

## PRIVATIZATION AND COMMERCIALIZATION POLICY IN THE TELECOMMUNICATION INDUSTRY IN NIGERIA

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*Abstract: This study focused on the privatization and commercialization policy in the telecommunication industry in Nigeria, within the period 2012-2020. The objective of the study was to evaluate the impact of the privatization and telecommunication industry on the nation's economy. The paper utilized the secondary source of data and desk analysis in discussing the paper. The paper highlighted some challenges facing the Nigerian telecommunication industry in its new era which amongst others include, inadequate power supply, and transmission infrastructural challenges. In a cross examination of the policy under review, the paper discovered amongst others that, privatization and commercialization in Nigerian telecommunication industry have affected the economy positively. Also, the paper revealed that the deregulation of the telecommunication industry has provided a huge boost in the growth of the industry. In terms of employment opportunities, the study revealed that, the privatization and commercialization of the telecommunication has improved the employment rate in Nigeria. The paper therefore concluded that privatization and commercialization of the telecommunication industry has opened up new frontiers for communication and expanded the economic base of the economy. The paper recommended amongst others that the government should continue to create a conducive environment for the telecommunication industry to flourish.*

*Keywords: Privatization, Commercialization, Policy, Telecommunication, Nigeria*

### **Introduction**

Public enterprise management and reform became prominent in the political economic agenda worldwide in the 1980s due to the abysmal performances of Public Enterprises (PE) across countries. This escalated the review of the rationale of public enterprises and its economic prospects to the point of significant doubts about the continued validity or recommendation for reform (Ogolo, 2011). The former PE embraces the facilitation of more effective operations and delivery of the desired goods and services, increased autonomy (through joint stock company) on the one hand, and greater accountability to principal shareholders, (the government and other stakeholders), on the other (Akinhade, 2004). The need to balance these roles makes public enterprise reforms inevitable as well as to justify the rationale for establishing them. The major policy instruments of public enterprise reforms across countries have been privatization and commercialization (Ogolo, 2011). The privatization programmes especially in third world have provoked more problems than solutions, considering the sorry state of the public enterprises (Ayodele, 2000). Against the backdrop of the inefficiency of public economic realities from the late

1970s, prompted nations to embrace the privatization and commercialization options (Ogolo, 2011).

Historically, privatization became the more dominant economic reform trend (especially within USA and UK) during the 1980s, characterized as part of the “global wave of neo-liberal policies” of “Reaganomics” and “Thatchernomics” (Ogolo, 2011). Though previous governments tried Limited denationalization which focused on the restoration of nationalized enterprise to their previous owners with limited success, the privatization programme involved totally new owners and, in some cases, the state enterprises that were privatized were never public sector initiatives (Obadan, 2000). And the privatization initiative was championed through the introduction of Structural Adjustment Programme (SAP) by the World Bank and International Monetary Fund (Oji, Nwachukwe and Eme, 2014). In an evaluative narrative, structural adjustment program did kick start not until 1986 in Nigeria when the International Monetary Fund (IMF) insisted that one of the conditions the foreign loans requested by the then Shagari’s Administration can be granted was to divest ownership in the management and control of some public enterprises (Chukwuma, et al, 2016; Adeyemo & Adeleke, 2008). This debate resonated to Buhari/Idiagbon and General Babangida government that finally announced an intention to divest its holdings in certain key sectors of the economy and subsequently promulgated the Privatization and Commercialization Act No. 25 of 1988. Against this backdrop, privatization has hitherto been described by some authors as neo-liberal policies and idea packaged and sold by the western metropolis through their agencies such as World Bank and International Monetary Fund (IMF) (Gberevbie, et al. 2015).

