

Citizens' Assessment of Nigeria's Privatisation Programme 1999-2011

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Abstract

The acceptance of neo-liberal policy of privatization, in line with the dictates of economic globalisation has necessitated a paradigm shift in Nigeria's internal political economic relations from a welfaristic state to a gradual market based capitalist economy. Within this shift is the adoption of the privatisation policy as a necessary policy choice for the attainment of the nation's economic targets. However, while several studies had shown the impact of privatization on the nation's Gross Domestic Product, little has been done on the perceptions of citizens on the implications of the privatisation policy on their lives. This study realized that the privatization policy had negative perceived implications on the political participation, and quality of lives of the citizens.

Keywords: Globalisation, Privatisation, Political participation, Quality of lives

1. Introduction

Since the end of the Cold War, nations have been faced with numerous challenges; including that of adjusting to the imperatives of globalization. Agbu (2004) described the challenge of globalization "as the challenge of surviving in a global world of unbridled greed, propelled by global capital and trade and advances in new technologies". The challenges of globalization, according to Friedman (1999), include the integration of markets, finance and technologies in a way that is shrinking the world from medium size to a small size thus enabling each persons and nation reach the world further, faster and cheaper than ever before. However, Ake (1981) had suggested that globalization is a part of the overall hegemony facilitated by the end of the Cold War and the emergent new world order of uni-polar existence. Thus, for the unipolar power bloc, within the context of globalization, liberal democracy stands as the only ideology while the only religion is market forces. In line with these perspectives, Bello (1994) saw globalization as a sweeping strategy of global economic roll back which is unleashed by Northern political and corporate elite to consolidate corporate hegemony in the home economy and shore up the North's domination in the international economy.

Globalization, is therefore, construed as a phenomenon which aims at enforcing and reinforcing the supremacy of the developed North, over the developing South in the global system. Thus, Bilton (1996) had perceived that globalization has become the process whereby technological, political, social, economic, and cultural relations increasingly take a global scale, with profound consequences for individuals, local experiences and everyday lives. In the developing world, the challenge centers on how best to integrate into the World System, in a manner that not only preserves their sovereignty but also enhance their development. While there are many facets of globalization, (e.g. technological, social, cultural, economic and political aspects) the economic aspect is at the heart of the quest by countries to achieve national development, side by side with the preservation of their sovereignty. As a theme therefore, economic globalization constitutes a major subject of interest in this research work. Economic globalization refers to the increasing integration of economies around the world through declining barriers to trade, migration, capital flows, 'technology transfers' and direct investment (see Sanders 1996). It is also characterized according to Daouas (2001), by the intensification of cross-border trade and increased financial and foreign direct investment flows prompted by rapid liberalization and advances in information technology.

The resultant effect of economic globalization is the creation of a global market for goods and services indifferent to national borders and governments; and that in which transfer into consuming nations of the world, had been heralded by information technology and made possible by trade liberalization. Bourguignon (2006), however noted that globalization has "opened a window of opportunity, one that may not stay open for a long time". The outcome of this is a response by the country either individually or collectively to brace up to the challenges of globalization while seeking to reap the benefits of the 'window of opportunities' provided by economic globalization.

Economic globalization in this sense refers to the increase in trade and movement of capitals through trans-national agencies across national boundaries. It is a phenomenon strategically hinged on neo-classical orientations of global economics that seemingly reduces the influence of states. For instance, modern corporations involved in economic globalization "are increasingly "stateless," as they answer to no one, and have economies larger and more powerful than many of the countries that host them (Sarah Anderson, and John Cavanaugh 2010). It has also been conceptualised as international economic exchange and the flow of goods,

services, people, information, and capital across national ‘new’ international trade and investment involves abiding by some fundamental rules, associated with integration into the liberalised global political economy. In the domestic context, such rules include the following:

