limits legally prescribed.

It is not expected that there will be a lack of effective control when a multiplicity of objectives are set out in the Act or regulations establishing the enterprises and their corporate personality.
The judiciary may not be able to exercise this control because it is not specialized in financial and economic affairs.

However, as public enterprises are defined by their respective Acts as independent legal entities, no special courts or tribunals are established to deal with disputes involving them, and they appear before ordinary courts.

D) Control of the Auditor General:

Article (172) of the Permanent Constitution requires the Auditor General to present a report to the People's Assembly on the final accounts of the government for public enterprises showing its revenues and expenditures.

The Auditor General Act, 1970 made him responsible for auditing the accounts of all public enterprises and companies to which the state contributed capital or aid or which it supervises.

The Public Enterprises Act, 1976 provides that the auditing of accounts of public enterprises shall be carried out by the Auditor General or under his supervision. The provisions of this Act only apply except to public enterprises established in accordance with them.
Furthermore, the power of the Auditor General does not cover certain public enterprises established by Acts such as the Social Security Corporation Act, 1974, which provides that the accounts of the corporation shall be audited by an auditor appointed annually by decision of the Council of Ministers on the recommendation of the Auditor General.

3) The People's Control:

The Permanent Constitution of the Sudan established the principle of the people's control over the public sector. In Article (31), the different sectors of economic activity are mentioned, and the public sector is defined as follows: "a pioneer sector and a system to lead progress in all fields for the purpose of development to be based on public ownership and subject to the people control".

The people's control of public enterprises is exercised through branches in places of work, of the Sudanese Socialist Union which carry on their business enthusiastically.

It may be noticed that an important sector is overlooked in the regulations, which will prevent it from playing its full role, namely the consumers sector.
It might be expected that consumers would be represented in the Board of Directors of public enterprises, in spite of the fact that no mention of them was made in the Act.

Finally, it should be noticed that although control is necessary, the bodies exercising it may be proliferate in such a way as to constitute an obstacle and cause conflict. It is therefore essential that coordination should take place between these different organs to ensure coordination between them. This will eliminate and avoid the adverse impacts of control which should maintain a relative balance between the business and public accountability dimensions.

Furthermore, the multiplicity of control mechanisms might entail some management and organizational problems to the operations and activities of these public enterprises.

The Industrial Production Corporation: The Problems and the Need for Organization and Management.

The Public Industrial Sector in Economic Planning in the Sudan:

The successive national regimes in the Sudan have been committed to varying degrees to economic and social development programmes. Their efforts in this respect,
however, have been seriously retarded by certain chronic problems. The most important of these are the lack of capital and efficient governmental institutions. The lack of capital has been one of the major factors which has adversely affecting the ability of the Sudan to pursue development programmes which would make a positive contribution to the economic and social wellbeing of the people.

The period between 1945-1960 witnessed some genuine efforts at systematic planning, as manifested in the draw-up of the Five Year Programmes for the period (1956-60-61).

In 1961 the Ten Year Plan for Economic and Social Development was formulated. It represented a landmark in the field of economic policy in the Sudan, for it reflected a genuine effort at economic and social development. It mainly emphasized agricultural and industrial investment. It also emphasized the need for rapid industrial growth in general. Investment under the plan was to total \$2.512 million from both local and external resources. This total, sum 285 million pounds, was to be provided in the Development Budget for development schemes, while 52 million pounds was reserved for replacement and minor projects.
The main objective of the plan, apart from the intensification of agricultural production, was the establishment of import substitution industries especially those based on primary materials produced locally.

Subsequently, a Five Year Plan was introduced for the years (1970-1975) by the Ray Regime. This plan aimed at increasing the utilization of existing capacity mainly in the transport, industrial and agricultural sectors.

With regard to the industrial sector, the plan placed reliance mainly on the public sector which was allotted 233 million pounds for investment, as against 218 million for the private sector. The emphasis of the plan was on increasing the capacity utilization of the industrial sector as well as other sectors, stemmed from the observable shortfalls in utilization which was related to many factors, including the following:

1) Inadequate infrastructure, especially transport, power and water supply.
2) Shortage of skilled manpower and raw materials.
3) Un satisfactory organizational structure. For example, the Gumsid Sugar Factory works at only 30 per cent of its capacity due to the unsatisfactory organization of Sugar Cane growing by tenants.
iv) Shortage of quality capital, especially investment in other fields bring higher profits, while operating costs in industry are high.

A Six Year Plan for the years (1977/78-1982/83) was introduced as part of long-term plan for (1977/78-1994/95), which aimed at promoting the Philippine economy to stage of self-sustaining growth by means of balanced and accelerated growth. This calls required long-term changes in the socio-economic structure of the country and the full mobilisation of human, corporate, and financial resources.

The development of the industrial sector as complementary to agriculture, and giving priority to agro-industries and import substitution industries are among the major objectives of this plan.

The successful implementation of the different plans for the industrial sector, depends to a large extent on the efficiency of the industrial production corporation and its production units.

Most of the problems faced by the public industrial sector and public enterprises are found to be in many respects the same as the problems in other parts of the public sector.
Organisational Pattern of the Industrial
Production Corporation

When the Odisha Government established certain
factories for the first time in the early sixties, a
Government Industrial Board was established in 1962 to
manage and direct them. In 1969 this Board was dissolved
and replaced by the Industrial Production Corporation
which was entrusted with the task of promoting industrial
development in both the public and private sector.

Since 1973, public enterprises in the industrial
sector were amalgamated on the basis of their field of
activity to operate under the supervision of the sectoral
corporations established in accordance with the Public
Sector Enterprises Act, 1970, as shown below:

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Number of Factories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sugar Corporation</td>
<td>4</td>
</tr>
</tbody>
</table>
| 2. Leather Industries
Corporation                  | 3                   |
| 3. Food Industries
Corporation                  | 17                  |
| 4. Ground Industries
Corporation                  | 9                   |
| 5. The Mixed Ownership
Public-Private               | 5                   |
Industrial Sector: Organization Structure.

The Minister of Industry

Joint Ventures

Industrial Production Corporation Board

Branch Corporation

Sickle Textile Sugar Leather Food Building

Corporation

Corporation

Corporation

Corporation

Corporation

Corporation

Corporation

Four levels of authority may be distinguished in the organization of the Public Industrial Sector up to 1960. At the apex of the structure is the Minister of Industry who presides over the entire sector and is responsible to the President for its effective performance.

Directly under the Minister of Industry is the Board of Directors of the Industrial Production Corporation. This Corporation used to be a fully-fledged sectoral corporation with executive authority over the entire industrial sector. It was dissolved in 1976 and only the Board of Directors was retained to coordinate and formulate general policy until 1997.

Under the I.P.C. Board there are six branch corporations each with its own Board of Directors, which supervises the activities of the industrial production units in a particular branch of industry. These branch corporations were dissolved on the first of July, 1980 and their functions transferred to the production units in an attempt by the government to give these factories a basis for commercial business activities.

In conformity with this policy, most of the production units corporations were converted into public or
private economies after 1963. However, in spite of the
instability of the organisational structure of the public-
industrial sector, the frequent changes show the govern-
ment’s awareness of the organisational and management
problems of these undertakings on the macro as well as
micro level.

Major Objectives of the Industrial Production
Corporation:

The main objectives of the I.P.C. were stated as
including the following:

i) The encouraging of private sector investment
   in certain fields of industry considered to be
   for one reason or another unattractive.

ii) To invest in such a manner as would remove
    regional imbalances in development by encourage-
    ment of investment in rural areas.

iii) To bring all government factories together under
    a single administration system to facilitate
    effective direction and control.

iv) To act in an autonomous capacity to minimize
    restrictive bureaucratic procedures and hence
    increase efficiency in performance.

v) To create and develop a responsible public
    industrial sector capable of bearing the burden
    of economic development.
These objectives were not fully achieved because the corporation from its establishment up to its dissolution in 1976, was faced by many problems, which included factory losses, inefficient administration, negligence of planning and scientific administrative principles, ministerial interference in day-to-day administration, etc.

Organizational and Management Problems of the Industrial Public Sector.

Organization can be defined as the determination, classification, grouping and assignment of activities that are deemed necessary for the fulfillment of planned objectives.

As we have already mentioned, the government was aware of the organizational and management problems of public enterprises in the public sector as a whole, and it issued the Public Enterprises Acts, 1971, and 1976 in an attempt to solve some of these problems.

Although these two major pieces of legislation were meant to determine the organizational forms of all public sector activities and create some degree of uniformity among them, what occurred in actual fact was completely different. A multitude of organizational forms existed side by side under both Acts.
At that time the following forms of organisations in public sector enterprises existed:

I) Public Corporations and their branches - corporations and production units established under the 1976 act. Most of these corporations within the industrial sector were dissolved in July 1980.

II) Corporations existing in their own right - established by separate legislation, e.g., Eocene Nile Airways.

III) Government-owned companies registered under the Companies Law. For example, Egypt's Cement Corporation was converted into a private company limited by shares, incorporated under the 1926 Companies Law on 1 October 1983.

IV) Public concession companies, some with the government holding a majority of shares registered under the Company Law, e.g., The Nile Cement Company.

V) Joint-venture companies, regulated by the companies law or international agreements with varying degrees of government participation, e.g., Kenya Sugar Company.

It is obvious that the industrial public sector, like other of the public sectors, suffers from a host of management and organizational problems.
We are going to deal with management and organization problems of the industrial public sector in the light of the following parameters and hypotheses:

a) There is a lack of awareness of the importance of organizational management components in production.

b) The concerned authority, i.e., "The Ministry of Industry" has not yet developed a national policy for public enterprises, stating what it wants to achieve through these organizations and how the sector could be organized and managed to do this.

c) There are numerous weaknesses in the methods used for public industrial sector planning, budgeting, and control.

d) There is a great need for improved manpower planning and training programs especially for managers, and for production incentives at all levels.

e) There is a high rate of turnover in key management positions from the ministerial to general manager levels.

f) There exist in the industrial sector as in others, problems related to departmentation, definition of jobs and functions, authority relations, centralization and delegation of authority, planning control, and other personal and financial problems.
These problems raise problems of the area of control, line of command, line and staff and upward and downward communications. These problems differ in degree from one enterprise to another according to the prevailing conditions of each.

These problems are also partly the result of some exogenous factors which threaten the autonomy of these organizations.

Departmentalization is the grouping of the activities of an enterprise into units to facilitate their performance.

One such problem regarding structural form is the generally observed similarities of the organizational structure of public enterprises. There is usually a managing director, under whom units are headed by a financial manager, an administrative manager, commercial and technical manager.
Insufficient attention has been given to the establishment of logical structural relationships and of checks and balances where these would usually be regarded as appropriate.

Cases of illogical departmentation can be found; for example, the marketing function may be part of the sales department rather than the vice versa, with the broad and long-term function being subordinated to the narrow short-term function. Internal auditing is established under the financial manager whose functions are the principal subject of internal auditing. Thus a conflict of interest is or at which tends to arise rather than bring to the surface, problem which may or persist and cause undetected for long periods of time.

There is also the combination of centralization and decentralization of functions which tend to work against one another. For example procurement functions are centralized at the corporate level while, at the same time, financial functions are decentralized at the operating level.
Decentralization of Authority.

According to my personal experience as a member of staff of the Egyptian Cement Corporation and the results of my investigations into the organizations of the industrial sector as a whole, there are several problems related to the distribution of authority.

In my experience, authority is highly centralized in the hands of the few managers at the top of the hierarchy. This means that in the industrial sector, simple decisions relating to personnel matters and finance are often referred to higher levels.

Authority Relation.

Authority may be defined as the right or power to direct the actions of others for the attainment of organizational goals. It is therefore the extent of the organizational structure.