Public enterprises are corporations wholly or partially owned, funded, controlled, and managed by the government and are usually established to render specific services to the general public at subsidized rates (Omoredede & Ekpu 2018). Public enterprise in Nigeria tends to be characterized by incessant corruption, inefficiencies, and ineffectiveness due to bureaucratic lapses which is also responsible for many government failures. The low performances of public enterprises in addition to technological shortcomings of many public enterprises appear to have made many studies to suggest that privatization or divesting inefficient public enterprises could save costs and generate more revenue to the government. Moreover, several other studies have noted that privatization and deregulation of public enterprises especially in relation to the telecommunication industry would help to overcome the misuse of monopoly power, defective capital structure, mismanagement, corruption, and nepotism (Chukwuma et al, 2016; Abdullahi, 2014; Dappa, & Omi, 2014). Nwoye (2011), specifically argued that privatization and commercialization of public enterprise will not only facilitate the provision of capital and technology to strategic areas where the private sector either shy away from or lacked the capacity to invest, it will also increase capital formation, encourage foreign direct investment, production of essential goods at lower costs, create employment and generally contribute to the economic development of the country. According to Chukwuma et al (2016) and Obadan (2000), several other evidences has revealed that because many of the public enterprises in virtually all tiers of government in Nigeria were either equipped with low or second-grade machinery, the performance of these public enterprises has remained very dismal with no options but to privatized them, Hence, against the aforementioned narrative, this paper evaluated the policy of privatization and commercialization in the telecommunication industry in Nigeria.

### *Statement of Problem*

The ultimate goal of any credible and legitimate government is to ensure sustained improvement in the standard of living of the citizenry. To achieve this, the government usually evolves development plans that will facilitate effective mobilization, optimal allocation, and efficient management of national resources. Thus, Public Enterprises (PEs) otherwise called State Owned Enterprises (SOEs) were established basically in Nigeria like other economies to propel this developmental plan. The Nigeria Telecommunication Limited (NITEL) was established in 1985 to help the nation in the development of the telecommunication sector with the responsibility of providing a means of communication which was fundamentally the landline. Telecommunications industry in Nigeria was underdeveloped until the deregulation of the sector in 1992 and the formulation of a regulatory body known as the Nigerian Communications Commission (NCC). With the evolution of the telecommunication industry and the entrance of the Global System of Mobile Communication (GSM) in 2001 there have been exponential growth in the number of subscribers from about a million to over a hundred million subscribers. This responsibility was taken over by the various GSM network providers. The first of which was ECONET (known as Airtel today) was formally launched on the 6th of August, 2001 and Mobile Telephone Networks (MTN) followed suit almost immediately. However, despite the success of privatization and commercialization of the telecommunication industry in Nigeria, there still abound challenges in the industry. Hence leading to the question; What is the level of success of privatization policy in the telecommunication industry in Nigeria? And what are the challenges faced in the telecommunication industry in Nigeria? What are the recommendations to the challenges faced in the telecommunication industry in Nigeria? This study therefore evaluated privatization and commercialization policy in the telecommunication industry in Nigeria.

### *Objective of the Study*

The broad objective of this study was to evaluate the policy of privatization in the Nigerian telecommunication industry. The specific objectives were to:

- examine the nature of privatization and commercialization policy in Nigeria.
- examine the level of success of the privatization and commercialization policy in the Nigerian telecommunication industry.
- examine the challenges faced in the telecommunication industry in Nigeria.
- Make recommendations to the challenges faced in the telecommunication industry in Nigeria.

### **Methodology**

This paper used the secondary source of data gathering with its explanatory research design style. The secondary data source included journal articles, newspapers, magazines, government gazettes amongst others in analyzing salient matters as regards privatization and commercialization policy in Nigeria.

### *Theoretical Framework*

The paper adopted the liberalization theory. Liberalization theory posits that minimal regulation and an outright removal of government control promote greater market efficiency and effectiveness and economic development (Chukwuma et al, 2016). The

neoliberal theory claimed that government has no business regulating the economy not to talk of owning business itself. The theory believed that government is effective when its scope is not too widened, and this is done by leaving the regulation of economic activities into a market force. In this way, the government will dispense sound social spending, and eliminate the budgetary deficit and open economies to foreign trade and investment and allow limitless repatriation of profits, so that they can encourage foreign direct investment. Omoleke & Adesopo (2005) noted that this ideology of liberalism or neoliberal thought come as a result of change or new discourse in ideologies concerning the fundamental role of the state and the relative merits of the private and public sector. The simple assumption is that as the state cannot be as efficient as a private entity in the production of the same output.