- A country should open up its economy to the world by eliminating monetary and non-monetary barriers such as tariffs and quotas. The expectation being that doing so would force local fledgling businesses to compete on what is called an “a level playing field” against huge, often subsidized, multinational corporations.
- A participating country to open up its domestic financial market and eliminate controls on capital flows. This is an article of faith among sponsors and supporters of the so-called Washington Consensus that lifting controls on money flows in and out of any country will increase foreign direct investment, promote economic growth, and lift the poor from poverty.
- The removal of subsidies and the privatization of state-owned enterprises, that is, the sale of government-owned companies, utilities, and even health care facilities and schools to private corporations. The underlying logic here is that many state enterprises are bureaucratized and bloated and should be streamlined or sold to private investors so as to save more money and become more competitive. In
- other words, the state has no business in the economic realm which should be private sector driven

While the substantial and impressive rate of economic growth in some Asian countries have often been cited as an example of countries which have benefited from integration into the globalised economy, the macroeconomic performance of countries in Africa have seemingly invalidated this assertion. Accounts of Africa’s poor performance vary from external conditions, colonial history, heavy dependence on primary products, past economic policies, demographic change, lack of financial strength, deficient public service provisions, social conditions, ethnic and communal divisions, initial economic conditions and an extraordinary disadvantageous geography (see Sachs and Warner 1997, Collier and Gunning 1998). By extension Africa faces major challenges, not the least, the need to increase economic growth and reduce poverty.

2. Methodology

The political-economy theory was employed. A Cross-sectional survey research design, was conducted using a semi-structured questionnaire elicited information on citizens’ perception of the outcomes of ED on democratic participation and ability to meet family obligations. Convenience sampling technique was used to select a total of 1029 respondents, comprising of 509 from the North and 520 from the South. Publications of Central Bank of Nigeria, Africa Peer Review Mechanism country report and press reports were used to obtain data on the outcomes of ED policies on the nation’s GDP and inflow of FDI. While secondary data was content analysed, primary data was analysed using descriptive statistics and correlation coefficient..

3. Need For Privatization In Nigeria

The regime of President Olusegun Obasanjo inherited a comatose economy which was characterized by huge government expenditure on government owned enterprises. This situation could not place the nation in a vantage position to compete in the ongoing global economic competition nor enable her to benefit from the windows of opportunity opened by economic globalization. As observed by Ngozi Okonjo-Iweala and Philip Osafo-Kwaako, the public sector’s under performance imposed in its wake, a huge financial drain on the nation’s treasury and thus contributed immensely to the stagnated development status of the country.

Given the above scenario, and contemporary global trend of trade liberalization, the need to pursue a more vigorous privatization programme on these underperforming state-owned enterprises became imperative. In addition to this, privatization was seen as an instrument for reducing debts by attracting foreign capital investments in privatized firms. Also, privatization is expected to generate the revenue needed by the state to pay off workers displaced by industrial restructuring, reduce the state’s administrative responsibilities, and the burdens of government intervention in enterprise management, and provide consumers with more efficiently produced goods. In view of the above, and culminating from the Privatization programme hitherto set up by past military regimes, the democratically elected administration of President Obasanjo as stipulated in his reforms adopted the objectives of privatization as being:

1. To restructure and rationalize the public sector in order to lessen the dominance of unproductive investment in the sector.
2. To orientate the enterprise for privatization and commercialization towards a new horizon of performance, improvement, viability, and overall efficiency.
3. To raise funds for financing socio-economic development in such areas as health, education and infrastructure.

4. To ensure positive returns in public sector investment in commercialized Enterprises, through more efficient management.
5. To check the present absolute dependency on the treasury funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigeria capital market to meet their funding requirements.
6. To initiate the process of gradual cession to the private sector such public enterprises which are better operated by the private sector, more so as they incur substantial levies, contribute significantly to government budget deficits and have a negative impact on the country's balance of payments.
7. To create more jobs, and acquire new knowledge and technology.
8. To promote efficiency by fostering well structured markets and competition.