The most chronic problem in the industrial sector as well as other sectors is the absence of a clear definition of authority relationships. Enterprises and corporation managers are often unsure about the roles of various agencies and levels of government with which they deal, i.e., Ministries of Industry, Commerce, Finance and Economic Planning; Administrative Reform and Public Service.
In many cases there is disagreement as to the place of authority. This stems from a number of factors: lack of codification of organizational responsibilities and procedures in a clear-cut way, high rate of turnover among decision-makers. There is even more confusion in the differentiation between line, staff and functional authority. Confusion also arises due to the extent of authority exercised by units in controlling ministries such as Finance, Commerce and Public Service.

Another problem relating to authority is the phenomenon of responsibility without authority. Managers of enterprises often find themselves constrained by budgetary and financial regulations and a multitude of procedures and manuals which circumscribe their authority and reduce their ability to discharge their functions.

The lack of adequate authority is most obvious in the case of disciplinary action. Managers at the highest level find themselves unable to discipline their own employees. A lengthy and cumbersome disciplinary procedure has to be followed and the approval of the Board of Directors or the Minister has to be obtained before disciplinary action can be
taken, even in the most blatant case of incompetence.

Social Determinants of Relationships

As is well known, patterns of social relationships tend to develop spontaneously among people working in formal organizations. These relationships usually take the form of groups each of which has its own goals, values, leadership, and system of reward and punishment. For example, engineers as an occupational group in any organization are forced to defend their privileged position with great energy and determination. This situation inevitably creates friction which results in less morale among other groups.

Professional conflicts are rampant particularly between graduates and non-graduate elements, since the latter have only reached management levels after a long process of promotion through the ranks.

Furthermore, informal organizations have the same impact as kinship and friendship on decision making, resulting in the prevalence of nepotism.
Planning is a management function including the setting of objectives and the choosing of policies, programmes and procedures leading to the attainment of goals. It should also be seen as a decision-making process in which choices are made from among different alternatives. Planning therefore demands attention on objectives and ways of achieving them.

It may be stated that planning, as defined above, does not exist in the Sudanese public sector. Objectives are not clearly defined, or if they are, they are not communicated.

If planning is the most important managerial function, objective setting is the most important planning function. As we have mentioned, the purpose of the creation of the public sector as a whole or of its component units has not been made. The Public Enterprises Act, of 1976 does not even attempt to define the objectives of public sector activities.

The preamble of the Public Sector Enterprises Act, 1971, although it gives the political motivation for nationalization and confiscation of privately owned
enterprises, may be of use for an economic organisation in managing its activities.

The government does not seem to be clear on what it wants from public enterprises or at least not to have articulated its goals. There does not seem to be a clear understanding of how the government wishes to benefit from public vs. private enterprises, or on what basis the scarce management resources of the government will be allocated to the public enterprises.

Impediments to Planned:

There are a variety of constraints which hamper the development of effective planning in the Sudanese public sector.

Some of them are related to the socio-economic environment in which public organisations operate, others are particular to each organisation, whilst yet another set of variables is related to the psychological make up of Sudanese managers.

1) Factual Information

Planning is very much limited by the lack of data. Plans are required reliable data to assess present and future situations, to formulate realistic goals, to
propose alternative courses of action and to decide on such alternatives.

Statistics on vital activities do not exist in most industrial public enterprises.

Accounting systems are rudimentary, financial statements inaccurate and sometimes years behind schedule.

It is not unusual to find a situation where even the number of employees in an enterprise is not known with any degree of certainty.

ii) The environment:

Learning is partly an attempt to reduce the impact of uncertainty by forecasting events and making provision for them. Therefore the more stable the planning environment, the more predictable events and the more effective the planning.

The environment of industrial public enterprises has been far from stable since the nationalization campaign of 1970. At times the very existence of the Industrial Public Enterprises was questioned. This is evident from the continuous dynamic change in the structure and legal forms of public undertakings.
The high rate of turnover among both policy-makers and executive officers also affects the stability of public enterprises. For example, four persons have held the post of Minister of Industry during the period 1980-1982.

The environment in which industrial public enterprises are forced to operate abounds with constraints that frustrate the implementation of plans to the extent that planning is reduced to a meaningless exercise. These constraints include: transport bottlenecks, frequent power cuts, shortages of raw materials, foreign exchange shortages, petrol shortages, and erratic control and scarcity of short term finance.

iii) Scarcity of Time:

Decision-making did not take place at the top level. Powers were therefore centralized in the hands of top managers. Sometimes the most mundane decisions are taken by high level managers, thus routine matters take up a great deal of the time of the manager, leaving him very little time for activities such as planning.

iv) Absence of Operational Objectives:

The absences of realistic and clearly articulated objectives, expressed in annual and quarterly terms,
and regularly monitored during implementation, is one of the most serious weaknesses of public enterprises in the industrial sector as well as other sectors.

The reasons for this are manifold. They include the absence of a well-articulated rationale for public enterprises from which organizational objectives could be arrived. Moreover, most of the leadership whether at the level of the industrial production corporation or at the production units level knew little about their own products. They are therefore unable to participate in objective setting exercises and planning, although these are the most important managerial functions, which lead to the choice of the most appropriate policies, programmes and procedures for the attainment of goals.

The presence of a budgeting system which tends to be the same as that applied in ordinary government departments, also discourages realistic planning.

The added to these are numerous other key factors, which are outside the control of enterprises' managers such as foreign exchange problems, transportation, shortages of spare parts and electricity and price fixing.
v) Absence of Planning Organization

Planning, like any other management function has to take place within a proper organizational context. Although controlling enterprises such as the Industrial Production Corporation do have planning units, few such units have been created at the production unit level. They are usually staffed with untrained personnel who do not understand the meaning of planning or are unfamiliar with its tools.

vi) Cultural Factors:

An important factor contributing to the failure of planning in the owner, is related to managers' attitudes and perception. In my opinion the impact of cultural factors on Sundanese managerial practice is reflected in the attitude which is common to Sundanes in general of waiting for things to happen.

In general the need for planning is not appreciated because of religious beliefs according to which anything that happens is caused by God's will.

Recommends:

Public enterprises should adopt a commercial budgeting system. The preparation, approval, and implementation of budgets should primarily be the function of
enterprises. Inadequate budgeting is both a symptom and cause of weak control.

Straight-line incremental budgets are poor tools for control, especially when the base bears no semblance to reality. Even when executed properly and closely followed up such budgets can only control expenditure since they are not goal oriented. Programmes, budgets for specific programs designed to achieve stated objectives are virtually unknown, so the link between budgeting and planning is missing.

Control Problems

Control as a managerial function may be defined as the measurement and correction of performance, in order to make sure that the objectives of any given activity are being achieved.

Despite the universal awareness of the importance of control as a crucial managerial function, in practice it suffers from neglect, the prevalence of outdated tools and ignorance of modern systems and techniques. We know of no regular and systematic means whereby the government can monitor public sector performance other than through auditing and applying the conventional government current budget to it.
Public sector industrial enterprises lose money although they are supposed to produce revenue, and nobody seems to take this task seriously. Misappropriation of funds, and corruption may go undetected for years and those responsible may remain unpunished.

At the operational level, inadequate control leads to serious consequences for performance. Managers often have no awareness of critical performance indicators. If information is requested it often arrives late or incomplete.

Quarterly, financial statements, periodic comparisons between actual performance and that budgeted for are hardly ever made and it is not unusual for final accounts to lag two or three years behind the schedule.

Since the control system is backward rather than forward looking, it is unable to anticipate deviations and make attempts to prevent their occurrence or adjust them. In most public sector industrial enterprises, any deviations from budgets or irregularities which have occurred are usually brought to light by the auditors, since final accounts are usually a few years behind. The discovery itself is too late for any action to be taken.
Personal Problems

The availability of competent and high caliber staff is considered to be of the most vital requirements for public enterprises.

Equally important is the creation of the climate necessary to promote initiative and stimulate talents, i.e., an atmosphere of autonomy and freedom from government routine and bureaucratic red tape.

Therefore every organization should be concerned with the proper management of its human resources.

The Industrial Production Corporation was established in 1963 to administer all factories and enterprises initially established as departmental enterprises, with their personnel at all levels either seconded or transferred from the civil service. The Industrial Production Corporation itself was likewise established on traditional departmental line, with all its staff seconded or transferred from the regular government departments. Hence the same bureaucratic practice, routine and red tape prevailed. Till the present time, the personnel policies adopted in the industrial sector enterprises are outdated and depend too heavily on civil service practice, as embodied in the Civil Service Act, 1973.
Public enterprises find themselves unable to avoid referring to the civil service manual and notes and circulars of the Public Sector Bureau which was established in 1971.

This tendency has been reinforced by the creation of the Central Organ for Corporations within the Ministry of Public Service and Administrative Reform to supervise personnel management within the public sector. This office was supposed to carry out research into developing new systems and procedures which would be more in tune with the requirements of the public sector and the corporate concept. In practice its only achievement was to assert central government control over personnel matters in the public sector enterprises.

The Quality of Managers:

The low quality of managerial staff in the industrial sector as well as the public sector as a whole constitutes a major problem which hampers the development of the public sector.

The roots of the problem go back to the nationalisation decree of 1970, when many managers had to be appointed literally overnight. The main criteria of
in government at that time for the appointment of managers, was political reliability. Too many jobs went to politically reliable elements who had little or no experience in administration, ex-army officers and civil servants on pension.

The situation is aggravated by the dependence on seniority as the sole criterion for the selection of general managers, deputies and assistants. Lack of managerial competence is often combined with a lack of awareness of the need for the development of professional management cadre trained in modern management tools and techniques.

Turn-over

The high rate of turnover among managers is becoming a national problem, which plagues both the civil service and the public sector.

The rate in the industrial sector was found to be strikingly high at all levels. Moreover a number of managers hold their posts only in an acting capacity, which makes it difficult for them to exercise strong control of the management of these undertakings.
A host of different factors are responsible for this state of affairs. These include frequent political purges, loss of manpower to private sector and retro-doller countries, lack of motivation and frustration with internal and environmental constraints.

The impact of this high turnover is very serious particularly in situations were decision-making is centralized, information dispersed and constant management cadre sources. The high rate of turnover can only be reduced by improving the organizational environment as a whole.

Training

This is a most crucial staffing function. Only through systematic and effective training can organization assure the competence of its manpower.

Like most other activities relating to the management of human resources in the public sector, the training function is not carried out properly. To begin with, no sector or public enterprise has a manpower plan specifying its future manpower requirements. Training seems to be related to the needs of individuals rather than to such requirements. Management training is neglected and the few managers who do receive training go on technical rather than management courses.
Incentives and Pay

The Industrial Public Sector Enterprises as a whole have a separate pay structure. The level of pay for all classes was comfortably above that of the civil service until 1973. With the adoption of the Job Evaluation scheme this level of pay became almost the same. Because of this and also due to inflationary pressures and lucrative work opportunities in the Gulf States and Saudi Arabia, the Industrial Public Enterprises lost the most competent personnel.

A number of public enterprises, particularly in the industrial sector, have introduced production-related incentives schemes. Although such schemes have gained worker acceptance, they have failed to bring about increased productivity, because the prerequisites for an effective incentive system are lacking.

In most of these cases the agreed minimum production standards which incentives will be paid, are much too low and results in continued low production at premium wage rates.

Lack of Motivation:

The style of management and supervision which prevails in the public sector in general tends to be bureaucratic. Managers tend to centralise decision-making,
maintain close supervision and generally do not allow their subordinates to use creativity or initiative to solve problems and make decisions.

Its managers are motivated by the desire to satisfy psychological needs such as a sense of belonging, friendship, recognition and realization of potential, it follows that the physiological environment created by top management in Sudanese organizations which tends to stifle initiative, results in boredom and loss of motivation.

All problems, whether they are concerned with the enterprise's relations with other government organs or with administrative methods and practices, create challenges. Since no solution is found to these challenges, they contribute significantly to the deterioration of these undertakings and to their visible administration and effective management.
CHAPTER THREE

DEVELOPMENT AND OBJECTIVES OF THE CEMENT INDUSTRY

Introduction:

The launching of any industry is aimed at promoting development. This is an event of utmost significance to all citizens who are interested in the progress and prosperity of the nation. Moreover, the strength and stability of any country's economy depends on the establishment of industries which secure the political integrity of such a country and its independence from foreign influences.