According to Omoleke and Bisiriyu (2005), liberalism came in the mid-20th century as a result of the campaign against state-chartered monopoly by the dominant business groups in America. In response to this new form of monopoly in the mid-20th century, a moment arose to fight over what it considered big business strangulation of free competition championed by new generation capitalist whose source wealth is through financial manipulation. Key to this ideology of liberalism, particularly its new form is the heavy reliance on market forces, which its advocate claims to be the most efficient mechanism for allocation of scarce resources. This ideology of liberalism was transported to the 3rd world through the United Nations agencies especially the IMF and World Bank (Chukwuma et al, 2016). Hence from 1960s onward the third world's subjected to social shocks to force them to engage in what is called defensive adaptation. It was for this reasons that the IMF led the 3rd world through so-called industrial take off in the 1960s, import substitution of 1970s and structural adjustment programs in 1980s. Washington consensus imposed the IMF conditional ties for debt forgiveness among which are fiscal austerity, privatization, and market liberalization. Those countries that refuse to accept this conditioning were placed under extreme stress and in most cases overthrown. Those that accepted it were forced to swallow the bitter pills of liberalization, privatization withdrawal from social services. Whether the particular form of privatization program is ill-suited to the economic problems of a particular country was not considered. The above was one of the major drivers for privatization and commercialization of public enterprises in Nigeria (Chukwuma et al, 2016).

According to Nwoye (2011) Nigeria and other African countries were strongly adjusted by the world lending agencies particularly IMF and world bank to divest their public enterprises as one of the conditions for economic assistance with intensified and push for economic liberalization Nigeria and other African leaders were told that privatization as an economic reform would help cut public sector inefficiency, and waste, provide greater scope to private sector, attract more investment, bring new technologies and have relived the economy. Thus, many countries including Nigeria embarked on the privatization and commercialization of their public enterprises. It is against this background that the Ibrahim Babangida administration (1985-1993) proposed the Structural Adjustment Programme (SAP) as a kind of reform which would affect the goals, administration, and management of the public sectors enterprises for purposes of efficiency (Chukwuma et al, 2016). One of the main objectives of SAP was to pursue deregulation and privatization leading to removal of subsidies, reduction in wage, expenses and retrenchment in the public sector ostensibly to reduce state spending. Odukoya (2007) was of the view that the reason for

privatization was agitation for reform of public finance involving the overhaul of public enterprises to satisfy international obligations and aspirations and that realization that private sector investment and the opening up of the political space were preconditions for market economies growth and development.

Despite this, according to Chukwuma et al, (2016), many theories believe that economic liberalization through the introduction of SAP was packaged by western countries to Nigeria during the economic downturn, global economic recession, and the collapse of the oil market to make the country remain under the colony of the western countries. The world leading international bodies particularly IMF and World Bank told Nigeria that economic reform through the implementation of the goals of SAP condition the country because it is heavily dependent on foreign loans and aids. Equally important, in Nigeria, privatization has failed in most sectors because it works and entrenches the interest of the elite class (Chukwuma et al, 2016). The state through some selective privates' class defined the control over the means of production, this why the resultant social forces of production have not been able to support any socio-political transformation that would engineer collective mass action of an active society.

### **Conceptual Review**

#### *Privatization and Commercialization Policy*

The concept "privatization" entails the sale, wholly or practically, of SOEs to private interest while the "commercialization" in essence implies reorganization of SOEs to enable them change economic government subvention (Olukoshi, 1985 cited in Onuoha et al, 2017). By privatization, Davis (1988) perceives it as a policy of widespread or partial sale of public-owned asset to interested investors whether local or foreign. In respect of "commercialization" Davies (1988) in Onuoha et al, (2017) opines that, commercialization does not involve a transfer of ownership of public assets through sale to the private sector. In this case, the government still owns the enterprise, but these enterprises are now to run as commercial concerns and their operations would be based strictly on market forces. Profit and price paid for service rendered would be determined by the market force and not by welfare consideration.

Thus, while a twin-policy of "privatization" and "commercialization" would have the effect of relieving government, the consequence of one, according to Davies differs markedly from the other. Commercialization can be defended "if the quality of goods and services produced by these commercialized establishments can justify the cost on the public". Ubeku (1986) further argued that privatization involves the systematic and programmed withdrawal of government from those activities which private person and/or undertaking can perform more efficiently than government agencies or enterprises.

