

IMPACT OF PRIVATIZATION ON THE NATIONAL DEVELOPMENT

**(A CASE STUDY OF IBADAN ELECTRICITY DISTRIBUTION
COMPANY (IBEDC), ILORIN)**

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CERTIFICATION

This is to certify that this research work was carried and has been closely read and approved as meeting the requirement of Department of Business Administration, Institute of Finance Management Studies, Kwara State Polytechnic, Ilorin for the Award of Higher National Diploma (HND) in Business Administration.

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CHAPTER ONE

INTRODUCTION

1.BACKGROUND OF THE STUDY

Privatization (the transfer of government owned share-holding in public enterprises to private shareholders) is one of the revolutionary innovation in economic policies of both developed and developing countries (Igbuzor 2003: Chambers 2008).The ultimate goal of any credible and legitimate government is to ensure sustained improvement in the standard of living of the citizenry. Towards this end, Nigerian government found it necessary to design a developmental plan that will facilitate effective mobilization, optimal allocation and efficient management of national resources.

To achieve this aim, public enterprises were established across the country to carry out these obligations. Towards the end of 1980, the public enterprises which had grown too large began to suffer from fundamental problems of defective capital structures, excessive bureaucratic control and intervention, inappropriate technologies, gross incompetence and blatant corruption (Aboyade, 1974). With the deep internal crises that included the high rate of inflation and unemployment, external debt obligation and foreign exchange misalignment, Nigeria and many other African countries were strongly advised by the World Bank and I.M.F to divest (privatize) their public enterprises as conditions for economic assistance (Nwoye,1997).

This economic policy (Privatisation) is a product of neo-liberal economic reforms that became popularised and globalised through the World Bank and International Monetary Fund (I.M.F). As an innovative economic policy, Privatisation started in Chile under the Military Government of General Augusto Pinochet in 1974 and was adopted in Britain between 1986 and 1987 as a central part of economic policy shift (Hanke, 1987). Privatization in Nigeria started in 1986 as an integral part of Structural Adjustment Programme (SAP) (F.G.N, 1986: Ndebbio, 1991).

Prior to this period, the Nigerian state has participated actively in public enterprises (Nwoye, 2003). This trend continued until 1988 when privatization programme was officially launched (Anyu, 2000; Igbuzor, 2003). The Federal Government privatized 89 Public Enterprises (PEs) between 1988 and 1993 in the first phase while 32 enterprises were privatized in the second phase which ran from 1999 to 2005 (Mkpuma, 2005). It was envisaged that privatisation would improve operational efficiency of our inefficient public enterprises (PEs), reduce government expenditure, increase investment and employment as well as ensure job security in Nigeria (Subair and Oke, 2008; Jerome, 2008).

Surprisingly, since the official introduction of privatisation in 1988, the policy has been a subject of intensive debate and has remained highly controversial in Nigeria (Nwoye, 2010). Most Nigerians hold divergent views on the contribution of the

privatization programme to the Country's economic development in its two decades of existence in Nigeria.

Therefore this study attempts to convey the message that privatisation is in the interest of the masses both in terms of poverty alleviation and enhancement of national development, through a careful study of Ibadan Electricity distribution Company.

1.2 STATEMENTS OF PROBLEM

The operational inefficiency of some privatized companies like Electric Meter Company of Nigeria Zaria and National Electric Power Authority (NEPA) now Power Holding Company of Nigeria (PHCN) among others is even more worrisome. The supply and distribution of electricity to consumers is still grossly inadequate (Subari and Oke, 2008). These variables and others have provoked more arguments, some in favour of privatization and others against it.

The position of the critics over privatization in Nigeria is that the economic reform is a plot by few elites to sell public enterprises to themselves at the expense of the masses and that privatization cannot rescue Nigeria from its precarious economic situation. Those in favour of privatization argue that it aids poverty reduction through efficient operation, increase in productivity, employment, and job security. They are also of the opinion that privatisation widens the distribution of wealth in our society (Jerome, 1999; 2005).

More than twenty years of privatization in Nigeria, there are still mixed feelings about the efficacy of the policy, especially as government is set to fully privatize the Power Holding Company of Nigeria (PHCN) and to complete the second phase of the privatisation programme (Iba, 2010). Some have asked for total stoppage of the programme while others still see privatization as a revolutionary policy with the ability of addressing the inadequacies of our PEs. The last school of thought has argued that what the government needs to do is to reassess and rethink on the implementation of the programme.

1.3 RESEARCH QUESTIONS

1. How has the transition from commercialization to privatization foster economic growth in Nigeria?
2. What are the challenges faced by the ongoing privatization programme in Nigeria?
3. What are the roles solely played by PHCN to ensure economic growth in Nigeria and what are the measure taken by this company?
4. How has the transitional programme helped and enhance the economic growth of Nigeria?
5. What are the reasons for privatization and commercialization?

1.4 OBJECTIVES OF THE STUDY

This study is therefore set to reassess the privatization of Electricity Sub-sector PHCN in Nigeria and its effects on poverty reduction, more specifically, this study will analyze and access

- i. How privatization and commercialization policies have increased productive efficiency
- ii. To examine how privatization and commercialization will help in improving the financial health of public service
- iii. To analyze the impact of privatization and commercialization in Nigeria economy
- iv. To analyze the effects and the influence of privatization and commercialization on the rate of economic growth
- v. To access the power Holding Company and analyze its roles on Nigeria economy

1.5 RESEARCH HYPOTHESES

Ho: Privatization and Commercialization have no positive impact on the economic growth and development process of Nigeria

H1: Privatization and Commercialization have no positive impact on the economic growth and development process of Nigeria

1.6 SIGNIFICANCE OF THE STUDY

- This study shall be of immense importance to a cross-section of people, Organization and the government.
- It will assist the government on the implementation of the on-going privatization exercise and improve on the existing policy.
- It will help to provide a clear assessment on some of the privatized enterprises.
- It will provide an avenue for the people to decide on whether to support the privatization programme or to kick against it and equally assist students as a reference material in their libraries and for future research work.

7. THE SCOPE OF THE STUDY

The scope of the study shall be limited to the effects of privatization on poverty reduction in Nigeria through a proper coverage of telecommunication sub sector of the economy only. The major constraint faced in trying to address privatization issues in Nigeria, is the lack of adequate data on the quantitative impact of privatization. Several studies have been conducted but most of these covered developed countries in general with little emphasis on Nigeria. Despite this shortcoming, however, an attempt has been made to conduct a thorough analysis based on the limited information available. Secondly, time and money is required for transportation to meet appointment with those to be interviewed, procurement of relevant research materials and the preparation and administration of research instruments.

1.8 PLAN OF THE STUDY

This research work is divided into five chapters:

Chapter one contains background of the study, statement of the study, research question, objective of the study, research hypothesis, significance of the study, scope of the study, definition of key term, organization and plan of the study.

Chapter two discusses literature review. Chapter three contains research methodology, source of data collection, area of study, population, sampling, sampling

techniques, validity of instrument, description of research instrument, research hypothesis, procedure for data analysis

Chapter four deals with data presentation and analysis, presentation and analysis of data, data interpretation, test of hypothesis.

Chapter five highlights Summary, Conclusion and Recommendations

1.9 DEFINITION OF TERMS:

PRIVATISATION: Is the transfer of government business (ownership) interest to private individuals and organisations.

PUBLIC ENTERPRISES: These are capital-intensive business units established by government and empowered by law to render certain crucial services which in the opinion of the government cannot be effectively rendered by private entrepreneurs apparently because of their profit maximization posture.

POVERTY REDUCTION: Is the reduction of human suffering in a society or improving the well-being of citizens in a particular society. It is increasing the standard of living of individuals in a particular society.

TELECOMMUNICATION INDUSTRY: Is devices and systems that transmit electronic or optical signals across long distance, which enables people around the world to contact one another, to access information instantly and to communicate from remote areas.