Local industry also provides different commodities at lower prices, thereby creating a state of self-sufficiency and savings of foreign currency. Furthermore, industry contributes to a great extent to solving the problem of unemployment.

The Cement Industry is fundamental in the development of any country. The Sudan's need to expand this industry and establish a second factory in the country has been steadily increasing since the 1980s. A sharp rise in cement consumption
was expected at that time as the Government was
committed to carrying out national development schemes
and projects in almost all fields of economic activi-
ties. Furthermore a boom was also expected in the
building as account of the replanning and rebuilding
of the main cities on modern lines. It was thus
essential to ensure that regular and adequate supplies
of this material was made available at reasonable
and stable prices through the year.

At that time despite the large quantities
of cement imported from various sources abroad, and
the output of the Athara Factory, there were continuous
shortage of cement. In certain seasons this shortage
was so acute that it hampered building operations and
raised the costs of building because of the prices
tended to soar in such circumstances.

For these reasons, the Ministry of Commerce,
Industry and Supply in accordance with the Government's
policy of Industrialisation, fully supported the
establishment of a Cement Factory and granted it all
the privileges of an approved enterprise under the
Approved Enterprises Concession Act, 1956.
In order to avoid the problem of the lack of the necessary capital which faced most of the essential major industries, the initiators, have thought it prudent to resort to the method of public contribution by means of shares. The public met the challenge and enthusiastically supported this big public enterprise. As a result of their generous contributions, the Nga Cement Company was formed in 1969.

It was hoped that through such public subscription, the necessary basic capital for setting up the company could be acquired. The rest of the capital expenditure needed to complete the company could be sourced by financing facilities or credit terms from supplying firms or financing corporations.

The system of public share contributions, while enabling the country to proceed with its policy of progressive development of its resources, has the substantial added advantages of encouraging the habits of thrift and saving for investment amongst the public, conserving the country's foreign currency reserves. It also ensures a wider and more equal distribution
of the benefits of industrial enterprises amongst a considerably greater number of people through share holdings, instead of concentrating them in the hands of few. Furthermore, it provides work for a greater number of citizens.

These objectives, while they were consistent with the Government's policy of ownership of the means of production, prompted the Ministry of Commerce, Industry and Supply to approve the formation of a public company to be called The Nile Cement Company Ltd, on the 15th of October, 1952. The company was to set up a cement factory in the country and exercise its other various objectives as and when expedient.

**The Development of The Nile Cement Company Limited**

The Nile Cement Company is based at Babek in Central Sudan, approximately 300 km. South of Khartoum on the eastern bank of the White Nile near the railway bridge at Kosti. It has suffered a series of setbacks from its inception 15 years ago. Technical difficulties and material shortages have continued to plague the company until recently.
The late, Sayid Ferghani Benza who was a prominent figure in the establishment of this company, described these stages in his book "The Whole Story of The Nile Cement Company" as follows:

(1) The first stage was represented by the period prior to the involvement of the Military Government in the management of this company.

From its inception up till recent times the poor financial situation determined to a great extent, the extent and nature of the Government's involvement in the affairs of the company.

In the light of this problem in December, 1962, the Government represented by the Department of Commerce contributed to the company's capital by buying shares of L.2, 157,000 and at the same time it issues a governmental guarantees to the contractors working on the project with regard to their payments.

This activated the deep-rooted bureaucratic government's tendency towards exercising of internal control over the managerial policy and operations of this company.

In December, 1961, this policy was translated into action when the Government decided to delegate one of its staff to represent it on the Company's Board of Directors. The trend was toward more interference in managerial policies, ownership of means of production. The project was deprived of its autonomous status, spirit of initiative and freedom and flexibility which are very essential factors in the managerial efficiency of any public enterprises. This is especially true in the case of a joint-stock company where the enterprise dimensions and commercial activities are emphasized more than the public dimension or accountability costs.

This stage also witnessed the registration of the company as a public company limited by shares, incorporated under the Companies Ordinance,1923. The total capital amounted to £ one million British pounds divided into 200,000 ordinary shares of £2.5,000 each.
initial studies which were carried out by the Geological Department in cooperation with the Rocks and Shurman British Company, confirmed the availability of a quantity that would enable the company to operate for a period of not more than 15 years. This was a short length of time for any enterprise that was intended to achieve economic and social objectives.

It is worth mentioning that, the uncertainty about the availability of limestone in viable quantities is one of the crucial factors in the delay in erecting and opening the factory at the scheduled time. Technical and economic feasibility studies were also carried out in an inadequate manner. It is also worth mentioning that these studies overlooked the question of building up professional native skills in project preparation.

Efforts during this period were mainly directed towards obtaining the necessary basic capital for setting up the project.
As a result of the policy of public contribution, public share contributions amounted to £3,400,000. A provisional agreement was negotiated with the "Empire British Company", according to which the Nile Current Company would get a loan of £3,500,000 to be repaid to the Empire Company in the form of cement, which it would use in construction of the Assaifu Dam.

The successful implementation of a public enterprise's project also requires the examination of the question of infrastructure, particularly of electrical power. The Board of Directors reached an agreement with the Central Electricity Corporation to provide power directly from the Semer Power Station to the factory as well as the town of Aswaq. Here one may easily see the acceptance of the Board of Directors of a variety of social goals. In other words, this was an indication of the Board of Directors' strength and capacity to take the question of social obligations seriously.

In my opinion, the adoption of such a policy opens up room for the discussion of the issue of social vs-via financial profitability and whether the
acceptance of social goals would necessarily take place at the expense of financial profitability.

However, the essential point here is that there was no inherent conflict between the achievement of reasonable rates of financial profitability and the pursuit of the social goals. The empirical evidence indicates that it was precisely those public enterprises which made financial profits which had the strength, the will and the capacity to undertake social obligations. Accordingly and due to the fact that the Nile Cement Company has never reached its capacity output since its inception, one would not expect the management to be concerned with either the public or the social dimensions.

In addition, the Sudan Railways Authorities agreed to extend a branch line to the factory for the transportation of building materials and eventually cement. Moreover, the way was paved for the Sudan Railways Authorities to reopen the closed railway line connecting the towns of Lugalбав and Rabak for the purpose of transporting limestone as well as agricultural products to Rabak town. Here again, the efforts were directed towards the achievement of both financial and social profitability.
Unfortunately, while the Project Authorities were directing their efforts towards the adoption of systematic, forward looking development planning, the Military Government of General Amin did not give any support in securing the needed finance, which has constituted a major problem for the company till the present. In other words one can say that the Military Regime was not in a position to be acquainted with the concept of public enterprises and hence it could not participate in the efforts in the nation's interest and to achieve the welfare of the society.

Paradoxically, The Nile Cement Company suffered from a high degree of interference in its managerial affairs and policies by the Military Regime. For example, for political reasons this Regime forced the Company's Board of Directors to accept the tender of the Ungva Yugoslavian Enterprise, inspite of the existence of other more qualified companies who had made better offers and could do the job in a more efficient manner.

The interference of the Military Regime was manifested clearly during the period 1955-1961, which represents the second stage in the development of this company.
(ii) However due to this situation most of
the National Financing Bodies cancelled their provision-
al agreements with the company which resulted in an
acute shortage in the capital needed to set up the
factory.

With the intention of exercising greater
control over the affairs of this company and to meet
the shortage of finance, the Military Government issued
an order in 1963 to the Industrial Bank to buy the
remaining shares and make up the total capital.

The withdrawal of the financial organizations,
resulted in the halting of geological feasibility
studies.

All these factors contributed to the
delaying of the implementation of this project.
Until 1965, no progress was made apart from the
reception of some of the construction equipments on
the factory site.

(iii) The 3rd stage was represented by the
end of the Military Regime.
Because of the many different problems which had retarded the successful implementation of the company's project during the second stage, it was thought imperative by the Board of Directors to focus their attention on reforming this unhealthy environment.

In order to implement this reform plan in an effective and efficient manner, the Board of Directors thought it imperative to have a type of leadership with the necessary charisma and initiative, to overcome the management problems which had hampered the successful implementation of the project.

As he was one of the prominent initiators of this project and possessed many leadership traits, the Board members selected the late Henghami Hanza to resume his duties in 1965 as chairman of the Board and shoulder the great responsibility of transforming the company's project from a mere concept into a production entity. This stage was the most crucial in the development of this company as the Board of Directors was faced with a host of financial, technical and managerial problems. This situation was referred to by Sayid Henghami Hanza in the following words:
"When I resumed my duties in March, 1965 I was faced with many technical, financial and managerial problems, by mission had become very difficult because of the heavy burden placed on me. Because of the trust placed in me, I was motivated to work with enthusiasm so as to complete this highly strategic project."

In this stage, the main focus was on making very comprehensive studies and evaluating the state of progress which had stopped altogether. Because the erection of the factory had lagged behind the scheduled time, the company project costs had shot up from £5, 000,000 to £6, 500,000, exclusive of the costs of the experimental operation of the factory which amounted to £80,000.

In order to secure some of this sum, more contributions by shares were called from the public who had become dubious about the successful implementation of this project, since they had not received any benefit from their previous shares.

With the money available, the only alternative for the Board of Directors was to execute part of the engineering and the building work in order
to give an impression that the project was progressing and that there was some hope of future benefit. This resulted in more mobilisation of the public as they contributed by buying more shares amounting to £3,70,000 in 1965.

Furthermore, in his continuous efforts to solve the financial problem, Berkeley Hanza in his capacity as the chairman of the Board, invited the National Financing Organisation to provide security for the rest of the money needed for the completion of the company’s project. The agreement of the National Financing Organisation was conditional on the fulfillment of the following:

Firstly, the stable socio-economic environment which would enable management problems and lead to successful implementation and development of this project.

Secondly, the preservation of the project’s autonomous legal status, with the Government shares not exceeding 15% of the total.

In spite of the Sudanese Government agreement to these conditions, the National Financing Organisation failed to finance this project for the following reasons,
(1) After the organization's representatives had carried out a fieldwork study, it came to the conclusion that the cost of executing the project was very high compared with similar projects in other countries.

(2) There was uncertainty about the quantity and reserves of the limestone which is a major factor in the manufacture of cement in an economically viable manner.

The effect of these retarding factors on the development of the company's project forced its authorities to report to the government to securing the required finance. The government agreed to this, as it would facilitate its control over the managerial aspects of the company.

Lengthy procedures were initiated to bring the equipment and materials to the factory site. These started with the opening of letters of credit at the Bank of Sudan, the obtaining of duty exemption certificates from the Ministry of Industry and ended with the procedures related to the clearance of the equipment at Port Sudan.
The project development campaign succeeded in getting the plant to start production in 1969. Since that date it has only been able to reach 90% of its planned capacity of 100,000 tons per year for the following reasons:

1) Difficulties involved in extracting the raw material. This was done manually rather than by mechanized means.

2) The crusher did not reach planned capacity due to a construction error.

3) The limestone could not be transported from the quarry to the plant in sufficient quantities as the road to the plant cannot be used for four months during the rainy period.

4) There are several major defects and construction errors which caused plant to come to a standstill frequently.

5) Lack of in-service training at this stage for both administrative and technical staff, who were supposed to be equipped with technical and administrative knowledge in the field of cement manufacturing.

As we have mentioned before, the plant was under construction from 1964 to 1967 and production started in 1968. It was planned to produce 100,000
tons per year, with the output expanding to 800,000 tons per year. This capacity, however, could not be reached since its inception. This is shown by the following production figures, from which the unsatisfactory economic development of this company can also be seen.