The whole argument in favor of privatization and commercialization are bound up in the economic efficiency debate. According to Etieybo (2011) privatization and commercialization emerged because the private sector is conceived around a system of benefits of rights and rewards, and unlike the public sector it places greater importance on profit maximization. The privatization and commercialization argument carries three fundamental positions. The first takes the view that privatization is a viable policy; the second takes the opposite view – that privatization and commercialization is not a viable policy; while the third takes the view that privatization is neither viable nor unviable (Etieybo (2011). Arguments in favour of privatization and commercialization of public

enterprises rest on the fact that it is an instrument of efficient resource allocation and management. Privatization and commercialization are, therefore, expected to reduce poverty by improving the economic indices of a country. In general, privatization and commercialization are expected, overtime, to lead to less corruption and red tape, and strengthen the role of the private sector in the economy, thus guaranteeing employment, improved quality of life, and lead to higher capacity utilization (eg lower prices, make more choices available, and ensure faster delivery of goods and services (Shirley & Walsh, 2000).

Critics of privatization and commercialization see the process as capable of leading to a negative effect on the distribution of wealth (Onuoha et al, 2017). This implies that privatization and commercialization can engender social inequalities. The second claim advanced against privatization and commercialization focus on the fact that it is capable of causing a reduction both in income levels and access to basic social goods and services. Still, a third point is that privatization and commercialization would lead to an increase in prices of goods and services (Onuoha et al, 2017). There is also the argument that privatization and commercialization would lead to loss of employment. The most fundamental arguments against privatization and commercialization relate to the aspect of power relationships between the developed (and their multinational allies) and developing countries (Onuoha et al, 2017). Most arguments label privatization as a neo-colonial agenda meant to exploit developing countries, while others see it as a neo-liberal view of development imposed by large co-operations or multinationals foreign capitalist's countries and agencies such as the IMF and the World Bank.

### *Telecommunication*

Communication is a concept that is predicated on the transmission of verbal and non-verbal messages from one particular location or individual to the other. In every communication be it corporate or informal, there must be a sender, a receiver, and the direction from which the communication is channeled (Obasa, 2018). To enhance proper communication there must not be any form of distortion interfering with the message. Thus, the clarity of message is very paramount.

Telecommunication on the other hand simply implies the act of communicating at a distance. It is derived from the Greek term tele, meaning far-off. When viewed from a broader end, it involves ways of communicating through letter writing, newspapers, telephone, et cetera. For clearer understanding, it is better to associate it with electronic communication such as telephone, radio, and television, and data communication (including telegraph) (Obasa, 2018). Ever before the advent of the Internet and other data networks, telecommunications were limited to application of the telegraph and telephone through which individuals and corporate organisations communicate at a distance by voice (and earlier by encoded electronic signals). This telephone service was provided by the Public Switched Telephone Network (PSTN) (Okonkwo and Obidike, 2016).

It is quite necessary to say that the telecommunications industry contain multiple service providers, such as telephone companies, cable system operators, Internet service providers, wireless carriers, and satellite operators (Obasa, 2018). It also involves software-based applications with a communication emphasis and intermediate layers of software incorporated into end-to-end communication services, suppliers of telecommunications

equipment and software products sold directly to consumers and also to service providers, as well as the telecommunications service providers (Okonkwo & Obidike, 2016).

#### *The Nature of Privatization Policy in Nigeria*

Privatization enterprises: manifests in different forms and this includes private sale of shares; public offering of shares; sale of government assets; reorganization/fragmentation into component parts; new private investment in state owned enterprises; management/employee buy-out and leases and management contracts; and deferred Public Offer (Ojo and Fajemisin, 2010).

The privatization programme of the government was implemented in phases. Idornigie (2012) identifies three stages of privatization programme in Nigeria as follows:

Phase I: known as the first round covers the period from 1988 – 1993; includes commercial and merchant banks, and cement plants privatization.

Phase II: the second stage is referred to as the period of inertia and it covers 1994 – 1999; it includes hotels and motor vehicle assembly plants privatization.