CHAPTER TWO

LITERATURE REVIEW

1.INTRODUCTION

Privatization and commercialization has become a major element of economic reforms and an important instrument for advancing the global competitiveness of nations. It has become a familiar concept among economist, financial experts and policy makers with more controversial ideologies.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 PUBLIC ENTERPRISE

There appears to be no generally accepted definition among all the scholars regarding the conceptual meaning of public enterprises. One reason according to Sosna(1983) for the inability to have a single standard definition of public enterprises was that public enterprises were established at different periods and each epoch naturally brought forth the types of public enterprises most clearly matching its own conditions. It is therefore believed that the variation in definition are informed by the ideological, values, interest, dispositions and circumstances that brought public enterprises into existence (Adeyemo and Salami,2008). In spite of the above, we shall examine and review a number of definitions as given by renowned scholars of public enterprises.

Efange (1987), for instance, defines public enterprises as institution or an organization which are owned by state or in which the state holds a majority interest,

whose activities are of business in nature and which provide services or produce goods and have their own distinct management.

Obadan and Ayodele(1998) define public enterprises as an organizations whose primary functions are the production ,sale of goods and services and in which government or government controlled agencies have no ownership stake that have sufficient to ensure their control over the enterprises regardless of how actively that control is exercised.

The basic reason for establishing public enterprises in all economies has been to propel development. Hanson (1972) reflecting on Turkey, Mexico, India and Nigeria noted that the establishment of public enterprises is premised on what he considered as obstacles to economic development in the post independence states. It is also instructive to note that in Nigeria like many other developing countries, public enterprises are used as employers of last resort.

Ugorji (1995) observes that public enterprises have also been established for political reasons and many government undertakings are used to provide jobs for constituent's political allies and friends. But in Nigeria establishment of public enterprises and distribution of government employment have been defended on the need to maintain federal character and promote national integration. In Nigeria public enterprises suffer from gross mismanagement and consequently resulted into inefficiency in the use of productive capital, corruption and nepotism, administrative bottleneck which in turn weaken the ability of government to carry out its function efficiently (World Bank, 1991). These undesirable physical and financial performance and other problems of the PEs have made Nigeria to embark on the public enterprises sector wide reforms via the privatization policy.

2.2.2 WHAT IS PRIVATIZATION?

Privatization can be defined in several ways depending on the form it takes. The World Bank defines privatization as “a transaction or transactions utilizing one or more of the methods resulting in either the sale to private parties of controlling interest in the share capital of public enterprises or of a substantial part of enterprises or of a substantial part of its assets”.

Privatization has become an important instrument for streamlining the public sector and promoting economic development in countries all over the world. It is a strategy for reducing the size of government expenditure and transferring assets and service functions from public to private ownership and control (Ugorji, 1995).

Helad (1988) maintained that there is a very wide range of initiatives usually discussed under the term privatization. Such initiatives includes: the substitution of user charge for tax finance, the letting of management contracts while retaining ownership, and liberalization for the promoting of competition in markets previously reserved for statutory monopolies.

Cook and Kirkpatrick (1988) maintained that the drive towards privatization is merely a result of the confusion arising from the role of price mechanism and of the

private sector in mixed economy. The shift from the 'more – government' attitude of the 1940s to the 'more-market' attitude in the 1980s is merely a shift in paradigm, rather than in ideology.

Thus, all the initiatives that emphasize more use of the market or more use of 'private- sector- culture' is termed privatization. Hence the entry of more firms into the previously monopolistic field is privatization; and exposure of enterprises to bankruptcy and take-over is privatization. Cook and Kirkpatrick (1988) define privatization as the transfer of productive asset from public to private ownership and control.

Boachie-Danquash (1988) defines privatization as the transfer of ownership of public resources or asset to private individual and firm through various options:

- sale of state-owned enterprises to the private sector through privates placement, public offerings or competitive bidding by strategic investors;
- allowing private operators to compete in sectors that have been the exclusive domain of PEs;
- breaking up a monopoly into various branches of activities to stimulate competition;
- transferring the management of PEs from public to private through contracts, leases or concessions.

POVERTY

Poverty often appears as an abstracts concept, especially from the perspectives of researchers and policy makers in developing countries. The best definition of poverty remains a matter of considerable academic and political argument. Perhaps the only view on which there is consensus is that the standard of living of citizens falls below minimum acceptable levels. According to World Bank (2001a) "Poverty is pronounced deprivation in well-being. It refers to hunger, lack of shelter, being sick and unhealthy, not knowing how to read, joblessness, and fear for future, lacking access to clean water and lack of opportunities representation, loss of freedom and social exclusion.

To classify poverty it is necessary to identify the poor. In order to identify the poor a poverty line has to be set. Rag ayah Haji M.Z (2004) stated that the poverty line is the level of income that is just insufficient to obtain the minimum necessities of life or basic needs which includes both food and non – food items. It can be in form of absolute or relative poverty. Absolute poverty occurs when a person or household income falls below the poverty line (i.e. when his income is insufficient to acquire minimum necessities of life). While relative poverty is defines the ratio of average standard of living of a particular society at a particular time.

2.2.4 POVERTY PROFILE IN NIGERIA

Ogunleye O.S (2006) stated that it is sadden to note that about 1.5 billion people live below the poverty line of less than one dollar per day worldwide, out of this number 250 million constituting 17% of the world total poor population are in Africa. The Department for International Development Britain's Agency for fighting poverty globally disclosed that 90 million of Nigerians are in absolute poverty these figure represents the number of the people living on less than one dollar per day.

In Nigeria available data from Federal Office of Statistic (2001) indicated that majority of the poor are located in the rural areas. In 1985 for instance 49.9% of the populations in rural areas were poor declining to 46.1% in 1992 only to rise to 67.8% in 1996. Another data from Federal Office of Statistics 2001 showed the poverty situation in Nigeria from 1980 -1997.

Table 1: Poverty level in Nigeria 1980 -1997

Year	Estimate total population (million)	Population in poverty (million)	Poverty level %
1980	65 million	17. 7 million	27.2%
1985	75 million	34. 7 million	46.3%
1992	91.5 million	39. 2 million	42.9%
1996	102. 3 million	67. 1 million	65. 6%

Source: Federal Office of Statistics, 2025

2.2.5 PRIVATISATION OF PUBLIC ENTERPRISES IN NIGERIA.

Nigeria's public enterprises sector is perhaps the largest in sub-Sahara Africa both in terms of absolute numbers of enterprises and the contribution to the gross domestic product (Lewis, 1994) . Since the colonial era, public enterprise have assumed increasingly diverse and strategic development roles in the Nigeria economy. This was accentuated during the oil boom era of the 1970s and 1980s, when the military regimes decided to take control of the commanding heights of the economy. The sectors covered including manufacturing, agriculture, banking and finance services and public utilities such as telecommunications, power, energy and water etc.

A survey report by (chambers,2008) indicates that as at 1985, there were about 1500 public enterprises (PEs) in Nigeria, made up of 600 at federal level and 900 smaller public enterprises at state and local levels. These enterprises accounted for about 30-40 percent of aggregate fixed capital investment and 50 – 60 percent of formal sector employment. It is estimated that successive Nigerian government invested about 800 billion naira (approximately \$ 90 billion USD equivalent) in the public enterprises sector over two decades (Obadan and Jerome, 2004). These were made up of equity loans subventions from the treasury and loan guaranteed. These investments yielded only U.S \$ 1.5 billion in dividends and loan repayments from 1980 to 1987 (Federal Government of Nigeria, 1986: 24). Following the persistent failure, these enterprises require continuous massive subsidies but deliver only intermittent and sub- standard services.

About 40 percent of non- salary recurrent expenditure was expended annually on these enterprises. Net out flows from government to the public enterprises sector have been estimated at \$ 2 billion (USD) annually (Callaghy and Willson, 1988). The presence of non – performing public enterprises has effectively impeded entry by potentially efficient operators.

In the wake of the economic recession that began in 1981 following the collapse of oil prices the activities of public enterprises attracted more attention and under went closer scrutiny, much of it centering on their poor performance and the burden they impose on government finance. The above precipitated the disposition of the government towards a national privatization programme, the implementation of which commenced in 1988. The federal government subsequently promulgated decree No 25 on privatization and commercialization in July, 1988 to give legal backing and formally initiated Nigeria's privatization and commercialization programme.