<table>
<thead>
<tr>
<th>Year</th>
<th>Output in tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>70/71</td>
<td>29,450</td>
</tr>
<tr>
<td>71/72</td>
<td>42,485</td>
</tr>
<tr>
<td>72/73</td>
<td>55,572</td>
</tr>
<tr>
<td>73/74</td>
<td>59,000</td>
</tr>
<tr>
<td>74/75</td>
<td>55,000</td>
</tr>
<tr>
<td>75/76</td>
<td>57,405</td>
</tr>
<tr>
<td>76/77</td>
<td>36,794</td>
</tr>
<tr>
<td>77/78</td>
<td>55,689</td>
</tr>
<tr>
<td>78/79</td>
<td>53,674</td>
</tr>
<tr>
<td>79/80</td>
<td>42,977</td>
</tr>
<tr>
<td>80/81</td>
<td>38,427</td>
</tr>
<tr>
<td>81/82</td>
<td>40,937</td>
</tr>
</tbody>
</table>

(iv) The fourth stage was represented by the rehabilitation scheme project which was conducted by a German Company with main purpose of correcting past errors.
It is worth mentioning that as a result of
the deteriorating financial situation, the Cement
Company was attached in 1974 as a production unit to
the State Grouped Industries Corporation. This
Corporation requested Messer Blockman Industrie
Andern, GmbH of Duisburg, Germany, to investigate
the present situation of the plant and to submit
proposals for rehabilitation of the plant. They were
also asked to consider the planned expansion of the
company to a capacity of 200,000 tons per year.

The study, which began in 1976, recommended
certain stages in the overall recovery of the company.
The first involved a subsidy to the company of L3,
399,000 to buy equipment and spare parts and to make
general preparations for the production season.

Stage two involved the modernization of
the drying ovens and cement mill to increase
productivity.

The third stage was of a major importance
because a more efficient crusher "limestone breaker"
was to be bought.
All three stages were funded by the Ministry of Finance and Economic Planning. The efforts made by the Government and the sizeable subsidies were due to the fact that it owned 57 per cent of the total number of shares.

In spite of the fact that the outcome of the rehabilitation scheme was very promising and that last season the company registered a significant rise in production, which reached 80,000 tons in the year 82/83, yet in my view the study carried out by the Danish Company neglected the problem of the human side of enterprise, which represents a key factor in the proper execution of the development policies of any firm or project.

Objectives of the Company

The status and position of The Nile Cement Company, as a joint-stock enterprise, is derived from the role it is intended to play and the objectives for which the company was established as stated in its memorandum of association. It is registered as a public company limited by shares, incorporated under the Companies Ordinance, 1929.
The objectives for which the company was established as stated in its Memorandum of Association are:

(a) To acquire, establish and carry on in the United Kingdom any other place all or any of the businesses of manufacturers of and dealers in:
   
   - cement, lime, plaster, whitewash, clay, gravel, sand, minerals, coke, fuel, artificial stone, and builders requisites and conveniences of all kinds, and of
   - engineers' ships, barges, lighter and truck owners, quarry owners and builders, general contractors and carriers.

(b) To enter into any contracts in relation to and to erect, construct, maintain, alter, repair, pull down and restore, either alone or jointly with any other companies or persons, civil, mechanical and electrical engineering works of all description including dams, locks, piers, railways, tramways, waterways, roads, bridges, warehouses, factories, mills, engines, machinery, gas works, electric works, water works, drainage and sewage works and building of every description.

Memorandum of Association of The Mills Company Limited, Whartons, the 15th day of February, 1868.
(a) To carry on in the Sudan and elsewhere the business of general contractors and to deal in all kinds of materials relative thereto and to carry on business as capitalists and financiers of the erection and building of houses, offices, workshops, factories.

(b) To establish or acquire and carry on trading stations for the marketing and sale of all the products of the company's factories inside the Sudan and/or in any other country.

(c) To establish factories for the production of bricks, tiles, cement blocks, hollow or otherwise, reinforced concrete beamings, roofing and floor tiles, slabs and all ceramic works.

(d) To purchase, take on lease or in exchange or otherwise acquire and to hold, develop and improve any lands, buildings, occupations or other interest in immovable property or any plants, machinery, personal estate and effects and to sell, lease, exchange, mortgage, pledge or otherwise dispose of or grant rights over all or any of the property, or assets of the company and in particular to sell or otherwise dispose of the property, assets and undertakings of the company or any part thereof for cash or for stock or
secure or securities of any other company or for any other consideration whatsoever.

(g) To borrow or raise or secure the payment of money by mortgage or by the issue of debentures, debenture stock, bonds, obligations, deposit notes, or otherwise, however, and whether subject to the payment of interest or not and for the purpose aforesaid to charge all or any of the company's assets present and future, including its unissued capital and collateral or further to secure any securities of the company by a trust deed or other assurance, and generally to borrow money as the company may think fit with or without security or pledge any property of the company.

(h) To negotiate loans of every description and to advance and lend money and assets of all kinds upon such terms as may be arranged and whether at interest or not and whether repayment thereof is secured or not and to act as agents for loans. The loans, payment, transmission, investment and collection of money and for the management and realization of property of any kind.
(1) To acquire and take over the whole or any part of the business, property, assets and liabilities of any person or persons, firm or corporation carrying on any business which the company is authorized to carry on or possessed of any property or rights suitable for the purpose of this company.

(2) To invest any moneys of the company in such investments or securities as may be thought or expedient and from time to time to sell, vary or dispose of the same.

(3) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants & bearers and other negotiable or other transferable instruments.

(4) To give and accept guarantees and indemnities to and from any person, firm or company and for any person, firm or company and for any purpose whatsoever.

(5) To enter into partnership or arrangements in the nature of a partnership with any person or persons or corporation engaged, or interested in the carrying on or conduct of any business or enterprise, which this company is authorized to carry on.
(n) To apply for and take up or acquire by way of exchange or otherwise and hold or sell and dispose of the shares or securities of any other company carrying on or about to carry on business in which this company is or may be interested and to amalgamate with any such other company or companies.

(o) To insure with any other company or persons against losses, damages, risks and liabilities of all kinds.

(p) To sell or dispose of the property undertaking and assets of the company or any part thereof in such manner and for such consideration as the company may think fit and in particular for shares "fully or partly paid up" debentures, debenture stock or securities of any other company, whether created by this company for the purpose or not.

(q) To apply for and to purchase and acquire letters, patent and similar privileges and concessions, for inventions or improvements in any inventions which may be considered conducive to the attainment of any of the objectives of the company, or in a way connected therewith, or any interest in any such inventions, or patents, and any licence or licences in connection
therewith, and to finance inventors, or alleged inventors for the purpose of enabling them to test or perfect their inventions.

(e) To enter into any arrangements with any governments or authorities supreme, municipal, local or otherwise, or any companies, firms or persons that may seem conducive to the attainment of the company's objectives or any of them, and to obtain for such government, authority, company, firm or person any charter, contracts, decrees, rights, privileges and concessions which the company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.

(a) To apply all or any costs, charges and expenses incurred in connection with the promotion, formation and incorporation of the company and to contract with any person, firm or company to pay the same and to pay commissions to brokers and others for underwriting, dealing selling or guaranteeing the subscription of any shares, debentures, debenture stock or securities of this company.
(4) To support and subscribe to any charitable or public objective, and any institution, society, or club which may be connected with any town or place where the company carries on business; to give and award pensions, gratuities and superannuation or other allowances or benefits, or charitable aid to any persons who are or have been employed by or who are serving or who have served the company, and to the wives, widows, children and other relatives and dependents of such persons, to make payments towards insurance, and to act as, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons, and of their wives, widows, children and other relatives and dependents.

(5) To promote any other company for the purpose of acquiring the whole or any part of the business or property and undertaking any of the liabilities of this company, or of undertaking any business or operations which may appear likely to assist or benefit this company or to enhance the value of any property or business of this company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company.
(v) To distribute any of the company's property among the members in specie.

(vi) To re-register the company, or constitute or incorporate it as a society anonymous or otherwise in any country and to do all or any of the above things in any part of the world and either as principals, agents, contractors or otherwise, and either alone or in conjunction with others and either by or through agents, and non-natives, trustees or otherwise.

Organisation of The Company

Since its inception and up to the year, 1974, the company had the status of an independent utility managed by Board of Directors with the aim of attaining its claimed objectives.

In the year 1974, the government had become well aware of the many problems which had prevented this company from achieving its objectives. It therefore took the decision to attach the company to the Industrial Promotion Corporation, as one of its production units.

Up to 1983, four levels of authorities could be distinguished within the industrial sector organizations which directed and formulated the policy objectives of this company.
At the apex of the structure was the Minister of Industry who presided over its affairs and was responsible to the President and People’s Assembly for its effective performance.

Directly under the Minister came the Industrial Production Corporation’s Board of Directors, which was empowered with both policy and functional authority over the work of this company as part of the whole industrial sector.

Under the I.P.C. Board was a branch, the Grouped Industries Corporation with a Board of Directors supervising the activities of this company.

The I.P.C. and the Grouped Industries Corporation were dissolved in the years 1975 and 1980 respectively.

During the period 1980-1983 the company was managed directly by the Ministry of Industry. On the first of September, 1983 the Nile Cement Company was freed from this excessive control over its day-to-day activities and was allowed to work as an independent entity in accordance with the 1925 Companies Ordinance. A Board of Directors was established to direct its affairs and business activities.
Board of Directors:

From the Company's Memorandum of Association, it may be seen that the first Board of Directors was established on the 15th day of October 1960, with nine members. It was entrusted with the mission of successfully implementing the company's project during that period.

Its members were appointed on a full-time basis and were selected for their high calibre, which is evident from the clear policies and comprehensive objectives which they designed to achieve financial and social profitability of this company. It is worth mentioning that, the delay in implementing the company's project by the scheduled time was caused by economic and political factors which were beyond the control of the Board.

This Board was dissolved in 1978 after the company was attached for financial reasons to the State organizations of the Industrial Production Corporations.

On the 10th of August 1983, the Minister of Industry, Ayyad Bashir Alawi, in his address to the Annual General Meeting of the Company, announced
the decision of the Government by which the company would be granted an independent entity, legal status in order to ensure the spirit of creativity and initiative that would lead it to achieve the objectives for which it was established in 1980. Immediately following this step, the existing Board of Directors which was appointed on the 1st of September 1981.

The membership of the Board includes:

(a) The Manager of the Industrial Bank as Chairman of the Board,

(b) Managing Directors of the company,

(c) Seven members representing Government Ministries and other private organisations.

The emoluments of the chairman and the Managing Director were laid down by a Republican Decree as L3, 20,000 per/year and L3, 20,000 per/year respectively, exclusive of other fringe benefits and incentives such as housing, transport and travel allowances.

The emoluments of the rest of the members is L3, 2,000 per/year which is a very small sum compared with those of the chairman and the managing director.
All members of the Board apart from the Managing Director are appointed on a part-time basis.

The Board acts on both functional and policy matters and a great part of its executive functions are delegated to the Managing Director who only refers to the Board on major issues. The Managing Director of this company is the chief executive and is therefore responsible for the day-to-day administration with wide power delegated to him by the Board. He was appointed for a period of three years and is accountable to the Board.

This accountability is likely to create conflict and friction because the Board delegates its powers to an official whom they do not have the power either to appoint or dismiss.

Organisational Structure of the Company:

The organisational structure of the company consists of the following directorates:

1) The technical directorate
2) The administrative directorate
3) The financial directorate.
(1) The Technical Directorate is responsible
for maintaining all the machinery and equipment so that
the company can achieve its production target. It is
divided into two main departments: The production and
the maintenance sections.

The whole plant is maintained and run
by six technical departments:

a. The mobile plant workshop which maintains
all mobile machinery such as trucks, cranes,
compressors, earth moving caterpillars and
vehicles.

b. The electrical workshop which maintains
electrical equipment and the distribution
system.

c. The mechanical workshop which maintains
machinery such as the crusher, mills, welding
equipment and also manufactures some of
the spare parts.

d. The civil engineering workshop which
maintains all existing buildings, constructs
new ones and builds machine foundations.

e. The quarry department which controls limestone
production and its transportation to the factory.

f. Production and quality control department
which supervises all the activities involved in
cement production, to control its quality
together with the extraction of clay which is
one of the components in cement manufacture.
(ii) The Financial Directorate:

This is headed by a financial manager whose main function is to formulate the financial policy of the company and to ensure that funds are properly used according to financial regulations and what is approved by its budget.