Phase III: This stage covers 1999 – to date and it includes the privatization of National Electric Power Authority (NEPA), Nigeria Telecommunications (NITEL), National Fertilizer Company Nigeria Limited (NAFCON), Nigeria Airways, and Petroleum Refineries (Osemene, 2010). The reasons adduced for the privatization of these public enterprises according to National Council on Privatization (NCP, 2000) are as follows: to reduce the dominance of unproductive investments in the public sector in the light of dwindling oil revenue and mounting external debts.

help re-orientate Public Enterprises towards a new horizon of performance, improvement, viability, and overall efficiency.

ensures positive returns on public sector investments.

encourage the use of the capital market as a major source of funds for PEs rather than complete reliance on the treasury for funding; and

create a better window in the global economy and allow participation in international trade.

Ojo and Fajemisin (2010) observe that the overall objective of the policy is to improve the whole economy and welfare of members of society.

#### **Privatization Policy in the Nigerian Telecommunication Industry: Success or Failure?**

The deregulation of the Nigerian economy commenced in 1988 with the establishment of the Technical Committee on Privatization and Commercialization (TCPC), to implement and supervise the privatization program. However, in 1993, the 1988 Act setting up the TCPC which privatized 88 out of the 111 State-Owned Enterprises was repealed by the Federal Government with the enactment of the Bureau of Public Enterprises Act. In 1999 a new Act was promulgated that suspended and repealed 1993. With the 1999 Act, the Bureau of Public Enterprises was reformed. The National Council on Privatization (NCP) was also established to implement the program (Ugochukwu, et al. 2021).

Based on the decision of the government to make the economy private sector driven as a way of stirring economic growth and development in Nigeria, President Olusegun Obasanjo on his assumption in office as a civilian government on May 29, 1999, pursued this plan tenaciously and vigorously by deregulating and privatizing public enterprises that are economically less viable. In the course of deregulating some sectors, President

Olusegun Obasanjo at the emergent of privatization policy considered it imperative to deregulate the Nigerian Telecommunication sector. NITEL as a public enterprise organisation actually crystallised in 1985 from the moribund Department of Posts and Telecommunications (P&T), created to oversee the internal network, while the Nigerian External Telecommunication Limited (NET) was established to administer the external telecommunication services (Ugochukwu, et al., 2021).

Following the deregulation of telecommunication sector in 1999 private telephone operators had the opportunity of participating in the industry. By 2007, the total number of telephone lines in the country had increased from 450,000 to thirty-eight million and eight-five million by 2010. The reason for this great increase was due to licence issued to mobile operators by the government (Ijewere & Gbandi, 2012). It is important to say that the process of deregulation of NITEL commenced in 1980 with the commercialisation of the operations of the enterprise basically to promote efficiency and effectiveness in the sector. To enhance the speedy deregulation of NITEL, an Act was enacted in 1992 with the establishment of the National Communication Commission of Nigeria (NCCN). The NCCN began by splitting the functions of NITEL into two. The functions of carrying out exchange and trunks as well as international services were given exclusively to NITEL. Other functions were given to private investors to carry out. The implication of this is that NITEL's role as supervisor and regulator of telecommunication system was limited to mere operator (Ikechukwu, 2013).

**Table 1: NITEL before Privatization**

Number of Functional Lines before Privatization in 2002	Generated Income before privatization in 2002	Number of Employee	Debt Overhang before Privatization in 2002
553,471	53.41 billion	Over 100,000	20 billion

Source: Ekong, et al. (2020)

**Table 2: NITEL after Privatization**

Number of Functional Lines Seven years after privatization (2009)	Generated Income Seven years after privatization (2009)	Number of Employee	Debt Overhang Seven years after privatization (2009)
40,000	Figure not available	4,000	

Source: Ekong, et al. (2020)

**Table 3: Comparing NITEL performance before and after takeover by TRANSCORP.**

Connected lines before takeover in 2006	Connected lines after three years of takeover (2009)
400,000	Less than 100,000
Working lines before takeover in 2006	Working lines after three years of takeover
296,000	5000
Active exchange in networks before takeover in 2006	Active exchange in networks three years after takeover (2009)
249	Less than 60