The Privatization programme of the Federal Government of Nigeria took a wider and faster dimension under the democratic administration of President Olusegun. This impetus could be traceable to democracy which promotes public choices. Thus over 40 enterprises had been privatized by 2005. However, there had been various perspectives to the outcomes of the privatization programs of President Olusegun Obasanjo administration. For example, Seteolu Afolabi (2007) was of the opinion that the privatization program, in its implementation, could not have been beneficial to the country in the long run. He had opined that the infrastructural turnaround maintenance and the construction of new refineries would have been more beneficial to the socio-economic development of Nigeria, especially with regards to the privatization of the Nigeria refineries.

However, Adeyemo and Salami (2008) in their review of the Privatisation and Public Enterprises Reform in Nigeria had also observed and had submitted that:

The experience with most privatized enterprises tallied with expectation. The privatized enterprises in Nigeria were able to achieve the desired objectives, there were a few exemption however....majority of the privatized enterprises are doing well such that their prices has appreciated in the capital market. Unipetrol (now OANDO) recorded the highest capital appreciation of 76.8. A few enterprises in the insurance sector recorded negative growth rate, the worst was Sun Insurance.

However, the services of majority of commercialized enterprises have deteriorated. For example, National Electric Power Authority (NEPA) now Power Holding Company of Nigeria (PHCN), Nigerian Telecommunications Limited (NITEL) and Nigerian Railways Corporation (NRC)deteriorated in performances after commercialization. Nigerian Postal Services (NIPOST) is the only exemption. Letters now get to anywhere in Nigeria within 3 days as against 14 days before it was commercialized....However, the major impact of the reform has been in the area of increased competition and efficiency. These were evident in the telecommunication, petroleum and -banking sectors¹⁶

This summary seems to corroborate President Olusegun Obasanjo's insistence that the privatization programme had been a huge success, especially with regards to the telecommunication sector. The success of the telecommunications sector was also corroborated by Ngozi Okonjo-Iweala and Philip Osafo-Kwaako who noted that;

Liberalization of the telecom sector has been particularly successful, resulting in an increase in the number of telephone lines in the country from about 500,000 landlines in 2001 to over 32 million GSM lines at present. The sector has attracted over US\$1 billion a year in investments in the past four years and Nigeria has been rated as one of the countries with the fastest growing tele-density in the world¹⁷

The transformation observed and applauded in the telecommunication sector was basically founded on the inefficiency and limited service that had been experienced with NITEL in the years past. In capturing the events of those years, Ajayi, R. I. Salawu, and T. I. Raji had argued :

Nigeria's telephone penetration rate was still low, in 1994, at about 8 direct exchange lines (DELS) per thousand inhabitants. Its major challenge in extending its facilities continued to be the provision of telecommunication services in the rural areas, where there is little or no penetration. In the mid-1990s, however, the telecommunications

facilities in the urban areas continued to be inadequate as well. Nigeria's telecommunications services--especially telephony--are not sufficient to meet the needs of all those who require them, especially in the big cities like Lagos, Ibadan, Enugu, Kano, and so on. This has led to long waiting periods for obtaining facilities (which was above 10 years in 1993) and congestion of existing exchanges. Finally, new telecommunications facilities such as facsimile, international business services, and high-rate data transmission are not readily available

Thus, prior to the privatization of the nation's Telecommunication's sector, the ICT penetration in Nigeria was considerably low with less than 1% of the population having access to a telephone due to bottlenecks, high connection costs and maintenance costs. However, as at the end of 2002, the Nigerian telecoms market had experienced an annual growth of 37% and was worth around US\$ 1.1 billion. Also, as of August 2007, it was estimated that, there were 45.5 million mobile phones in use in Nigeria.

The implication of this is that privatisation had been able to provide employment to Nigerians who were involved in the sales of phones, phone repairs, sales of recharge cards, advertisement, casual and permanent staffs of telecom service providers. Thus, rather than promote job loss, privatisation especially in this sector had reduced the rate of non-employment and thus contributed to the growth of the nation's economy. Given these implications, Rafeeat Aliyu (2011) had however, observed and concluded that:

... the Nigerian telecoms market has seen a spurt of growth, an increase in foreign investment and the entrance of foreign telecoms operators into the market. Asian companies, hoping to take a share of profits in the Nigerian and wider African telecoms markets have come in the form of telecoms operators and telecoms equipment and solutions providers. It has been suggested that the overall development of a country is linked to the development of its telecoms sector. While telecoms operators in Nigeria have done their part in providing employment opportunities and participating in development projects, it still remains to be seen how these companies will improve Nigeria's economy in the long-term.