(iii) The Administrative Directorate:

This is under the direct responsibility of the administrative manager, who supervises the personnel section, training and public relations sections.

The main function of this directorate is to preserve a stable relationship between the employees and the company for the benefit of both sides.

Our investigations into the organisational and management patterns of this company have revealed many problems which have prevented the company from achieving its objectives.

Control and Supervision

Public Joint-stock Companies require a greater degree of freedom and independence from the executive organ as compared with other types of public enterprises.
However, the key Revolutionary regime in its capacity as owner of the majority of shares in this company, as sponsor and since it was committed to the successful implementation of the Six Years Development Plan, exercised very strong controls over the affairs and managerial policies of this company.

(4) Legislative Control:

In the year 1972, the Nile Cotton Company, as we have mentioned before, was attached as a production unit to the State Industrial Organization Corporation.

This meant that the company came under the supervision and responsibility of the Ministry of Industry who, in turn, is subject to the control of the legislative organ.

The nature and scope of control exercised by the People's Assembly over public enterprises including the public companies, as has already been mentioned in chapter two, is set out in the provisions of section (19) of the Public Enterprises Act, 1972, article 94 of the Permanent Constitution.
According to the provisions of these articles, the People's Assembly is empowered to investigate any matter concerning this company or any complaints from any person aggrieved by a decision made by the company authorities. The Assembly also imposes its control over this company, by exercising its powers to approve the general development plan and the budget according to Article 118 of the Constitution, which include the budget of public enterprises. For instance, in the last season (1983/84), when the company registered a significant rise in production and realized for the first time a profit of L$ 850,000, complaints were raised in the People's Assembly by some of the shareholders who asked for their dividends. The People's Assembly investigated the matter through one of its specialized committees, and the Minister of Industry clarified the financial situation of the company in a meeting held with the shareholders on the 10th of August 1983. The Minister's report pointed out that at the meeting the company's total losses which had reached L$ 2,973,726 up to June 30, 1982. Moreover, the report also showed the losses owed by the company which had reached up to June, 30 1982 L$ 7,973,591.
After this convincing clarification of the financial situation, the shareholders no longer asked for their dividends, unless the situation changed, losses were covered and the loans were repaid.

(3) Executive Control:

The control of the executive authority over the Hilti Cement Company is being exercised as well as internal.

External control is applied through the Minister of Industry in his capacity as supervisor over the affairs of this company, which because of their financial situation was attached to the Industrial Sector Organization Structure in 1979.

Furthermore, the Government in its capacity as the major shareholder and through its representative ministers exercised some degree of control over the financial, marketing and administrative aspects of this company. The Ministry of Commerce in coordination with the Coating Directors of the Ministry of Industry, determines the selling price of cement. Not only this but it also responsible for the marketing and distribution of cement to both individuals and the public sector. This is done through the Central
Committee for Cement Distribution’, which was established in 1970 within the Ministry of Commerce and Supply.

The Minister of Finance and Economic Planning in his capacity as the highest authority in all matters concerning the General Budget, Development Budget and financial allocations and grants required by this company also exercises strong control.

The Minister of Industry, since this Company falls under his responsibilities and in accordance with the provisions of section (7) of the Public Enterprises Act, 1976, has the power to:

i) Issue directions of a general nature;

ii) Approve certain financial matters without consulting the Board of Directors, such as loans, levying of new fees and investment in new projects;

iii) Appoint auditors and determine the form of the accounts;

iv) Own or transfer ownership of the property of the Company;

v) Make recommendations to the President of the Republic on liquidating or merging it with another enterprise if it fails to achieve its objectives. For example when the Pilco Cement Company failed to achieve its objectives, it was transformed from the status of an
(i) Specify the percentage of profits to be paid by each enterprise to the Government's treasury. For example, the Government treasury receives eighty Rupees pounds from each ton of cement sold.

Internal control is exercised by the presence of Government representatives on the Board of Directors before its dissolution in 1974, and recently after it resumed its functions and responsibilities in September, 1983.

It is also exercised through the application of the organizational structure and appointment and promotion procedures according to the Public Service Act, 1973.

The Industrial Safety Regulation which was passed in 1974 by the Central Administrative Council for Enterprises to be applied to Industrial Sector enterprises is no more than a replica of the Public Service Act, 1973. Furthermore, the provisions of the Social Security Act, 1974, The Industrial Relations Act, 1976 and The National Training Act, 1976 are also applied to the employees of this Company.
In addition, the Job Evaluation Scheme of the Democratic Republic which was started in 1973 was also applied to the employees of this Company.

From this it may be seen that the executive control mechanisms aims at putting this Company on the same footing as the Central Government Organ irrespective of its objectives or the manner of its establishment.

(6) Audit Control:

The Auditor General Act, 1979 made him responsible for auditing the accounts of all enterprises and companies to which the State contributes or which it aids or supervises.

As the State is the major shareholder and makes contributions in the form of loans, grant and aid to the capital of the Company, the Company is subject to the Auditor General's supervision and control.

Furthermore, according to The Public Enterprises Act, 1979, the auditing of the assets of public enterprises should be carried out by the Auditor General or under his supervision.
In practice what happened till the financial year 1980/81, was that in the Nile Cement Company control oriented auditing was applied which puts most emphasis on adherence to the rules and regulations and to auditing of the accounts in order to see whether they conform with the general budget and the expenditure and revenue of this Company.

Performance and Operational Auditing the main purpose of which is to pin point the weaknesses in the production process, testing and managerial performance was not undertaken till the financial year 1981/1982. Performance Auditing Control also aims at ensuring regularity and honesty in the use of funds.

(D) THE NILE SPLIT COMPANY

In spite of the fact that the Nile Cement Company was established as a Joint-Stock Company Incorporated by a special law, it cannot be excluded that The Public Sector Organizations defined in article (32) of the Permanent Constitutions of the Order adopted 1973 as follows:
... a pioneer sector and a system to lead progress in all fields for the purpose of development, based on ownership and subject to the People's control.

The People's Control of this Company comprises the control of work places by the Soviet Socialist Union which is politically rather than performance oriented. It also comprises certain members of the public in their capacity as shareholders and the prime beneficiaries of the commodity produced.

Finally, from what we have mentioned about the different forms of control, one may observe that the tendency of the Government is to make this Company the same as other Government Departments irrespective of the objectives for which this Company was established. Furthermore, the control system exercised with such a tenor will lead to an adverse impact on all the managerial aspects of this Company as it contradicts the spirit of initiative and the autonomous status which represent the main tenants of the concept of public enterprises, especially in the case of this Company which has exerted most of its efforts towards emphasizing business activity.
Our discussion of the organizational pattern and structure of this company reveals that government efforts to find a solution to the host of problems facing this company were mainly focused on the adoption of the organization philosophy which is related to centralization of authority.

The underlying assumption of this approach to organizational change, in our opinion, leads to a host of management problems that have been found to obstruct the effective and efficient performance of this company till the present time.

Furthermore, this approach also assumes the validity and suitability of a static structure for this company, irrespective of the nature of its activities and its differences from other forms of public enterprises in terms of objectives and managerial talents and means required for such type of business.

The main strategy adopted by the government as Al Jawari stated:

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"... emphasizes the static structure and de-emphasizes the dynamic of organization... it also neglects the human aspects of organization and the environment by which it is influenced."  

The emphasis is oriented towards maintaining control rather than on developing spirit of initiative, motivation and leadership skills among the employees that will stimulate organizational innovations.

Board of Directors Problem:

The descriptive analysis of the composition and functions of the board of this company which was made in the previous chapter, does not lead one to be optimistic about its future success in leading, directing and managing the company's affairs in an effective manner for the following reasons:

i) All of the Board members except the managing director, are originally civil servants appointed on a part-time membership. This will cause many problems as their allegiance will be divided between their original posts and the one to which they are appointed on a part-time basis.

ii) Most of these members are officials either at the under-secretary or other levels, are greatly influenced by negative practices such as bureaucratic

rigidity, government formalism. Accordingly they can hardly be expected to adapt to the requirements of managing a Joint-Stock company, which needs above all a spirit of creativity, initiative and flexibility.

In my opinion, the only alternative which would enable the Board to carry out its duties and responsibilities in a satisfactory manner, would be to train and equip its members with managerial skills and other qualities required in the management of public enterprises in general and Joint-Stock companies in particular.

Problem of Instability

The instability in the organizational structure of this company which was described previously, is an indicator of the continuous management problems which are discussed below.

Most public enterprises in the Sudan, particularly in the industrial public sector were established on a headquarter-field basis. The rationalization and rationalization campaign led by the May Revolutionary Regime placed this company in the same position as other public corporations, in accordance with the provisions of the Public Sector Corporation Acts, 1971, 1976.
These measures reflect the tendency of the government to secure control over the managerial, personnel and financial aspects of this company, irrespective of the fact that it was not subjected to the provisions and application of the Corporation Acts. Moreover, this structural change raised problems of the nature of control, line of command, communication etc., which endangered the autonomy of this company.

At the micro organization level, the changes in the senior organization were recognized to have had an adverse impact on issues relating to internal organizational problems, in the following areas:

a) Departmentalization.

The activities of this company are grouped in departments as exists in the company organization structure, and it is observed to be the same as other public enterprises. This structure is headed by a manager under whom are units or sections headed by the financial, commercial, administrative and production managers.

The manager's authority and responsibility are vague and limited compared with those of a manager in the Grouped Industries Corporation. The creation of such
a department structure reflects the government tendency to adopt static structures irrespective of the difference in needs, objectives and the means of achieving these of these different forms of public enterprises.

This sort of departmentation accompanied by the tendency of the government towards centralised management to a great extent the ability of the Hina Cement Company to exert greater influence, creativity and innovation. It has obliged the employees to follow a rigid pattern of communications, procedure which causes many delays in all aspects of its operational life.

Article 4 and 56 of Section 19 of the Promotions of the Industrial State Regulation provides for the following:

"Employees promotion up to grade 6 falls under the authority of the Grouped Industries Board Corporation, while the Industrial Production Corporation's Board of Directors is authorised to carry out the promotions from grade 7 up to grade 8. Unit production managers are only authorised to promote workers."

From these articles it may be seen that the manager of the company has to follow a rigid vertical system of communication with regard to staff promotion.
chart of this company, that there is no internal auditing unit as a separate section with the function of checking and auditing the financial accounts and the general performance of the company. It would also aid in the preparation of comprehensive budget, which would facilitate the work of the Auditor General inspecting team.

Auditing is now carried out by the financial section, whose functions are the principal subject of the internal audits. This creates a conflict of interest which tends to conceal problems rather than bring them to light so that they may go undetected for long periods of time.

In my discussion with the Managing Director of this company about this situation, he confirmed that they are aware of the vital role played by this unit. He also stated that a separate auditing unit is to be established under his direct supervision.
Our investigation shows that there are serious problems relating to the delegation of authority in the Industrial Sector organisations, as a whole since authority is generally concentrated in the hands of the managers at the top of the hierarchy at each level in varying degrees. For example, simple decisions relating to personnel matters, procurement and finances of the company are often referred to higher levels.

Authority Relations

The process of organizing and the laws establishing public enterprises in the Industrial Sector, which were applied to this Company for reasons mentioned before, specify certain types of authority relationships between the top level and subordinate managers at different levels within the structural hierarchy, i.e., promotion authority.
Nevertheless, the most chronic problem in the Industrial Sector Organization including the Nile Cement Company, is the absence of a clear definition of authority relationships which can be attributed to the following factors:

1) Lack of codification of organizational responsibilities and procedures which is a very effective means of determining the appropriate placing of authority and eliminating conflicts.