Source: Ekong, et al. (2020)

A look at table 1 to 3 show a lack of growth from the privatization of NITEL and its Global Satellite Mobile Network (GSM) mobile subsidiary; M-Tel which fails to break even in the telecommunication industry in Nigeria. Thus, adjudging the privatization of NITEL as a failure in the telecommunication industry. Furthermore, it is essential to say that the deregulation exercise has led to the springing up of private telecom firms; the intension is



to provide services to users in the market which to a large extent has been successful. The GSM was introduced by President Olusegun Obasanjo in 2001 to promote Nigeria's information technology. In other words, the Nigeria's telecom sector began to experience a major revolution with the liberalisation of the industry in 2001 following the granting of license to global system for mobile telecommunication (GSM) providers (Ekong, Chukwu, & Chukwu, 2020). The introduction of GSM is considered as a replacement to Analogue System used by NITEL in almost two decades. The Federal Government of Nigeria gave licences to MTN Nigeria Communications, Globacom Limited, Airtel Nigeria (formerly Zain, Celtel), EMTS Limited (Etisalat) now 9mobile, Visafone Limited, Starcomms (Capcom), M-Tel (Nitel), Econet Wireless, Vodacom, Mega Engineering (Zoda Fones), Reltel and Multilinks Telkom. As of October 2020, Nigeria had over 203,162,561 mobile telecommunications subscribers (NCC, 2020).

**Table 4: The Market share of the main Telecommunication Operators (GSM) in Nigeria by October 2020**

	Airtel	9mobile	Glo	MTN
No. of Subscribers	54,766,947	12,377,612	52,934,089	83,083,913
Percentage (%)	26.96%	6.09%	26.06%	40.90%

Source: Nigeria Communication Commission (NCC), October 2020.

According to the Nigeria Communication Commission (NCC), (2020), the telecommunication operators earned N320billion in January 2020 and N323.2 billion were posted in February 2020 as the earned revenue by telecom operators in Nigeria. However, the telecommunication operators earning in March 2020 increased to N326.5 billion and N329.47 billion also was posted as the earnings in the month of April 2020. Around May 2020, the telecom earnings rose to N331.7 billion and equally advanced to N338.8 billion in June 2020. The total earnings of all the telecommunication operators in Nigeria amounted to approximately N1.97trillion revenue at the end of the first half of the year 2020 (NCC, 2020).

The telecommunication company's growth and substantial increase in teledensity, according to Ugochukwu, et al. (2021) was on the account of the COVID-19 pandemic and government's authorization of stay-at-home-lockdown order.

Apparently, the intensification in new lines acquisitions demonstrated the subscriber's choices for engaging on e-healthcare processing, e-learning education, online education and virtual classroom attendance for the students, workers, and government agencies that had increased the figure of the subscribers who relied on the attractiveness of data bundle alongside devices from Mobile Network Operators (MNOs) (Ekong, et al., 2020). While the cumulative increase in the telecommunication subscriptions confirmed the active lines verification and hence reflected in the data which substantially surged in network subscribers gaining distinctive access points to the Internet services to overcome the challenges of depending on a single network provider for gateway admittance (Matthew & Kazaure, 2020).

**Table 5: Percentage GDP Contribution to the Telecommunication Industry to the Nigeria Economy**

Year of Categorization	Percentage Contribution to Nigeria GDP
2012	7.7%

2013	7.4%
2014	7.6%
2015	8.5%
2016	9.13%
2017	8.66%
2018	9.85%
2019	10.6%
2020	12.45%

Source : Nigeria Communication Commission (NCC) (2020).

A close look at the growth and progress of the telecommunication industry after its deregulation shows a success and table 5 clearly revealed its contributions to the nation's GDP. Apart from its contribution to the Nigerian economy, the industry has also helped in reducing the unemployment rate in the country by employing over 25,000 Nigerians (Ugochukwu, et al., 2021).