In conformity with the provision of the decree, an 11 person Technical Committee on privatization and commercialization (TCPC) was inaugurated on 27th August, 1988 under the chairmanship of Dr Hamza Zayyad, with a mandate to privatize public enterprises and commercialize 34 others (Igbuzor, 2003). In 1993, having privatized 88 out of the 111 enterprises listed in the decree, the TCPC concluded its assignment and submitted a final report. Based on their recommendation to TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises (BPE) to implement the privatization programme in Nigeria.

In 1999, the Federal Government enacted the Public Enterprises Act (privatization and commercialization Act) which created the National council on privatization chaired by the vice president Alhaji Atiku Abubakar.

2.2.6 FUNCTION OF NATIONAL COUNCIL ON PRIVATISATION

The functions of the Council include:-

- Making policies on privatization and commercialization.
- Determining the modalities for privatization and advising the government accordingly.
- Determining the modalities for privatization and advising the government accordingly.
- Determining the timing of privatization for particular enterprises.
- Approving the prices for shares and appointment of privatization advisers.
- ensuring that commercialized public enterprises are managed in accordance with sound commercial principle and prudent financial practices; and.
- interfacing between the public enterprises and the supervising ministries in order to ensure effective monitoring and safe- guarding of the managerial autonomy of the public enterprises.
- Approve the budget for the council and the Bureau.

FUNCTIONS OF BUREAU OF PUBLIC ENTERPRISES

The 1999 Act also established the Bureau of public enterprises (B.P.E) as the secretariat of National Council on Privatization. The function of the bureau include among others to do the following:

- implement the council's policies on privatization and commercialization;
- Prepare public enterprises approved by the council for privatization and commercialization.

- Advise the council on capital restructuring needs of enterprises to be privatized.
- ensure financial discipline and accountability of commercialized enterprises;
- make recommendations of the council in the appointment of consultants;
- advisers, Investment bankers, issuing houses, stock brokers, solicitors, trustees, accountants and other professionals required for the purpose of either privatization or commercialization;
- ensure the success of privatization and commercialization implementation through monitoring and evaluation;

7. LIST OF SOME PRIVATISED PUBLIC ENTERPRISES IN NIGERIA

The non- performance of public enterprise occasioned government decision to privatize and commercialized them. According to Anya (2000), 111 public enterprises were earmarked for full and partial privatization while 35 enterprises were to be commercialized and the exercise was to be carried out in two phases.

The first phase of privatization spanned from July 1988 to June 1992. In this phase the following method was adopted 36 enterprises were privatized on differed public offer, 8 were privatized through private placement . 8 were privatized via sale of assets 1 enterprises was privatized through Management Buy Out (MBO) 18 non- water assets of River Basin Development authorities were sold (Anyawu, 1999; Anya, 2000).

Under the second phase starting from November, 1992; 25 enterprises were earmarked for full privatization. These enterprises include 5 commercial merchant banks, 3 agro-allied companies, 2 hotels, 6 motor vehicle and assembly companies. While those for partial privatization includes 2 telecommunication companies, National Electric Power Authority (NEPA) now PHCN, 7 petroleum companies, 2 fertilizer companies 3 transport and aviation companies, 3 paper companies and 3 sugar companies (FGN, 1999).

2.2.8 PRIVATISATION OF TELECOMMUNICATION SECTOR

The choice of choosing telecommunication industry in Nigeria as a case study is because of its functions and benefits to the poor and the economy at large. Looking back to what life used to be for Nigerians before the evolution of Global System Mobile (G.S.M) about a decade ago, one can clearly understanding the positive impact of privatization through G.S.M. operation in Nigeria.

The telecommunication sector is a major infrastructure required for any meaningful economic development to take in a country. Olusoji (2000) stated that Nigerian Telecommunication limited (NITEL) was created from a merger of the Nigerian External Telecommunication and the Telecommunication Departments of the defunct Post and Telecommunication in 1985. Before January,1985, when NITEL began its operation as a parastatal, it faced a lot of problems and several reforms took place that resulted to privatization and commercialization.

Omotosho (2003) asserted that NITEL was faced with the problem of vandalization on its network, operational constraints placed on its path by obsolete

equipment, a bloated work force and increased untraceable bills due to the activities of saboteurs. With these problems put in check in 1988 when Technical Committee on privatization and commercialization (TCPC) Decree was promulgated, the consolidation and the transformation of NITEL from a quasi commercial to a full commercial company became reality. The main objective of establishing NITEL was to harmonies the planning and co-ordination of internal and external telecommunication development and provide accessible efficient and affordable services. NITEL have the mandate of providing the following in telecommunication activities to the nation:-

- i.Fixed line telephony services.
- ii.Mobile telephony services.
- iii.Internet services.
- iv.V-SAT services.

However, almost 20 years or more down the line the Nigeria Telecommunication Limited had roughly half a million (500,000) lines available to over 100 million Nigerians. NITEL, the only national carrier had a monopoly on the sector and was synonymous with epileptic services and bad management.

On assumption of office on May 29, 1999, the President Olusegun Obasanjo administration swung into action to make it a reality the complete deregulation of the telecommunication sector. Most especially the much touted granting of license to G.S.M service providers and setting in motion the privatization of telecommunication sub-sector (Nigeria Business information, 2005).

The telecommunication sub-sector was opened up with the issuance of Global System for Mobile Communication (G.S.M.) unified license in 2009 by federal government through the ministry of information and communication . The issuance of this license in Nigeria generated a revenue of more than \$285 million(USD) to federal government in the year 2001 ([http: 11 issacefadeyibi, blogspot.Com](http://11issacefadeyibi.blogspot.Com)). The deregulation ushers in telecommunication player like Econet, MTN and Globalcom these are the pioneers of G.S.M activities in Nigeria before the emergency of other companies such as, Etisalat, Visafone, Multilinks, Starcom, Zoom etc, the operators activities are being regulated by Nigeria National Communication (NCC).

2.2.9 THE IMPACT OF PRIVATISATION ON NATIONAL DEVELOPMENT IN NIGERIA

The impact of privatization on the poor in Nigeria can be assessed through a careful study of the G.S.M companies that emerged as a product of privatization or deregulation of telecommunication sector in Nigeria. The deregulation of telecommunication industries in Nigeria gave birth to Econet wireless, MTN Nigeria, Globalcom Nigeria and M-TEL etc. All these are the pioneers G.S.M operators in Nigeria but this study choose MTN Nigeria as a case study because of it's role in poverty reduction and economic growth in Nigeria ([www.Isaacfadeyibi. blogspot .com](http://www.Isaacfadeyibi.blogspot.com)).

MTN Nigeria is part of the MTN group, Africa's leading cellular telecommunication company. On 16 May, 2001, MTN became the first G.S.M network to make a call following the globally lauded Nigeria G.S.M auction conducted by Nigeria Communication Commission earlier in that year. MTN paid \$285 million (USD) for one of the four G.S.M licenses in Nigeria in January 2001. Since then the company has invested more than \$1.8 billion (USD) in building mobile telecommunication infrastructure in Nigeria ([http: www. mtnonline .com](http://www.mtnonline.com)).

Since launched in August 2001, MTN has steadily deployed its services across Nigeria. It provides service in 223 cities and towns, more than 10,000 villages and communities and a growing number of highways across the country, spanning through the 36 states of Nigeria and federal capital territory Abuja. MTN Nigeria have an overriding mission to be a catalyst for Nigeria's economic growth and development; helping to unleash Nigeria's strong development potential not only through the provision of world class communication but also through innovative and sustainable corporate social Responsibilities initiative (CSR). This Corporate Social Responsibility (CSR) initiative is a programme designed by (MTNF) MTN foundation to help reduce poverty and foster sustainable development in Nigeria. The focus of the foundation is to give back to the society and impact on the quality of lives in communities where they operate in a meaningful way.

10. BENEFITS OF PRIVATISATION IN NIGERIA

According to Prof. Anya (2000), the phase 1 of the privatization has given Nigeria economy some benefits such as:-

a. Increase in revenue generation: The sales of shares and assets realized over ₦65.5 billion as gross privatization proceeds 1994 from the privatization of 55 enterprises whose total original investment was ₦ 8.9 billion in 1987 according to the record of Ministry of Finance incorporated (MOFI 1994).