Given the development in information technology, it is pertinent to note that telecommunications is not restricted to phone usage. The need for this is to prevent a hasty conclusion on Nigerian's access to and usage of telecommunication channels available in the 21st century. Access to vital information and fast financial transactions in the era under study was being facilitated through internet connectivity. Thus, Bank Recapitalisation and thus e-commerce and bank operations relied heavily on the availability of internet services at available and affordable prices. However, this was not the case in the era under study. As at December 2006, there were only 5,000,000 internet users in Nigeria, which was about 3.1% of the nation's population²¹. In this light therefore, most Nigerians at that time could not benefit from the windows of opportunity opened via internet connectivity. The implication of this and other outcomes associated with the recorded changes in the area of privatization would be discussed later in this study.

4. Citizens' Perceived Outcome Of Impact Of Privatisation Policy

Earlier in this study, Adeyemo and Salami; and Okonjo-Iweala and Osafo-Kwaako had emphasized the positive outcomes of the Privatization programme, especially in the attraction of Foreign Direct Investments and Telecommunication sector of the economy. Plausible as the findings of these studies are, especially with regards to institutional development, this section of this study seeks to investigate the outcome of the privatization programme on citizens lives.

Table 1 shows that the general perception of the impact of privatization policy is that it is not positively inclined. In the area of commitment to Nigeria's cause, only 28.8% of the respondents are of the opinion that it had any positive impact in that area of their lives. Although Fayakinnu's study had inferred that privatization had increased workers' commitment to their jobs²², this study had shown that privatization did not actually increase the citizens' commitment to their country.

Thus the increase, as it were, in workers' commitment could have been borne out of a desire to retain their jobs, rather than a desire to contribute consciously to the development of the nation. Also, with regards to working for Nigeria, 40.7% of the respondents are of the opinion that policy did not in any way affect the way and manner in which they had been working for the country prior to the policy. It is important however to note that 40.2% of the populace were of the opinion that rather than decreasing corruption, the policy seemed to have increased the rate of corruption in the country. In addition to this, privatization contrary to expectation did not increase the level of political participation of the masses, as only 22.6% perceived that it positively impacted on the level of their participation in governance.

With regards to the people's quality of life, 72.8% did not perceive the policy as having positively impacted on their living styles, as only 28.2% opined that privatization had helped them to meet the obligations of their families. This is in tandem with Fayankinnu (2008) findings that privatization led to mass retrenchment of workers, changed employment pattern from permanent to flexible/part-time/casual/contract employment. This prevented workers from enjoying social entitlements which invariably would have impacted negatively on their social responsibilities to their families.

In tandem with this observation the former World Bank Chief Economist Joseph Stiglitz (2002) had also argued that privatization can be beneficial when done as a part of a comprehensive set of reforms that include creating jobs for laid-off government workers and regulations for newly privatized companies. Otherwise the result is massive layoffs, a rise in user fees and a decline in services. In other words, unplanned and ineffective execution of privatization policies in any country may be counter-productive to both the nation and the citizens, which may have been the case in Nigeria. This could be reason while privatization policy in Nigeria could only positively impact on less than 30% of the respondents.

Specifically, only 28.8% recorded a positive impact on their commitment to Nigeria; 26.0% would want to work for Nigeria's progress and goals because of the privatization policy; only 22.6% felt that there was an encouragement for political participation; just 25.9% felt a positive impact in the security of their lives and properties due to privatization; only 28.2% felt that the policy had enabled them meet their obligations to their family; 27.7% also felt that the policy had positive impact in curbing corruption, and only 27.2% felt a positive change in their quality of life, courtesy of the privatization programme under the eight year rule.