### Challenges Fronting the Telecommunication Industry in Nigeria

In spite of the explosive growth since its debut in 2001 and consequentially generated a huge revenue for the licensed operators as well as the government in the form of tax and license fee, there has been a lot of hurdles the market has had to face over the years. Regardless of how revolutionary the industry has been, the integral hurdles that prevail are an abnormally high demand for service due to inefficiencies of previous years, fallible infrastructure base, inefficient power supply, tariff regulations, meeting consumer expectations, amongst others.

#### *Inadequate Power Supply*

The standing electric power supply is not able to satisfy the requirements of the mobile communications sector in Nigeria. In order to maintain a regular network, the operators have resorted to powering their Base Transmission Stations (BTS) with generators that have an automatic trigger whenever there is any form of power outage from the mains supply. As a result, diesel storage tanks are built at the sites and supply the generators periodically. Since self-generation electricity constitutes the highest cost of production, the GSM operators charge high tariffs to make up for the cost. The table below shows the annual cost of generating electricity by major telecommunication operations in Nigeria.

**Table 6: Annual Expenditure of Major Telecommunication Giants in Nigeria on Generators and Diesel**

Major Operators	Number of Base Station	Number of Generators	Annual Expenses on Diesel
MTN	3,100	6,200	N9.5 billion
Globacom	3,000	6,000	N8.4 billion
Airtel	3,000	6,000	N8.4 billion
9mobile	2,700	5,400	N7.5 billion

Ekong, Chukwu, & Chukwu (2020).

The four leading operators Airtel, GLO, MTN, and 9mobile jointly power over 22,000 base transceiver stations with about 23,600 generators (Ekong, et al, 2020). In addition, the operators also have to provide security for their equipment which has not stopped hooligans from stealing the generators or the diesel as these operators lose about two generators and over one million litres of diesel daily.

### *Transmission Infrastructure Challenges*

This particular challenge is ranked next to the power supply challenge as the most difficult challenge to the GSM companies in Nigeria. MTN Nigerian had to build phase 1 of the Y'hello Bahn transmission backbone which produced the biggest ratio of 4:1 backbone in the nation to address the challenge of no dependable terrestrial transmission links which covered a distance of 3,400 kilometres across Nigeria (Ekong, et al, 2020).

### *Inadequate Roads and Social Facilities*

The GSM operators sometimes have to shoulder the responsibility of constructing or fixing the roads that lead to their host communities before setting their masts in place. This is due to poor road networks and other social utilities such as pipe-borne water to several rural communities in the nation (Nkordeh et al, 2017). Consequentially, the GSM operators are normally given conditions to make available the same or are faced with the option of denial of access into such villages or communities. The resources required to achieve this always prevent the companies' expansion.

### *Destruction and Vandalism of Equipment*

Another leading challenge in the GSM market faced by the licensed operators in Nigeria is the often vandalism and destruction of several installed equipment like Automatic Voltage Regulators (AVR) (Ekong, et al, 2020), generator sets, diesel, air condition units among others by hooligans. Replacing these stolen or destroyed installations constitutes a serious deterrent to the operations of the GSM companies. Due to the vandalism of this equipment, one of the operators had to close down one of their bases in Lagos. Similarly, one of the operators reported that they could not access about 30 of their sites due to the insecurity in the country, especially in the Northern part.

## **Conclusion**

In conclusion, if privatization must of necessity 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 in order to increase the efficiency and contribution to development of both sectors. Therefore, the success of privatization should be judged not in terms of the sale or contract itself or the price paid to government, or even the survival or expansion of the enterprise sold, but rather, on the basis of whether there are net benefits to the economy. On the aforementioned bases privatization of the telecommunication industry has not only opened up new frontiers in terms of communication, it has also contributed to the nation's GDP and also the reduction in the unemployment rate but not without some challenges as stated above.

### *Recommendations*

Government as a matter of policy formulation should continue to create a conducive environment for the telecommunication industry to flourish.

The Nigeria Communication Commission (NCC) as a regulatory body of the industry should endeavour to curtail the excesses in the industry for the benefit of the public.

Improved infrastructural facilities is also needed to aid the delivery of effective services to customers.

The Nigerian government in order to ease the financial burden on the telecommunication industry and also other sectors of the economy should provide adequate power supply.

Adequate security measures should be taken for the safety of lives and properties especially infrastructural facilities.

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