Corporate taxes paid by this privatized companies increases the national treasury thereby halted subsidy and bonus given out by the government.

b. Reduces staff redundancy: The programme of privatization has greatly minimized the scope of political patronage in the form of board appointments and jobs for the boys. The Federal Government relinquished about 280 Directorship position after privatization thereby put a stop to their use of Public Enterprises as dumping ground for political appointees at management and board level.

c. Strengthen of the capital market: In Nigeria, the implementation of privatization programme led to the strengthening of capital markets as well as increasing financial sector activity, over 800,000 share holders were created almost twice as many as they were in 1988 when the exercise started (Mahmoud, 2004).

- Privatization has also intensified the operation of the capital market, created awareness in the virtues of share holding as a form of saving rather than an elitist past time which was thought to be. This is a good development which enhances capital

formulation and economic trend, many of the investors have discovered that it is easier to raise fund through capital market, than treasury, once investor's confidence is developed.

- d. Greater Operational efficiency:- There is no doubt that operational efficiency creates demand and demand generates profitability in business which leads to continuity in business. Before privatization most of the public Enterprises were operational inefficient in their activities leading to operational lost. Due to operational lost some of the public enterprises winded up, thereby aggravated unemployment which is an indication of poverty in Nigeria. According to Agba (2004) Niger mills Calabar started operation in 1974, but due to operational inefficiency of the company many staff were redundant and the company winded up and many staff lost their jobs. After some year, during privatization the company was bought over by Flour Mills of Nigeria Lagos. They resumed operation with 400 workers thereby by reducing unemployment in Nigeria.

The privatization of CALCEMCO by Donald Duke led administration to the management of UNICEM created new jobs in Cross River State. It should be noted that before the privatization CALCEMCO was closed down for years rendering hundreds of workers jobless the situation was similar with Akwa Ibom State where operational inefficiency of eight (8) state owned Enterprises rendered thousands of workers jobless. These enterprises are;

- Champion Breweries plc, Uyo.
- Quality Ceramics Limited, Itu
- Plasto –Crown Limited, Uyo
- Sunshine Batteries Limited Essien Udom
- Qua Steel Products Limited, Eket
- Akwa Palm Industries limited Esit Eket
- Asbestonist Limited, Oron
- International Biscuits Limited Essien Udom.

- e. Reduced government spending: As already mentioned, privatization implies that government are no longer spend public finances on supporting poor performing public enterprise. Such savings, coupled with cash inflows in respect of privatization proceeds provide opportunities for governments to spend adequately towards education and health as well as other development and job creating investment area.

- f. Increase in technology and skill transfer: Through privatization, especially in the case of sales to foreign investors hitherto, publicly owned firms benefit from the much needed technologies and skills of more competitive entities abroad. Many countries such as Nigeria embrace the “core investor” concept whereby at 51% of the shares are sold to a core investor who must meet certain minimum requirements. Among them are the ability to bring in advanced technological and managerial know-how. This leads to better performance in the form of greater productivity which eventually means more job creation, higher individual incomes and reduced poverty.

g. More competition: Privatization encourages competition and hence leads to all the benefits associated with it, such as improved customer services and reduced prices. In practice, privatization is accompanied by competition and in some cases, privatized firm are given a period of protection while competition is introduced afterwards.

h. Employment creation: Evidence suggests that privatization increases employment. In the case of mobile telecommunication industries in Nigeria it creates more jobs than lost of job in the past ten years of operation.

According to Wojuade (2005;57) determining the exact employments contribution is as equally difficult as calculating global mobile revenues. But in respect of employment over 135,000 persons have been directly and indirectly employed by the operators and their distribution chain components in Nigeria. While the industries support service sectors such as Banking, insurance, consultancies, haulage, shipping and as well as the small and medium scale Enterprises (S.M.E) segment of the economy have also witnessed very significant levels of increased activity.

Moreover privatization is in the interest of employees; although there are a few exceptions to this, such benefits take three forms:

(i) Employment levels tend to increase after privatization.

(ii) remuneration packages tends to improve after privatization and many employees bought shares at discounted prices in the privatized firm and these benefited when share prices eventually rose.

11. CHALLENGES OF PRIVATIZATION IN NIGERIA

According to Prof. Anya (2000) part of the problems facing these exercise, is that the privatization exercises are seemingly slow as a result of the desire of the government to ensure maximum transparency in the process as well as introduce measures that will sensitize the people to participate massively.

International Refereed Research Journal (October,2010) stated that privatization exercise in Nigeria had suffered a number of constraints such as:-

- i. Instability in government: At these level instabilities in government plays a major role to bring inconsistent policies that make implementation difficult or totally impossible for privatization to stand. For instance, since inception of privatization in 1986, the country has under go through five (5) different administration with different ideologies and developmental programmes. Between 1989 and 1998 the privatization exercise was suspended only to restart in 1999 with a different or new body (NCP) to handle the exercise instead of (TCPC). This change in government brings charges in ideology that makes the policies and regulatory framework inconsistent.
- ii. Lack of regulatory framework and policy implementation: Many privatization policies fail to achieve its objectives, not because they were improperly executed, but because the institutional and regulatory framework is lacking. Privatizing a complete public

monopoly could change the status of a firm to a private monopoly. Without the introduction of regulatory framework that will enhance competition, absorb the retrenched staff and ensure that only bidders with necessary pre-requisite experience to run the enterprises will bid. Without proper policy framework the implementation of privatization in Nigeria will never achieved its objective.

- iii. Corruption: Nigeria's privatization faced difficulties due to corruption and lack of transparency that griped the whole exercise. Many of the government officials see such transaction as a way of making money for themselves and friends, thereby making the process not acceptable to the general public. Some powerful government official may choose to under-value the assets of a particular public enterprise to be privatized thereby deceiving the general public about the worth of the institution. But at the back they will conspire with their friends to buy the enterprises at a giveaway price.
- iv. None consultation of stakeholder: Stakeholders on privatization include labour union, trade unions, employees, consumers, managers and so on. Each of these groups has a different interest in public enterprises and privatization is concern to all. Given the influence of these different groups and their capability to disrupt any proposed privatization, it is of paramount importance that they are adequately Consulted prior to and during the entire process of implementing privatization transaction.
- v. Lack of commitment: Some of the government officials handling the privatization process lack commitment. There is evidence that the privatization process has been subverted by personal interest rather than national interest. It has been proven that the criteria fixed by government which includes financial competence of the institution, financial and managerial capacity have not always been put to use. Given the amount of resistance privatization tends to face, there has to be great commitment or political will if the programme is to succeed in any country. Through such commitment, political leaders will be prepared to defend their position on the need to privatize, irrespective of the amount of criticism they face from the different stakeholder.

2.3 THEORETICAL FRAMEWORK

It is interesting to note that the socio-economic and political dynamics of a nation state is directly or indirectly influenced by the paraphernalia of government and its policy framework. This to a large extent, guides the economic fortune and direction of the state to the extent of which a nation becomes great or dwindles due to the personal whims of state actors involved in the formulation and implementation process. Consequent upon this therefore, it can be said that the economies of various countries of the global system have always been influenced by the position taken by the states in question in terms of either regulation or deregulation of the economic base of the society. The import of this position in the scheme of economic life of any state is buttressed by a particular theoretical analysis.

Drawing from the foregoing, therefore, the underpinning for Nigeria's privatization as it patterns power sector can best be analysed using the elite school of thought as a theoretical construct.

Elitism is a vague concept which has attracted a lot of concern from scholars in the social sciences in contemporary times. Thus, while an 'elite' is a role player involved in the direction and control of a nation's wherewithal, resources, persons or groups of people, elitism on the other hand defines the power configuration and inter-play of group influence, authority, charisma, egocentrism, selfishness, etc. All of these characteristics are practically exhibited by the ruling class in their own selfish interest. Elitism defines alienation, want, deprivation, poverty, disease, wanton neglect, and above all, the enhancement, ineptitude, greed, to mention but a few (Schwarz, 1987).