2) The feeling shared by some managers that they get little help from above and that their efforts towards efficiency and productivity are actually unwittingly hindered.

3) High turnover rate among decision-makers.

Moreover, authority relations are formulated within a spirit of lack of trust on the part of the Company manager who feels that most of his power and authority have been transferred to the Grouped Industries Branch Corporations' Manager, while he is left with the routine work. As a result any spirit of creativity, innovation, planning and policy formulation by the manager of The Nile Cement Company is killed.
The manager attributed the sharp decline in the company's productivity during the period 1971-1980 to the loss of the best technicians and machine operators to private enterprises, and as a result of emigration to the Arab States as they were not satisfied with the terms of service which are the same as those in other public corporations and government departments. If he wished to introduce a bonus system he would have to refer the matter to the headquarters of the Ministry of Public Service and Administrative Reform. So the manager is always unsure as to the decision he should take.

Furthermore, the manager of this Company also pointed out the confusion that exists due to the extent of the authority which exists in units of controlling ministries such as Finance, and Public Service.

Another problem facing the manager of this Company is related to the phenomenon of responsibility without authority. He often finds himself constrained by budgets, financial regulations and a multitude of procedures, manuals and directives circumscribing his authority and restricting his ability to discharge his functions in a way conducive to the achievement of realistic and clearly articulated objectives.
Planning Problems

Although the objectives of The Nile Cement Company are clearly defined in the Memorandum of Association, none of them was actually achieved until recent times. This situation is an indication of the absence of proper planning which requires in addition to the setting of objectives, the choice of appropriate policies, programmes and procedures which will lead to the attainment of goals.

Most of the objectives for which the company was established were absent in practice due to the bureaucratic policies adopted by the government.

The government does not seem to be clear as to what it wants from public enterprises as a whole. Even the law, the Public Enterprises Act, 1976 which was applied to this company by a government decision, said little which could be used to help in running an economic organization. Not only this but as a result of this company being attached to a production unit of the Industrial Sector Enterprises, the government considers it to be identical with other form of public enterprises. It therefore did not give it the prerequisite conditions needed for economic analysis and justification for viable investment.
Absence of statistics, reliable data, planning action and existence of rudimentary accounting system and inaccurate financial statement are among the important factors that hampered effective planning in this Company.

The environment in which the Company is forced to operate bound with constraints that frustrate the implementation of plans to the extent that planning is reduced to a meaningless exercise to its top management. These constraints include transport bottlenecks of cement and raw material, frequent power cuts, shortages of material, foreign exchange shortages, petrol shortages, bureaucratic control and scarcity of short-term finance.

Routine matters take up a great deal of the time of the Company's manager, leaving him very little time for activities such as planning.

PAYMENT AND PROBLEMS.

There is a general bias towards the application of civil service rules to autonomous institutions such as this company, i.e. the application of Public Service Act, 1973.
The personnel system of this company is conformed closely to civil service rules, highly uniformed and highly centralized with minimum discretion left to the top management of this company.

As it is seen by the Ministry of Public Service and Administrative Reform, any departure from established civil service pattern connotes a serious loss of control over wages and salaries' administration and could weaken control over income policy, and have ramifications extended beyond the matter of this company's performance. The Nilo Cement Company's manager complain about the negative effects of existing rules which relax work discipline by undermining his effective authority, place restrictions on his ability to develop a suitable incentive, training schemes, and generally result in an economic utilization of manpower resources.

Furthermore, the effect of civil service rules and restrictive uniformity on the Nilo Cement Company have been in certain cases of serious proportions, particularly in matters of morale, motivation, and productivity. For example, the company has suffered a damaging flight of its professional personnel because experienced a drying up of its resources of junior recruitment of capable personnel.
All of these, had adverse effects on the operationality and financial results of this company.

The Nile Cement Company, like other forms of public enterprises, is expected to maintain satisfactory labour management relations. The tendency of the supervising ministries (Ministry of Industry and Ministry of Public Service & Admin. Reform), has not permitted the settlement of labour-management disputes to be retained within the jurisdiction of the company's management. The long-term adverse effects of this tendency could be quite harmful to the development of healthy labour-management of mutual respect at the company level.

Furthermore, the chance of labour mobility from other public enterprises to this company is limited on the account of the uniform wages structure in the whole sector.

The adverse effects on the financial viability of this company is further compounded by the fact that eventually a fair proportion of the company manpower resources to developed and well-trained is lost to private sector or to foreign employers.
In the field of selection and recruitment, employment is provided beyond the efficient productive requirements of this company. It is either provided due to trade-union pressure or ordering out of post without regard by politicians. This policy may even reach the extent of placing constraints on management freedom to introduce work rationalization programmes.

Moreover managerial personnel are recruited from fresh graduates who enter the service at the bottom of the managerial ladder. This restriction makes the possibilities of lateral entry at higher levels of the ladder very limited.

Promotion policies in the Hula Cement Company are usually handicapped by civil service influence in that the criterion of seniority receives undue attention. Although qualifications and performance are also considered according to the Public Service Act, 1972, and the Establishing Regulations of Industrial Production Corporation, 1974, yet neither is closely related in practical terms to the issue of promotion or other forms of rewards and incentives.

A key issue in this report is, however, the extent to which performance is used by the Hula Cement Company
as a criterion for promotion. The company faces many difficulties associated with its effective application. The Public Service Act, 1973 has provided for the consideration of merit in all cases. In the case of promotion, it gives 70% weighting to performance, while the Industrial Sector Regulations gives it 60%.

Low capacity utilization, low productivity, low return on capital are the common critical indicators to the lack of managerial training and education in the Nile Cement Company.

Our study to the Nile Cement Company reveals, that there is a lack of adequate performance. This needs a distinctive training strategy, curricula and methodology for the training of managers and other personnel of this company.

Except for the Managing Director, senior executives of this Company were in need of managerial training as well as specialized training in cement technology.

On the whole, the terms of service, recruitment and remuneration are the same as those in the central government, and other public corporations in the Industrial Sector. They therefore also not encourage ambition or talent.
The quality of managers in the Industrial Sector Public Enterprises constitutes a major problem in the development of this company.

The roots of the problem, as we have mentioned before, go back to the nationalization decree of 1970 when many managers were appointed literally overnight. The natural concern of the newly Revolutionary Regime at that time was the question of political reliability. Top management jobs went to politically reliable elements with little or no experience in administration such as ex-army officers and pensioned civil servants. For example, during the period 1972-1974, The Nile Cement Company was managed by an ex-army officer and its headquarters, The Grouped Industries Corporation was also headed by an ex-army officer.

This situation is further aggravated by reliance on seniority as the sole criterion for selecting deputy general manager at both the French Corporation and the Company level.

The quality of the managers is affected by the phenomenon of leadership turnover, which is becoming a major problem in the management of this company.
The rate of turnover in the Industrial Sector in general and in the Nile Cement Company in particular was found to be strikingly high at managerial and other levels.

Since the Company's inception up till recent times, the post of general manager has been occupied by 7 persons as shown below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer</td>
<td>1959-1961</td>
</tr>
<tr>
<td>Engineer</td>
<td>1961-1964</td>
</tr>
<tr>
<td>Engineer</td>
<td>1964-1968</td>
</tr>
<tr>
<td>Soldier/Engineer</td>
<td>1968-1972</td>
</tr>
<tr>
<td>Engineer</td>
<td>1972-1974</td>
</tr>
<tr>
<td>Brigadier</td>
<td>1974-1978</td>
</tr>
<tr>
<td>Chemist</td>
<td>1978-1982</td>
</tr>
</tbody>
</table>

Two of the engineers in the above list were ex-Sudan Railways Corporation officers, which means that they had a deeply entrenched bureaucratic style of leadership. The Sudan Railways Corporation, although it is an autonomous institution, is influenced by factors such as political instability, and its large size which resulted in an entrenched bureaucratic style of operation evolving during its long history.
In fact a host of factors are responsible for the high rate of turnover in this Company at all levels, including the frequent political purges, loss of the private sector and Petro-Dollar countries, loss of motivation and frustration with internal and environmental constraints.

The impact of the high turnover rate is very serious as decision-making is centralized in the hands of the industrial sector Corporation and competent management cadres are scarce in the management of public enterprises.

This phenomenon is expected to increase at all levels of this company, unless measures are taken to improve the organizational environment.

Incentives and Pay:

The Nile Cement Company, like other industrial public enterprises, had a pay structure which was for better than that in the central government, until 1973.

With the adoption of the Job Evaluation Scheme in 1973, the level of pay in both became almost the same. Because of this factor and the better work opportunities in the Gulf States and Saudi Arabia, the Company has lost most of the competent as well as managerial personnel.
In spite of the fact that the company has introduced a production-related incentive scheme, this has never been applied because of the failure of the Company to reach its production target till the present time.

Budgetary and Accounting:

Accounting and budgeting systems of this Company are closely adherence to the government accounting and budgeting systems.

The accounting system adopted is mainly concerned with gross accounting and itemization of expenditures and revenues and essentially geared towards control. Gross accounting means that there is no netting out of inter-governmental transactions which inevitably results in exaggeration of net income and expenditures and may lead to mistaken policy decisions, based on such distorted data.

Unless measures are undertaken to remove the shortcomings of the traditional accounting system, budget data, fiscal policy, decisions for stabilization and allocation purposes implemented through the budget will be arbitrary and based on guess work rather than on scientific analysis of pertinent information.
Auditing:

The way auditing is presently handled in The Nile Cement Company is not conducive to management improvement as it is more concerned with issues of legal compliance with the financial regulations, with balancing revenues and expenditures rather than with its use as an effective managerial tool.

Furthermore, there is a complete absence of internal auditing unit in this company, which should be established to improve efficiency and financial and accounting methods. This indicates the narrow managerial perspective of the role played by auditing as an effective managerial tool.

Inadequacy of Control:

A variety of factors are found to be responsible for the inadequacy of control over the affairs of this company. Such factors include:

i) Weakness of Planning:

Lack of planning which prevails in most Sudanese organizations makes any reasonable level of control impossible. Control should measure performance against
set goals and clear standards. Without appropriate plans, there can be no goals, no standard and therefore no effective control.

ii) Weakness of Budgeting:
The straight-line and conventional incremental type of budget adopted by this Company is an ineffective control tool as it only controls expenditure and not goal-oriented performance.

iii) Inadequate Information:
The quality of data in this Company, given the absence of an information centre and statistical section, is not high enough to make it effective in the control system required for such an enterprise.

The backlog in accounting and book-keeping, the archaic accounting system and the absence of statistical analysis are also factors which contribute to the state of backward-looking control.

Backward-looking Control:
The best type of control is forward-looking in that it anticipates deviations and attempts to prevent their occurrence or to adjust them.
In this Company as in most other public sector organizations, auditing is a case in point. Deviations from the budget or irregularities are usually brought to light by the auditor. But since the final accounts of this Company are usually a few years behind, the discovery itself is too late and irreparable damage has already been inflicted.

Moreover, auditors often have little knowledge of the elements of financial management and are unable to make any constructive comments on matters relating to capital structure, policies relating to short-term finance, etc.

All problems, whether they are the result of the company’s relationship with other government organs or of administrative methods and practices, create challenges to the Company’s autonomy and hinder its effective management, viable administration and to the concept of public enterprises as a device which contributes to the national development planning of the country.

The government’s efforts to eliminate these problems which endanger the performance of this Company, were manifested in the Republican Decree issued on the last of September, 1983. According to this Decree, the
Company's Status as an autonomous organization, was confirmed, with the power to manage its affairs in accordance with its Memorandum of Association and the Companies Law, 1939.

A Board of Directors was empowered with both policy and executive functions to look into the affairs of the Company so that it could achieve the objectives behind which it was established.