However, interactions with the respondents also revealed that of all the privatized agencies and sectors of the Nigerian economy, the privatization of the telecommunication sector had positively affected Nigerians the more. This is because unlike the pre-privatization era, when only few had access to telephony systems, after the liberalization of the telecommunications sector, many Nigerians could now afford mobile sets, and also make phone calls at will. This is given the fact that as at 1999, 266,461 GSM lines had been subscribed. This number increased steadily as the network coverage of the telecom operators increased; with attendant decrease in call and line rates to 54,413,784 GSM lines in 2007 (Gold Kafilah Lola 2011). This has provided jobs for many either as recharge voucher sellers, phone and accessories traders and even the operation of a phone call centre.

Although there was the incidence of high cost of buying lines and making calls at the commencement of the privatization of the telecommunication sector, the prices have since been reduced thus giving more Nigerians access to phone lines and reduced call charges.

From the foregoing therefore, it is believed that privatization while fostering efficiency is seen as the panacea to socio-economic and political developments. If that be the case, the question is, to what extent has the privatization policy been perceived as having positively impacted upon the socio-economic and political lives of Nigerians? The answer to this question, based on the findings of this study is such positive outcomes are quite minimal. The success story of privatization in Nigeria is basically hinged on the telecommunication sector of the Nigeria economy. However, such could not be said of other privatized institutions in Nigeria.

Thus, table 2 which indicates the relationship that exists between privatization and the citizens' perceived implication reveals an inverse significant relationship between privatization and the dependent variables. Thus privatization had therefore not improved the citizens' commitment to the nation's development programmes; had not also promoted the citizens' political participation nor helped in the citizens' quest to meet family obligations. All in all the policy had negatively impacted on the citizens' quality of life.

5. Conclusion

From the results shown above, it can be concluded that whatever positive outcome is perceived to have accrued to the nation and her nationals in this sector is submerged in the negative outcomes of loss of jobs and means of livelihood; incidences of corrupt practices; underemployment, and intimidations as experienced by Nigerians. Thus, the negative relationships that existed between the implementation of the privatization policy of government and the independent variables of this study (that is: commitment to Nigeria, working for Nigeria, reduction of corrupt practices, political participation, quality of life, personal security, meeting of family obligation and self confidence) reveals that to a large extent the privatization programme of government did not achieve its purposes in the lives of Nigerians in the period under study. Therefore, it is pertinent to conclude that while the financial gains accrued to the Federal Government of Nigeria had in general improved the nation's Gross Domestic Product; Nigerians have not, to a large extent experienced the expected benefits of the programme in their individual socio-economic and political lives.

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Table 1: PERCEPTION OF IMPACT OF PRIVATISATION POLICY

Perceived impact	Positive (N)	Positive (%)	No effect (N)	No Effect (%)	Negative (N)	Negative (%)
Commitment to Nigeria	296 (N=112 S=184)	28.8	378 (N=172 S=206)	36.7	355 (N=161 S=194)	34.5
Working for Nigeria	267 (N=96 S=171)	26.0	419 (N=201 S=218)	40.7	343 (N=105 S=238)	33.3
Political Participation	233 (N=123 S=110)	22.6	420 (N=211 S=209)	40.8	376 (N=107 S=269)	36.7
Personal Security	267 (N=110 S=157)	25.9	436 (N=211 S=225)	42.4	326 (N=110 S=216)	31.7
Obligation to Family	290 (N=106 S=184)	28.2	454 (N=215 S=239)	44.1	285 (N=121 S=164)	27.7
Corruption	276 (N=101 S=175)	27.7	220 (N=121 S=99)	32.1	401 (N=210 S=191)	40.2
Quality of Life	280 (N=110 S=170)	27.2	462 (N=194 S=268)	44.9	287 (N=98 S=189)	27.9

Source:Field Research **2014**; N=North; S=South

TABLE 2: Table Showing The Correlation Coefficient Of Citizens' Percieved Outcomes To Privatisation

Variables	Privatization
Commitment to Nigeria	-.76**
Working for Nigeria	-.80**
Political participation	-.78**
Security	-.77**
Meeting family obligation	-.70**
Corruption perception	-.76**
Quality of life	-.75**
Self confidence	-.63**

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