By extension, however, the elite school defines a power relations that seem to exist between two distinct groups in any society. First is a group of selected few who consider themselves capable and therefore possess the right to supreme leadership. The second category are the vast majority of the poorest of the poor or the downtrodden masses who are destined to be ruled. In this scheme of obvious differences, one group therefore assumes an upper-most as well as superior stronghold in the control of the nation's resources to the detriment of the others (Ake, 2001). Elitism therefore subscribes to rule of force. The elite school of thought is largely antithetical to popular views and best democratic practices. It is a major setback on the road to peace, corporate governance, ethics, freedom, ethnic strife, electoral malpractice, macro and micro-economic failures mostly in backward nation-states of Asia, Africa and Latin America (Ake, 2001). The context of elitism defines coercion and brutal use of force against social groups in the society, intimidation, circumvention of constituted authorities and the outright neglect of the rule of law. This phenomenon has largely been re-enacted in Nigeria's privatization process by the erstwhile Obasanjo administration where billions of tax payer's money have been allegedly diverted into private pockets leaving the economy to suffer (Usman, 2001).

The prevailing consequences of elitism finds expression in group interaction. These groups are interested in the balancing and limiting excessive powers of one another in a bid to grab public office. Thus, the driving force of these elites to interact and confront themselves is the irrepressible urge in human beings to come to power and maintain the same. So behind the perpetual struggle between elite groups is the desire to acquire power.

Mills (1956), Lasswell (1965) and Pareto (1993) wrote that the context of power defines who gets what, when and how. This means that power is synonymous with coercion and therefore undemocratic as it is unacceptable. The society should therefore be built around equity, distributive justice and fairplay, transparency and accountability as cardinal objectives in the overall process of privatization either in the power sector or otherwise. This will bring about the enthronement of responsiveness, responsibility,

accountability and probity in the scheme of things in Nigeria's Fourth Republic and beyond.

Morgenthau (1978) wrote that the context of power is synonymous with state control by a group of selected few. This is different from the control of nature, artistic medium, language, colour or such powers over means of production and consumption or over oneself in the sense of self-control. Power however, means the control over the minds, self-consciousness and actions or inactions of other men. By this definition, power therefore becomes political. And politics clearly defines the authoritative allocation or abduction and hijacking of the resources of the people as was accentuated in Nigeria's Fourth Republic (1999 – 2007).

In any case, political power in any nation-state has a psychological relation between those who exercise it and those over whom it is exercised. It gives the former control over certain actions of the latter through the impact which the former exert on the latter's minds. That impact derives from three sources: the expectation for benefits, the fear of disadvantages and the respect for institutions (Lasswell, 1993). Political powers as in the case of the Nigerian context could be exerted through unpopular orders, threat, unilateral decision making, glaring connivance with cabinet members or where this fails, unilateral removal and reshuffling of cabinet can be effected where necessary. From the foregoing analysis, political power in Nigeria during the Obasanjo's Fourth Republic could be distinguished viz: between power and influence, between power and force, between usable and unusable power and between legitimate and illegitimate power respectively. Be that as it may, the indiscriminate use of brutal force by government acolytes and cronies was a major setback in the process of democracy and democratization during the Obasanjo administration.

Significantly, Nigerian elite should exercise political powers with decorum and self-control, transparency and accountability, responsiveness and justice in their bid to move the nation forward. Millions of Nigerians can no longer afford the skyrocketing prices of kerosene or cooking gas anymore. Nigerians can no longer bear the pains of having to sleep in the dark where thousands of mega-watts of power are being expended on neighbouring African countries of Niger, Togo and Benin and other minor countries without a blink, while industries have rapidly comatosed in an ailing economy like ours?

The tendency is for the current administration to rid itself of excessive elite control, scape-goatism, god fatherism and political machinations, greed, self-aggrandizement, nepotism, lip-service, brutal use of force, unilateral decisions on sensitive policy concerns that are of national interest, external control and the like. A logical execution of the above guidelines would have been enough panaceas for an enhanced power supply in the Nigerian privatization feat while creating meaningful conditions of living for millions of dying Nigerians in the 21st century. Any socio-political paradigm devoid of the aforementioned can only drag the Nigerian economy some twenty steps back into confusion, socio-economic stagnation, lack, deprivation and backwardness. Nigeria must move forward in the spirit and expectations of the

Millennium Development Goals (MDG) while we look forward to becoming the 20th largest economy in less than a decade from here.

For easy understanding of the context of privatization policy and national development in Nigeria, it is important that we do justice to certain basic concepts viz: privatization, development, underdevelopment and national development respectively.

CHAPTER THREE

1. RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter deals with the procedures used in the study. These procedures include; a description of the research design, population of the study, sample size of the study, method of data analysis. Obviously, due to the objectives this study sets out to achieve, descriptive research seemed most appropriate.

According to Nnadozie, E.O.(1998:42) designing a descriptive research involves planning the procedures to be used in data collection. This will include developing the necessary instruments and determining the sample to be used for the study. In view of the study the researcher used the survey research design in the study and based on that, random sampling was used and conclusions were drawn.

2. POPULATION AND SAMPLE SIZE TECHNIQUE

The population of the study includes all the public servants within and outside Enugu, government officials (politicians), unemployed graduates and undergraduates self employed graduates etc. For this study, a very small sample was selected such that $N = Z^2 \times (1-p) (p) / e^2$.

In determine the sample size procedure we shall be 95% confidence that our findings will be correct to a maximum error of 5%. In contacting the individual members that make up the sample, the researcher used the simple random sampling procedure. This according to Osioma (1998; 38) ensures that all the members or elements in the sample are given equal chance of selection. The sample plan is determine as;

N = sample size

P = proportion of those to be interviewed within Enugu and it environs (Public servants, student of higher institutions and general public).

1-p = proportion of respondents outside Enugu and its environs.

E = Maximum error to be accommodated.

Z = Maximum level of confidence.

N = is to be determined.

P = 95% by proportion = 0.95.

1-P = 5 % by proportion = 0.05.

Z = 95% confidence level from the statistical table of normal distribution interval = 1.96

e² = 5% maximum error to be accommodated = 0.025

then substitute these values.

$$N = Z^2 \times (1-P)(P) / e^2$$

$$N = (1.96)^2 \times 0.15 \times 0.85$$

$$N = \frac{(0.05)^2}{0.84 \times 0.127}$$

$$N = \frac{0.0025}{0.4896} = 195.8$$

$$N = 196.$$

Therefore the sample size is 196 and shall be randomly selected using a simple random technique and in all, about 196 people shall be given questionnaires and their responses shall form the basis of our finding.

3.3 METHOD OF DATA COLLECTION

Data for the study were collected from both primary and secondary sources. The primary data were collected through the use two (2) research instruments which were;

- i. Questionnaires administered to public servants, unemployed graduates, self-employed graduates, under graduates within and outside Enugu.
- ii. Oral interview were used to capture the views of some political office holders. The secondary data consist of information from academic journals, textbooks, newspaper, internet materials, seminar papers and other available library materials.

3.4 ADMINISTRATION AND RETRIEVAL OF QUESTIONNAIRES

The questionnaires were administered to the public and a-closed-form questions were used in the questionnaires designed. Few open-ended questions were accommodated so as to scale down the respondent's answered to a manageable range for meaningful inference to be drawn from them. This was however made-up for, by the provision of multiple – choice questions requiring the respondents to select their answers from a range of possible answers, in addition to the dichotomy questions which needed precise “yes or no” answers.

5. METHOD OF DATA ANALYSIS

In analyzing the data collected, the researcher made good use of the tables and simple percentages. Data collected were shown in tabular form and percentages worked out for easier analysis. Some of the results were also subjected to statistical decision by the use of the chi-square (X^2) test statistic. The risk of rejecting the null hypothesis,

otherwise called significance level was chosen to be five percent (5%), thus producing a confidence level of ninety-five percent (95%).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

In reference to the previous chapter, it indicates that a total of 196 questionnaires were distributed and only 123 questionnaires were duly completed and returned. By implication, 73 were not returned and therefore, we shall base our analysis on the 123 questionnaires returned.