The achievement of the Company's multiple objectives requires that it should perform these tasks in accordance with what is stipulated in its Memorandum of Association. This means that the Company must enjoy a considerable degree of freedom and acquire some of the characteristics of privately owned business enterprises. It should also enjoy freedom in its day to day operation from the detailed political, financial and administrative control which prevails in ordinary government departments.

In reality, The Nile Company has failed to perform its role as a Joint-Stock Enterprise for the following reasons:

a) The continuous deterioration in the financial situation since its inception did not give it the chance to enjoy the degree of freedom which would foster
initiative and avoid the overlapping control of the different governmental authorities.

c) The Impact of the socio-economic system within which the company is operating.

As the May Revolution declared its commitment to a socialist philosophy, the emphasis of its policy was focused on the formulation and execution of comprehensive national planning. In other words, the control which is exercised by the government on the activities of the Nile Cement Company, is focused mainly on the question of public accountability at the agencies of the commercial business activities.

d) The Impact of the Market Position:

In view of the fact that the major activity of this Company is the production of cement which is in demand by both individuals and national development projects, the emphasis is greater on the question of public accountability compared with the commercial business activities.

All of these factors have paved the way for the government to exercise more severe measures of control and interference in the managerial activities, policies and the day to day operations of this Company.
The implementation of this policy was expressed in the establishment of the Company as a production unit to the Public Enterprises of the Industrial Sector in the year 1974.

The outcome of these measures is complete adherence to the rules and regulations applied to public corporations and other ordinary government departments.

On the whole, these measures adopted by the government, made it, in spite of the fact that the Company was incorporated as a public Company limited by shares, yet it was managed and directed on the same basis as a pure public corporation. This means that it is subject to strict control in order to ensure public accountability. This will be at the expense of its autonomy, flexibility and initiative and will hold back the activities of such a Company which is established on commercial business basis.
CHAPTER FIVE

CONCLUDING REMARKS AND PROPOSALS

The essential arguments of this thesis stem from the assumption that public enterprises are government institutions committed to a greater or lesser degree to the public accountability code and to commercial viability, as it is used in different conceptual ownership criteria, legal characteristics, objectives and functions.

According to this argument, the basic assumption of this study is that public enterprises in the Sudan generally and particularly in the industrial sector are suffering from a host of problems which have led to low productivity and inefficient use in the performance of these autonomous organizations. From what has been discussed in this study, it is clear that management problems are contributing to a large extent to the observable deterioration in the overall performance of the public enterprises in the industrial sector as well as in the organization selected for the study.

In view of these assumptions, this study attempts to discuss these problems and explore and diagnose the reasons for this state of affairs. In addition, the study
Attempts to point out that the managerial aspects of the Public Company are in need of change in the light of the public enterprises concept. In other words what is required for such an organization is the harmonizing of managerial independence and accountability within a working relationship, so that neither efficiency nor the necessary control are neglected, according to the special circumstances of each public enterprise.

Furthermore, our selection and discussion of the management problem of the Public Company in particular is intended to show that Joint-Stock Companies are characterized by unstable relationships. This finding can be accounted for by different reasons including the following:

1) The lack of surplus assets on one hand and the inability to use them effectively on the other.
2) The inability of the partners to receive benefits irrespective of whether they achieve the multiple objectives of the organization.

This study is intended to relate the conceptualization, role and objective of public enterprise to what is actually happening in practice in the industrial sector.
The first chapter deals with the conceptual analysis of public enterprises in an attempt to reveal their scope, purposes, objectives and the role these organizations are intended to play.

In Chapter Two, a historical review of the evolution and growth of public enterprises in the Sudan is given with special emphasis on the Industrial Sector, its organizational forms. A thorough analysis of the prerequisites which govern the overall operations of these enterprises and the role of the Public Industrial Sector in the socio-economic planning together with the major objectives of the Industrial Production Corporation is also dealt with. The major areas of management problems, shortcomings and difficulties are also examined thoroughly.

In Chapter Three the thesis describes the Nile Cotton Company's evolution and growth, its objectives, and its relationship with the environment in which it operates. Organizational structure and managerial aspects are also examined in this chapter.

Chapter Four, together with Chapter Three, constitutes the main part of the study. Here the emphasis is on describing the major areas of shortcomings in the management and organizational pattern of the Nile Cotton Company.
The final Chapter gives the summary and conclusion of the study.

Findings:

From our assessment of the managerial aspects of the public enterprises in the industrial sector as well as in the organization selected for the study, a number of deficiencies and shortcomings in the management of these autonomous bodies may be seen in the following areas:

i) There is no definition or articulation of clear objectives or of the impact of goal setting on the overall performance and operational objectives of these organizations.

ii) There is an absence of measurement and evaluation of efficiency levels in the context of the multiple objectives of these organizations.

iii) The planning system is ineffective because of the absence of clarifying units and effective information systems.

iv) There is a lack of adequate performance control.

v) The same type of organization structure exists in all public enterprises, irrespective of the variations in their legal status, the nature of their work and
objective and the impact of this influence on the efficiency and effectiveness of such enterprises.

vi) authority relationships are not clearly defined.

vii) Most of these organisations follow policies and practices in the field of management that are more or less modelled on the practice of the central government departments.

Adherence to regular government regulations is clearly observed in:

c) Financial management which includes the accounting, auditing and budgeting systems.

d) Personnel management.

e) Production management (i.e. inventory control and storage).

f) Marketing management.

However, since this study is intended to relate the above-mentioned issues to the broader one of reforming and ascending the performance of the Nile Cement Company as well as other forms of public enterprises in the Industrial Sector, the writer’s proposal are based on the concept, legal characteristics, objectives and the role which the Nile Cement Company is required to play.
Furthermore our proposal is also related to the fact that the Mlilo Cement Company has failed to develop fully regardless of its legal characteristics, objectives and the operational environment.

Proposed.

Relationship to the Legislature.

It was stated by A.H. Menden that the legislature has three functions in regard to public enterprises:

i) To pass legislation
ii) To provide finance, and
iii) To supervise the administration.

In order to enable the Mlilo Cement Company to achieve a favourable kind of relationship with the legislature and to enjoy some degree of compatible autonomy and accountability, there are various measures which could be taken. Among these measures are the following:—

a) The legislature's members must be equipped with sufficient economic, technical and management knowledge about the affairs of this company.
This measure could be taken in order to free the company from the continuous need to make appeals for subsidies which are subjected to detailed legislative debates.

c) Since most problems of development have international dimensions, it will be necessary to incorporate in the machinery of the legislation competent persons who are fully aware of the role of this company in the national development of the Union.

d) Legislation control should be forward looking and performance oriented.

The writer suggests also the formation of a parliamentary committee whose members should be well informed about the conceptual and practical problems of public enterprises, as well as the reasons for their creation and the role they required to play. Such committee could be formed to:

1) Check the accuracy of the estimated expenditure according to which the company's or other public enterprises' programs are formulated, whenever it is deemed necessary.
reported by the Board of Directors or noticed by the legislature.

iii) Study and analyze the company's and other public enterprises' annual reports and submit the conclusions of its analysis to the legislature.

**Relationship with the Ministry of Industry.**

In view of the fact that ministerial control is exercised by the Ministry of Industry, it is believed to be necessary and logical to bring the plans, programmes and operations of the Nile Cement Company in line with the general policy and national plans of the Sudanese Government.

The following suggestions, in my view, would create a workable balance between the Company's required autonomy on the one hand and the public accountability code on the other.

i) The Ministry of Industry should issue general directives on matters of general policy and not to interfere in the administration of this Company as well.
ii) Executive's representatives on the Board of Directors should include competent persons who have a thorough knowledge of the question of public enterprises and of Joint-Stock Companies in particular.

iii) It would also be necessary to state clearly in the charter of this company that the Minister of Industry is not allowed to interfere or give any direction until the Council of Ministers or the Presidential Council, whichever the case, is satisfied that it is in the public interest.

On the other hand the Board of Directors should be given the right, whenever it is convinced that ministerial directions are endangering its autonomy, to appeal to the Parliamentary Committee for Public Enterprises.

iv) An advisory committee to investigate management aspects and the overall efficiency of the Nile Cement Company as well as form of public enterprises is also required. Such a committee would be of great value to the Board of Directors in initiating the appropriate policies for ensuring efficient performance.
The committee should be composed of competent personnel, well equipped with a comprehensive knowledge of the overall activities of this company as well as other public enterprises in the Industrial Sector.

Academics from the Department of Politics, Business Administration and the proposed School of Administrative Sciences of the University of Khartoum should be included in its membership. Other members should represent the Sudan Academy for Administrative Sciences, and Development and Productivity Center.

A permanent secretariat should be set up and attached to this committee to follow up its recommendations.

Board of Directors:

In order for the Nile Cement Company as well as other types of public enterprises boards in the industrial sector to carry out their job successfully, measures to re-examine and review their membership composition should be taken, for the following reasons:

1. Government officials should not be included with great number, as they are influenced by the negative bureaucratic practices and government formalism which are not conducive to the achievements of the organization's goals.
b) To appoint the members on a full-time basis in order to eliminate a division of loyalties between their original post and the one to which they are appointed on a part-time basis.

c) To train the members in such managerial skills and qualities as are compatible with the requirements and administration of these organizations.

d) Ex-officio members should be matched equally with academics from the University of Khartoum, Departments of Politics, Business Administration and also from School of Administrative Sciences which is supposed to be established shortly. Academics from Sudan Academy for Administrative Sciences, Development and Productivity Center and business managers, devoted to the principle of autonomy as a necessary prerequisite for management of these enterprises should also be equally represented.

a) The appointment of the Board members should be made by the Council of Ministers in coordination with the People's Assembly, in order to arrive at the best genuinely collective leadership.
2) The term of office should be for five years in order to avoid the adverse impact of the rapid turnover, on the managerial aspects of these organizations.

g) Employes of the Nile Cement Company as well as other public enterprises in the industrial sector, should be represented on the boards, not as representatives of their unions or popular organizations, but as part of the whole enterprise, interested in the welfare and the successful development of their organizations.

h) As to the size of the board, this should range between seven and ten members. If the boards are too big, this could allow too many differences to appear and if they are too small, diversity of opinion which at times could be useful would be limited.

1) The position of managing directors should not be filled only by ex-military officers and key personnel in the central government as is the present practice and who are appointed by the Minister of Industry.

Whenever such a post is vacant this should be publicly announced, in order to give an opportunity for applicants from the public and the private sectors to compete. This would inject new blood and encourage
compotent persons of shouldering all the responsibilities which might be delegated to them by the Board.

Financial Control:

In order to offset the adverse influences of financial control different measures should be taken to give the Nile Cement Company and other enterprises in the industrial sector's financial and accounting systems the necessary form and mechanism.

The main measure to be taken concerns the type of budget to be adopted.

The adoption of programmes and performance budgeting is recommended because in this system control is central on the work to be accomplished and on the costs related to it. It attempts to classify budgeting transactions on the basis of each enterprise's functions, programmes, projects and activities and to measure the results achieved in physical as well as in financial terms. Programmes and performance budgeting would also relate the expenditure of this company and other public enterprises in the industrial sector to specific programmes and projects so

that it could be easily linked to the country's development plan, which is formally formulated in terms of programmes and projects.

Programme performance budgeting is a system designed not only to provide formulation, presentation, and control of the budget but also to ensure management control of the company's operations.

In addition, the introduction of this type of budgeting entails the formulation of long and short-term goals in the major functional areas of this company. It would also serve to calculate the costs of these goals and then to place them in an order of priorities according to the needs of the economy and the enterprises.

The information provided by this type of budgeting will greatly help the Nile Cement Company to estimate the volume of human and material resources required for the attainment of its targets.

Nevertheless, the installation of programme performance budgeting may require some changes in the organizational structure and accounting system of this company.
The change in the organizational structure should bring about harmony between the established programmes and the administration and ensure the greatest possible coordination within the departments of the company and between it as a whole and the Ministry of Finance and Economic Planning. Programmes performance budgeting is forward looking and would thus serve in the projection of the economic and social policies of the Nile Cement Company as well as its useful for decision making at and above the organizational level.