Table 3:

Respondents	No Administered	No Retrieved	Responses Rate (%)
Public Servants	65	52	26.5%
Self employed graduates	35	20	10.2%
Unemployed graduates	55	33	16.8%
Undergraduates	41	18	9.2%
Total	196	123	63%

Source: Field Survey, 2025

As could be seen from table 3 above, out of 196 questionnaires distributed, only 123 were retrieved. 52 out of 65 questionnaires were retrieved from public servants, 20 out of 35 questionnaires were retrieved from self employed graduates while 33 out of 55 were retrieved from unemployed graduates and 18 out of 41 were equally retrieved from undergraduates thereby producing response rate of 63% of the stud

2. DATA ANALYSIS AND INTERPRETATION

Question 1: what is your sex?

Table 4:

Respondents	Frequency	Percentages (%)
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Male	78	63.4 %
Female	45	36.6 %
Total	123	100

Source: Field Survey, 2025

From the analysis in table 4, as regards to the sex of respondents, 63.4% of the respondents are male and 36.6% were female.

Question 2: What is your age?

Table 5:

Age (yrs)	Frequency	Percentages %
20 – 30	20	16.3 %
31 – 40	28	22.8 %
41- 50	50	40.6 %
50 and above	25	20.3 %
Total	123	100

Source: Field Survey, 2025

Table 5 showed that 16.3% of the respondents are between the age bracket of 20–30 years, 22.8% are within the age of 31–40 years. 40.6% represents the respondents within the age of 41–50 years while 20.3% represents the respondents within the ages of 50 and above. From the analysis above, it is confirmed that most of the respondents are old enough to understand the purpose of the research and are able to air their independent opinions on the questions asked.

Question 3: What is your educational qualification?

Table 6:

Qualification	Frequency	Percentages (%)
WASC/GCE	5	4.1
Diploma	40	32.5
Degree/HND	55	44.7
Higher Degree	23	18.7
Total	123	100

Source: Field Survey, 2025

Table 6 indicates that 4.1% of the respondents obtained GCE/WASC certificates, 32.5% of the respondents holds Diploma certificates while 44.7% of the respondents obtained first degree certificates. 18.7% of the remaining respondents have higher degree certificates. The analysis above shows that all the respondents are literate and there will be little or no problem of communication on the above topic.

Question 4: What is your occupation?

Table 7:

Occupation	Frequency	Percentages (%)
Public servants	62	50.4
Self employed	30	24.4
Unemployed	20	16.3
Under graduate	11	8.9
Total	123	100

Source: Field Survey, 2025

Table 7 above indicates that 50.4% of the respondents are public servants and 24.4% represents respondents that are self-employed. 16.3% indicates respondents that are unemployed while 8.9% represents undergraduates in the survey. From the above analysis, it is confident that half of the respondents are public servants who are into the system and were able to share their opinions very well.

Question 5: Are you aware of government selling their shares in public enterprises to private individuals (privatization) in Nigeria?

Table 8:

Variable	Frequency	Percentages %
Yes	113	91.9
No	2	1.6
Don't know	8	6.5
Total	123	100

Source: Field Survey, 2025

Table 8 shows that 91.9% of the respondents are aware of government selling their shares on public enterprises to private individuals (privatization) in Nigeria. 1.6% of the respondents are not aware while 6.5% of the respondents are undecided on the question asked. This indicates that majority of the respondents are aware of the subject matter.

Question 6: Do you agree that it is necessary for Nigerian government to privatize public enterprises in Nigeria?**Table 9:**

Variable	Frequency	Percentages %
Agreed	15	12.2
Strongly agreed	73	59.3
Disagreed	20	16.3
Undecided	5	4.1
Strongly disagreed	10	8.1
Total	123	100

Source: Field Survey, 2025

Table 9 shows that, 59.3% of the respondents strongly agreed that it is necessary for Nigerian government to privatize public enterprises in Nigeria. 12.2% agreed while 16.3% disagreed, and 8.1% strongly disagreed on the issue. 4.1% were undecided in the issue.

It is a common fact that most of our public enterprises are waste-pipes on the scarce resources of government. If not, it is surprising that they have not been able to provide effective, efficient and reliable services to the nation; they are dumping grounds for political misfits.

Question 7: Do you agree that some of our public enterprises were inefficient and riddled with corruption and unable to meet the people's expectations?**Table 10:**

Variable	Frequency	Percentages %
Strongly agreed	65	52.8
Agreed	10	8.1
Disagreed	15	12.2
Strongly disagreed	20	16.3

Undecided	13	10.6
Total	123	100

Source: Field Survey, 2025

Table 10 shows that 52.8% of the respondents strongly agreed that our public enterprises were riddled with corruption, inefficiency and unable to meet the people's expectations. 8.1% agree, 12.2% disagreed, 16.3% strongly disagreed and 10.5% were undecided. From the analysis above it is clear that public enterprises in Nigeria have failed to fulfill the objectives and aspirations of people in the society and no nation can survive in any aspect of the economy when corruption is the order of the day.

4.3 TEST OF HYPOTHESES

In the beginning of this study, hypotheses were formulated; the aim is to give the study direction. In the course of carrying out the study, questions were put across to the respondents; their responses formed the basis of these tests using Chi- square (X^2) statistical tool symbolized as follows:

$$X^2 = \frac{\sum (OF - EF)^2}{EF}$$

Where:

X^2 = Chi-square

\sum = Summation

OF = Observed frequencies, and

EF = Expected frequencies.

Additionally, the goodness-of-fit table would be used and the expected frequency (EF) derived based on the assumption that options have equal chances of occurring. Hence the expected frequency is denoted by:

$$EF = \frac{\sum OF}{n}$$

Where: $\sum OF$ = Sample size and

N = Number of class responses

The decision criterion to be adopted is: Reject H_0 where $X^2 > \mu$ otherwise accept H_0 where $X^2 \leq \mu$.

Where: H_0 = The null hypotheses

X^2 = Calculated Chi-square derived from: $X^2 = \sum (OF - EF)^2$

EF

μ = the critical Chi-square value derived from the Chi-square table and level of significance ($P < 0.050$) and
 df = degree of freedom $(R - 1) (C - 1)$, where R = Number of rows and C = Number of columns.

Test of hypothesis one:

H_0 : Privatization has a significant relationship with poverty reduction in Nigeria.

H_1 : Privatization has no significant relationship with poverty reduction in Nigeria.

Therefore, to test this assumption, data presented in table 8 was considered relevant and the table would be reproduced for the purpose.

Question 8: Do you think that privatization of public enterprises has a significant relationship with poverty reduction in Nigeria?

Table 11a:

Response	Public servant	employed graduates	Self-employed graduate	Undergraduate	Total
Yes	10	10	15	10	45
No	40	20	5	5	70
Undecided	2	3	—	3	8
Total	52	33	20	18	123

Source: Field Survey, 2025

Table 11b: (Reproduced) Goodness-of-fit table derived from table 11b

Response	OF	EF	OF – EF	$(OF - EF)^2$	$\frac{(OF - EF)^2}{EF}$
Yes	45	41	4	16	0.13
No	70	41	29	841	6.84
Undecided	8	41	-33	1,089	8.85
Σ	123	123	-0	1,946	15.82

Source: Field Survey, 2025

Therefore, $X^2 = 15.82$ and $\mu = 12.6$ (obtained from Chi-square distribution table at $P \leq 0.05$) with $df = 6$. That is to say:

$$(R - 1) (C - 1) = (3 - 1) (4 - 1) = (2) (3) = 6$$

Therefore $X^2 = 15.82 > 12.6$

Figure 1: Normal distribution curve for hypothesis one.

15 10 5 0

Decision: Since the calculated value of Chi-square (X^2) ie 15.82 is greater than the critical value (12.6), the null hypothesis was rejected thereby confirming that “privatization of public enterprises has no significant relationship with poverty reduction in Nigeria.”

Question 9: In your opinion, what is the greatest benefit of privatization to the Nigerian economy?

Table 12:

Reduction in government expenses	23	18.7
Total	123	100
Variables	Frequency	Percentage%
Job creation	28	22.8
Enhanced efficiency	20	16.3
Increase in revenue to government	52	42.3

Source: Field Survey, 2025

From table 12 above, 42.3% of the respondents are of the opinion that the greatest benefit of privatization in Nigeria is to increase government revenue. 22.8% agreed is job creation, 18.7% said reduction in government expenditure while 16.3% are of the opinion that it enhanced efficiency in the economy. Looking at the variables available, one should say that all these are benefits accruing to privatization. However, Nigeria’s privatization practically increase government revenue and reduced government expenditure instead of creating job for the youth to reduce poverty.

Test of hypothesis two:

Ho: Privatization creates more job opportunities to citizens in Nigeria.

H1: Privatization does not create more job opportunity to citizens in Nigeria.

Therefore, to test this assumption, data presented in table 10 was considered relevant and the table would be reproduced for the purpose.

Question 10: In your opinion, do you agree that privatization of public enterprises in Nigeria has created more employment to citizens?

Table 13a:

Response	Public servant	employed graduates	Self- employed Graduate	Undergraduate	Total
Yes	33	5	11	7	56
No	19	27	8	8	62
Undecided	-	1	1	3	5
Total	52	33	20	18	123

Source: Field Survey, 2025

Table 13b: (reproduced) Goodness of fit table derived from table 10.

Response	OF	EF	OF – EF	(OF–EF) ²	(OF–EF) ² EF
Yes	56	41	15	225	1.83
No	62	41	21	441	3.59
Undecided	5	41	-36	1296	10.54
Σ	123	123	0	1,538	15.96

Source: Field Survey, 2025

Therefore, $X^2 = 15.96$ and $\mu = 12.6$ (obtained from Chi-square distribution table at $P \leq 0.05$) with $df = 6$. That is to say:

$$(R - 1) (C - 1) = (3 - 1) (4 - 1) = (2) (3) = 6$$

Therefore, $X^2 = 15.96 > 12.6$

Figure 2: Normal distribution curve for hypothesis two.

12.6

0 2 4 6 8 10 12

Decision: Since the calculated value of Chi-square (X^2) ie 15.96 is greater than the critical value (12.6), the null hypothesis was rejected thereby confirming that “privatization has not created more job opportunities to citizens in Nigeria.”

Question 11: Do you agree that privatization in Nigeria has encouraged competition?

Table 14:

Response	Public servant	employed graduates	Self-employed graduate	Under graduate	Frequency (%)
Strongly Agreed	27	30	15	6	78 (63%)
Agreed	10	3	-	10	23 (18.7%)
Disagreed	15	-	5	-	20 (16.3%)
Undecided	-	-	-	2	2 (1.63%)
Total	52	33	20	18	123 (100)

Source: Field Survey, 2025

Table 14 above shows that 63% of the respondents strongly agreed that privatization in Nigeria has encouraged competition, 18.7% of the respondents agreed, 16.3% disagreed while 1.63% of the respondents are undecided. From the above analysis, the researcher is of the opinion that privatization in Nigeria has encouraged competition using telecommunication industries as example.

Test of hypothesis three:

Ho₃: Privatization of public enterprises encourages price increase of goods and services in Nigeria.

H1₃: Privatization of public enterprises does not encourage price increase of goods and services in Nigeria.

Therefore to test this assumption, data presented in table 12 was considered relevant and the table would be reproduced for this purpose.

Question 12: Do you agree that privatization of public enterprises in Nigeria has encouraged price increase of goods and services in Nigeria?

Table 15a:

Response	Public servant	employed graduates	Self-employed graduate	Under graduate	Frequency
Strongly Agreed	9	15	5	10	39
Agreed	11	5	-	-	16

Disagreed	30	10	15	6	61
Undecided	2	3	-	2	7
Total	52	33	20	18	123

Source: Field Survey, 2025

Table 15b: (Reproduced) Goodness of fit table derived from table 12.

Response	OF	EF	OF – EF	(OF–EF) ²	(OF–EF) ² EF
Strongly Agreed	39	30.45	8.25	68.06	0.553
Agreed	16	30.75	-14.75	217.6	1.769
Disagreed	61	30.75	30.25	915.1	7.44
Undecided	7	30.75	-23.75	564.1	4.586
Total	123	123	0	1,765	14.348

Source: Field Survey, 2025

Therefore, $X^2 = 15.35$ and $\mu = 16.9$ (obtained from Chi-square distribution table at $P \leq 0.05$) with $df = 9$. That is to say:

$$(R - 1) (C - 1) = (4 - 1) (4 - 1) = (3) (3) = 9$$

Therefore $X^2 = 14.35 > 16.9$

Figure 3: Normal distribution curve for hypothesis three.

16.9

30 25 20 15 10 5 0

Decision: Since the calculated value of Chi-square (X^2) ie 14.35 is less than the critical value (16.9), the null hypothesis was accepted thereby confirming that “privatization of public enterprises in Nigeria has encouraged price increase of goods and services in Nigeria.”

Question 13: Were you satisfied with the services rendered by NITEL before privatization of telecommunication industry in Nigeria?

Table 16:

Response	Frequency	Percentage
Well satisfied	-	-

Not satisfied	78	63.4
Satisfied	37	30
Undecided	8	6.5
Total	123	100

Source: Field Survey, 2025

Information on table 16 indicates that 63.4% of the respondents were not satisfied with services rendered by NITEL before privatization. 30% of the respondents were satisfied, 6.5% of the respondents were undecided. Going by the indices on table 13, it is evident that NITEL was inefficient before privatization therefore it needs to be restructured.

Question 14: Do you agree that GSM operation has brought about efficiency and quality telecommunication services in Nigeria?

Table 17:

Response	Frequency	Percentage(%)
Strongly agreed	93	75.6
Agreed	19	5.4
Disagreed	9	7.3
Undecided	2	1.6
Total	123	100

Source: Field Survey, 2025

From table 17 above, 75.6% of the respondents strongly agreed that G.S.M operation has brought efficiency and quality telecommunication services in Nigeria. 15.4% of the respondent agreed and 7.3% of the respondents disagreed while 1.6% are undecided. Based on these responses the researcher were able to adopt that privatization of NITEL improve telecommunication services in Nigeria.

Question 15: From your opinion, do you agree that GSM operations in telecommunication industry have created more jobs in Nigeria?

Table 18:

Response	Frequency	Percentage(%)
Yes	110	89.5
No	10	8.1
Undecided	3	2.4
Total	123	100

Source: Field Survey, 2025

Table 18 above indicates that 89.5% of the respondents said “yes” that GSM operation in telecommunication industry in Nigeria has created more jobs than NITEL. 8.1% of the respondents said “no”, 2.4% of the respondents were undecided. The main aim of Nigerian government on privatization is to create more jobs to the citizens. It is obvious that although privatization has not created more jobs in other sectors of the economy, it has created jobs in telecommunication industry.

Question 16: Is it true that privatization has brought technology and skill transfer to the nation?

Table 19:

Response	Frequency	Percentage(%)
True	79	64.2%
Not true	30	24.4%
Undecided	14	11.4%
Total	123	100

Source: Field Survey, 2025

From table 19 above 64.2% of the respondents indicate that it is “true” that privatization of public enterprises in Nigeria brought technology and skill transfer to the nation. 24.4% of the respondents indicate that it is “not true”, while 11.4% were undecided. However, it is agreeable from the development in the telecommunication industry in Nigeria that privatization has brought technology and skill transfer to the nation.

Question 17: What are the challenges to successful privatization in Nigeria?

Table 20:

Response	Frequency	Percentage
Lack of infrastructures	3	25.2

Corruption	2	34.2
Lack of policy implementation	40	32.5
Lack of awareness on privatization	10	8.1
Total	123	100

Source: Field Survey, 2025

Table 20 shows that 34.2% of the respondents indicate that corruption are the greatest challenge to successful privatization in Nigeria. 32.5% of the respondents choose lack of policy implementation, 25.2% indicates that lack of infrastructures, and 8.1% indicates lack of awareness on privatization by government. If you look at the variables, one could see that they are interwoven. There is no doubt that no business or nation will survive in a society where there is corruption, lack of infrastructures, lack of policy implementation and lack of public awareness or enlightenment. It is expected that the government should create enabling environment for privatization to work.

Question 18: Do you agree that privatization of public enterprises in Nigeria could deprive the nation of the state ownership and control of some key public institutions?