It would also be useful to this company not only as a technique to remedy the shortcomings of the traditionally adopted budget, but also because of its direct relevance to economic planning which has become a necessity for the growth of the national economy of the Sudan.

Programmes performance budgeting must be seriously contemplated by the Budget Agency as its introduction would solve many of the financial problems facing this company as well as other public enterprises in the industrial sector.

It is worth mentioning that the techniques of programmes performance budgeting are very sophisticated
and complex and their implementation requires basic changes in organization, both at the public enterprises level and the Ministry of Finance and Economic Planning level.

Furthermore, the total application of the system requires the existence of such facilities as trained manpower, an efficient system of recording financial data and close coordination between various government agencies, the public enterprises and the Ministry of Finance and Economic Planning.

The Accounts Studies Institution can play a significant role in training and preparing qualified staff to shoulder the responsibilities of preparing and executing programmes performance budgeting efficiently.

The existing accounts system adopted in the Nile Cement Company is far from meeting the requirements of this system. Accounts are kept on a cash basis and are mainly concerned with accountability to the legislature and executive organs.

The above mentioned system can be introduced gradually as it is costly and a country like the Sudan is unable to afford to do so in one step.
According to Professor Burkhead,1

"... the application of certain types of performance budgeting in underdeveloped countries offers considerable potentiality. It has the advantage of being capable of introduction in a step-by-step sequence."

Adopting a business-type budget is not such an effective measure, as program performance budgeting would give the opportunity for the Kile Cement Company to carry out long-term programming. This would satisfy more regular annual appropriations and annual estimations. Furthermore, it could also help to direct accounting and auditing towards checking the efficiency, integrity and judicious implementation of these programs as well as helping to facilitate Company's accountability both to the executive and the legislature.

Accounting

Development in the accounting system of the Kile Cement Company as well as in other public enterprises in the industrial sector, has to emphasize

that accounts should be used as a measurement tool to relate costs to prices and a different accounting mechanism should be used, i.e. cost utility, analysis and benefit cost analysis. These could serve as instruments for sound budgeting and as analytical tools in achieving viable management and effective decision-making.

Development in the accounting system and techniques must be accompanied by the process of infusing of new blood by the appointment of qualified accountants at all levels.

Intensive training programmes should be conducted at the Universities and Accounting Institutions for the present accountants concerning mainly new accounting methods and techniques.

Auditing:

The auditing carried out by the Auditor General's office has since last year been oriented towards the adoption of performance auditing, which could be an effective managerial tool provided that competent and qualified personnel are available to carry it out.
The writer therefore recommends that audit-
ing of the Mica Cement Company should be oriented
in the light of the official declared policy and to pin
point the weaknesses that have hampered the efficiency and effectiveness of
this organization.

Internal auditing unit should be established
in the Mica Cement Company as well as in other public
enterprises in the Industrial Sector, to improve
efficiency and financial and accounting methods.

Purchasing and Pricing:

Managerial efficiency as a factor in
profitability calls for the granting to public
enterprises of the full authority to make purchases
as they may determine, enter into contracts and set
their own prices whenever feasible. They should not
be subjected to lengthy procedures that are applied
to the Central Government Departments.

A review of pricing policies is needed in
order to prevent exploitation of their monopoly
position, profiteering and other undesirable practices
and at the same time to allow reasonable returns on
investment.
An option which is sometimes employed to achieve social purposes as well as to maintain the financial viability of public enterprises is to design pricing policies which set differential prices for different consumers for the same product, i.e., cement can be sold at different prices to individuals, private organizations and Government units.

In the eventuality that the losses of the industrial sector public enterprises including the Nile Cement Company were attributable to the conscious adoption of certain social policies imposed on it by the government, the rational manner of handling this situation would be to assess the specific costs of such policies and to make up the difference to these organizations by various forms of retribution.

These subsidies could be in the form of cost-relief such as lower rates of interest and tax concessions or in the form of specific contribution for specific activities or ultimately in the form of a straight subsidy on a long sum basis.

A desirable policy option which may also be used is cases where losses in public enterprises are of transitional nature as in the case of the Nile Cement
Company, and where steps could be taken within a defined period to rehabilitate the financial health of the undertaking, is the granting of loans at concessional rates of interest to cover the period of rehabilitation.

**Other Types of Managerial Efficiency:**

The starting point of any diagnostic studies of the origins and causes of financial and social losses in public enterprises should commence with a candid examination of the levels of managerial and business efficiency within the enterprise and the impact of the socio-economic political environment.

There is a continuous need for the reexamination and reevaluation of the parameters of managerial efficiency. Among the important issues and factors considered were capacity utilization, productivity, efficiency in management of materials and financial management, technological efficiency, logical organization structure, forward looking planning and the efficiency of human resources development.

These various elements of good management are closely inter-related.
i) Low capacity utilization is a prevailing phenomenon in the Nile Cement Company as well as in other organizations of the industrial sector. The causes were diverse, including frequent breakdowns of plant equipment due to the lack of preventive maintenance, non-availablity of imported spare parts, obsolescence and age of machines etc.

In order to eliminate this problem the Nile Cement Company should formulate an action program and as this would involve decisions at governmental level, the Company should build up the communication skills to obtain the necessary policy support from the authority.

ii) Productivity clearly had a major effect on profitability. What is important is that the Nile Cement Company should have to establish a system of productivity norms which reflect the productivity of machines, human labour and use of material. The identification of bottlenecks and the development of programmes to eliminate them should promise considerable rewards at reasonable cost.

iii) Material management could play a vital role in the effectiveness of the total system of this Company.
The timely availability of raw materials and spare parts is essential in achieving higher levels of capacity utilization.

iv) The concept of financial management should not be restricted as it often is merely to accounting and book-keeping, handling of budgets and monitoring the financial aspects of managerial actions.

The financial manager of the Nile Cement Company should contribute towards cost reduction, investment analysis and the critical matter of management of cash flow.

v) Holding the key to the entire system and perhaps determining the overall capability and efficiency of the Nile Cement Company is the leadership. The Company needs to attract and employ managers of proven capability, experience and motivation. It would be required not only to build up an atmosphere of confidence and team spirit but also need a high degree of communication skills vis-a-vis the public authorities.

vi) Underpinning an effective system of managerial efficiency was clearly the need of the Nile Cement Company for a sufficient sensitivity to establish
logical structural relationships and checks and balances
where they are regarded as appropriate.

vii) Authority relationships should be clarified
and the principle established that authority should be
comensurate with responsibility. Departmental functions
and job description should be clearly defined and
communicated to all concerned. Manuals containing such
information should be prepared and periodically updated
to introduce necessary changes.

Moreover a serious attempt at genuine
delegation of authority should be made.

viii) Managers of the Nile Cement Company should
attempt to understand, deal with and utilize the
informal organisation in the attainment of organizational
goals and to minimize any related negative influences.

ix) Leaders, especially at the top levels,
should demonstrate by word and action that planning
is a crucial activity in the survival of the enterprise.
They should insist on the timely preparation of plans,
provide moral and material support for them and should
take such plans seriously when prepared.

Attention should be given to the creation of
planning cell at the Nile Cement Company level which
should be staffed with competent and trained cadre.

x) A good information system should essentially
look ahead, foreseeing possible problems which may arise
and thus enabling the manager of the Nile Cement Company
to take evance action to deal with them. It should be
borne in mind that the information collected, analysed
and stored should be relevant, economic and easy to
understand and use.

If all these parameters of managerial efficiency
were to be followed in practice, clearly a new atmosphere
would have to prevail in the management of the Nile
Cement Company as well as other forms of public
enterprises in the industrial sector.

**Personal Management**

What is needed in the Nile Cement Company,
is a more flexible and progressive type of personnel
policy which could only be achieved if both the legal
provisions are provided as well as the necessary
structural arrangements and the ability and willingness
on the part of the management of this Company to carry
them out.

In its present situation, the Nile Cement
Company requires all these elements. The role of
managerial personnel is a vital one in the process of establishing a viable organization and in achieving the organizational and managerial requirements necessary for autonomous operations.

According to the data obtained, the existing personal policies and practices of the Nile Cement Company are found to be generally closer to the policies tailored by the central government than to the ideal requirements of a public enterprise.

The following areas of personnel activities of this Company are in need of drastic change and reform.

1. Selection and Recruitment:

It should be the established policy of the Nile Cement Company to publicize any vacancy at any level, and selection should be strictly based on scientific job evaluation and the qualification of the applicants.

In order not to bureaucratize the Company's staff, it should be explicitly stated that every member of the staff will be given the opportunity if he works well, to climb to the highest positions.
(ii) Promotion:

Standard forms for reporting on the performance of the Company's employees, should be designed on the basis of job planning with more emphasis on the requirements of each job.

Furthermore, in order to articulate the operational objectives of performance as a criterion for promotion, the personnel department in the Nile Cement Company in consultation with the individual employee and his supervisor has to prepare a plan of work for the forthcoming year, quantifying the targets as far as possible. At the end of the year, the employee himself should be asked to write a report on his performance compared with the plan of work, explaining the reasons for any shortfall or over achievement. The superior should then evaluate the performance with the help of the plan of work and the report written by the official himself, and with the guidance of the personnel department. This department should try to ensure objectivity and comparability with the evaluation of the performance of employees in similar parts of the organization.
What is needed is a system which provides sufficient opportunities for the for talented and hard working individuals to get ahead while giving the majority fair opportunities for promotion.

One solution is to fix a criterion for promotion strictly on the basis of merit and another for promotion on a seniority basis to those posts which are characterized by routine work.

Such issues call for a considerable amount of research and planning on the part of the production units and their headquarters.

Training:

Our study of this Company reveals that management training was neglected, and this has to be rectified. The emphasis is on technical training especially for engineers.

What is needed is a training strategy, curricula and methodology for training of managers at all levels.

Furthermore, this Company as well as other public enterprises in the industrial sector, is in need of sector-specific training programmes, i.e. The Mic Company has to develop training programmes in the field of Cement technology.
Management has to be seen by the authorities of this Company to be a profession requiring the same degree of emphasis as technical training. Managers at all levels of the Company have to be subjected to a process of continuous education and training in order to update their knowledge and experience and to prepare them for higher career levels.

Types of training which can be adopted in the case of the Mile-Gwent Company, in order to bring about relatively permanent changes in the behaviour of individuals can be classified into two broad categories:

(A) On the Job training

(B) Off the Job training

Included under on the Job training are the following methods and techniques:

i) Orientation and programmed instruction where the need is for programmes adjusted to individual needs and the objectives of the Company.

ii) Coaching and counselling which is used by the supervisor to discuss performance with his subordinates in order to improve it.

iii) Correspondence courses are of use to employees, considering the fact that the Company is located in an isolated area.
iv) Practical training for manual workers, clerical staff and clerical training institution, could be carried out on a day-release or part-time basis.

v) Refresher courses for the middle management.

vi) Job rotation which is a carefully timed programme to give the employee a range of experiences relating to various functions of the department concerned i.e. an accountant has to have a good knowledge of store accounts, sales accounts, banking and wages accounts, so that he can replace his colleague if the situation demands.

vii) Peer counselling, which can be useful in the monthly production committee meeting and the weekly head of sections meeting of this Company.

Off the Job training can include both practical and academic courses carried out by training institutes and Universities in the region or abroad on the basis of the training needs of this Company.

Evaluation and follow-up after training are essential to reinforce and utilize the new skills gained.

If the concept of training is considered with regard to all these parameters, managere of the file
Cement Company will be in a position to avoid the dilemma of finding themselves subject to the same type of administration as the central government departments as regards accountability and goals. Yet at the same time they are expected to function as business managers.

To conclude this thesis one may state that, the reform of the Nile Cement Company as well as other forms of public enterprises in the industrial sector, needs a new consideration of the special circumstances of each individual organization within the general framework of the concept of public enterprise on the part of the Government and the Ministry of Industry.
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