Table 21:

Response	Frequency	Percentage
Strongly agreed	97	79%
Agreed	6	4.9%
Disagreed	13	10.6%
Undecided	7	5.7%
Total	123	100

Source: Field Survey, 2025

Table 21 above showed that 79% of the respondents strongly agreed that privatization of public enterprises in Nigeria could deprive the nation of the state ownership and control of some key public institution, 4.9% of the respondents agreed,

10.6% of the respondents disagreed and 5.7% of the respondents were undecided. From the results on table 18, the research is of the view that the private individual might take over the economy which will create an atmosphere that will challenge government policies which are not favourable to their business, thereby holding government policies to ransom.

Question 19: Who are the beneficiaries of privatization of public enterprises in Nigeria?

Table 22:

Response	Frequency	Percentage(%)
The government	52	42.3
The poor	25	20.3
The rich	40	32.5
Undecided	6	4.9
Total	123	100

Source: Field Survey, 2025

From table 22 above, the indices showed that 42.3% of the respondents are of the opinion that privatization of public enterprises in Nigeria has favored government, 32.5% of the respondents are of the opinion that the rich are the beneficiary of the privatization. 20.3% of the respondents indicate that the poor benefits, while 4.9% were undecided on their response. It is believed that privatization of public enterprises in Nigeria favored government and the rich most, because the program gave government the opportunity to transfer responsibilities and their financial burden to private individual. Secondly, the rich also benefited because they are the people that bought the shares sold.

Question 20: What is your advice to government about the on-going privatization of public enterprises in Nigeria?

Table 23:

Response	Frequency	Percentage(%)
To be transparent, honest and sincere	38	30.9
To create infrastructures	40	32.5
To implement policy on privatization	30	24.4
To create institutional framework	10	8.1
Undecided	5	4.1

Total	123	100
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Source: Field Survey, 2025

On table 23 above, the statistics indicates 32.5% of the respondents advised that government should create infrastructures that will make privatization to be transparent, honest and sincere with the privatization programme. 24.4% advised government to implement the policies on privatization, 8.1% advised government to create a good institutional framework for privatization to work while 4.1% were undecided.

CHAPTER FIVE

1. SUMMARY, CONCLUSION AND RECOMMENDATIONS

1.SUMMARY OF FINDINGS

To a reasonable extent, this study has investigated the impact of privatization of public enterprises on poverty reduction in Nigeria. Based on the study above, there were evidences that privatization has an effect on poverty situation in Nigeria either negative or positive. From the result of the study, the following were found; at the beginning, the majority of the respondents were aware that government is selling their shares in the public enterprises to private individuals and supported that government should privatize some of our public enterprises. They supported their views with the corrupt practices that were going on in the public enterprises which made public enterprises in Nigeria inefficient and unable to meet people's expectations.

This study also revealed that privatization of public enterprises in Nigeria has no significant relationship with poverty reduction in Nigeria. Majority of the respondents supported their views by stating the current Nigeria poverty profile 2010, which indicated that in "2004, Nigeria's relative poverty measurement stood at 54.4%, but increased to 69% which represents 112,518,507 million Nigerians in 2010. This is against the background that 38.7% of the population is extremely poor (Tuesday Guardian, February 14, 2011)."

The finding also showed that majority of the respondents are of the opinion that privatization of public enterprises in Nigeria has not created more jobs to the citizens. According to Igbuzor (2003) government have privatized more than eighty- eight (88) public enterprises in Nigeria since 1993 with the aim of creating jobs and reducing poverty in the country, but up until today, the unemployment rate and poverty level are still on the increase. This is because most the privatized enterprises are not in operation and they were sold to the people that have no technical knowledge of these industries which makes them to be idle after privatization and therefore no job for the old staff neither new jobs were created.

However, the findings also showed that majority of those interviewed supported that privatization of public enterprises in Nigeria has encouraged price increase of goods and services in Nigeria, they supported their views by stating that after privatization,

government will withdraw subsidies from services they rendered thereby causing increase in the prices of goods and services.

The study also revealed that the greatest beneficiaries of privatization of public enterprises in Nigeria is the government not the masses because privatization reduces government expenditure and equally increases revenue to government to the detriment of the masses. The study equally revealed that privatization of public enterprises in Nigeria has encouraged competition using telecommunication sector as an example, which leads to emergence of MTN, GLOBACOM, AIRTEL and ETISALAT communication networks. In addition, the study indicates that majority of the respondents are of the opinion that GSM operations in Nigeria has improved the efficiency and quality of telecommunication services in Nigeria and equally created more jobs in Nigeria than NITEL before privatization took place in 2001. Although the exact number of employment created were not determined because it is as difficult as calculating global mobile revenue, but economists use a “multiplier” for a given industry to work-out the total employment of all its offshoots. However, privatization of telecommunication industry does not only create employment and encouraged competition, but it equally brought technology and skill transfer to our country.

Finally, this study has gone so far to finding out the major challenges to successful privatization of which majority of the respondents were of the opinion that corruption, lack of policy implementation, lack of infrastructures and awareness are the major factors that hindered privatization in Nigeria. The study equally advises government to be transparent, honest and sincere about the on-going privatization of public enterprises in Nigeria.

5.2 CONCLUSION

As already argued, privatization has a potentially high impact on poverty alleviation. In light of this potential link, privatization should be adequately integrated as a core part of any poverty alleviation strategy. Whatever the objective of the programme, it is important to take note of the concerns of the poor and where necessary, adequate measures be put in place to guarantee that in the end, the benefits of privatization will reach the poor. If privatization is carried out with sincerity of purpose, almost every group will come out and accept the result of divestiture. Workers will be shareholders, while consumers will be better off because of better services. New graduates and the unemployed will get jobs because of expansion and government will be relieved of the burden of subsidies. Similarly, investors will gain investment opportunities, and ultimately, the public will be free to pursue any private economic interest relating to the privatized industry. In conclusion, if privatization must be of necessity and bring forth the desired benefits, it has to be viewed not as an end itself, but as a means to get government interested in fostering a new division of labour between the public and private sectors. Therefore, the success of privatization should be judged not in terms of

the sales or contract itself, rather on the basis of whether there are net benefits to the economy (Shirely, 1998). Privatization must result in better services at lower prices as desired by consumers who, oftentimes are not bothered about economic philosophies. If privatization does not bring tangible benefits in one form or another, the opponents of privatization who argue that the benefits are not worth the cost would feel justified.

5.3 RECOMMENDATIONS

For privatization programme in Nigeria to yield a desired impact on poverty reduction in the economy, then government should endeavor to adhere to the following recommendations:

- i. Government through National Council for Privatization and Bureau for Public Enterprises should carefully and accurately evaluate assets and worth of intended privatized enterprises before privatization.
- ii. Government should be transparent enough; to allow equity distribution of shares to all geographical zones of Nigeria, and also ensure adequate participation of Nigerians as core investors. This objective can be achieved through proper and adequate enlightenment programmes.
- iii. Government should ensure honesty and sincerity of purpose in the side of government officials charged with the responsibility for privatizing public enterprise.
- iv. Adequate concern and provisions should be given to workers who could be displaced as a result of privatization exercise; government should absorb them in ministries where manpower is needed, and where there is none, new jobs should be created.
- v. Government through mutual agreement, with new owners of the privatized enterprises should demand for retention of affected staff of these corporations.
- vi. Furthermore, government should compel management of privatized corporations to adopt operational techniques that is relatively labour intensive, this would create more jobs and ensure job security; because it is only when job security is guaranteed, that labour and organized trade union would whole-heartedly support privatization programme in Nigeria.
- vii. The government should endeavour to create a level-playing field among all the stakeholders in the privatization exercise, improve the business environment through a continuous reform of the legal and regulatory framework, cleansing of the financial sector, taking enhanced measures to improve the cost and delivery of infrastructure services and adopting a strengthened approach to governance including corporate governance.
- viii. Government should not privatize all sensitive strategic and mass oriented agencies such as those providing services like water, electricity and health. These agencies should still be managed and subsidized by the government because they provide social services. They would not be expected to make profit or break-even, but it should be mandatory that they provide efficient, reliable and adequate services.

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