

**INSTITUTIONAL CHALLENGES IN THE MANAGEMENT OF PRIVATISATION POLICY IN NIGERIA****SALAWU, I.O.****Department of Politics and Governance****Kwara State University, Malete, Nigeria**Correspondence Author's E-mail: [ibrahimsalus@gmail.com](mailto:ibrahimsalus@gmail.com)**Abstract**

*Nigeria is not left behind in the wave of global adoption of Privatisation as a means of transferring state-owned enterprises into private hands. This has been considered as a veritable reaction to the mismanagement and gross inefficiency that characterised most state-owned enterprises that were saddled with the responsibility of driving national development. To drive this, the Federal government established the Bureau for Public Enterprises (BPEs). The objective of this study therefore is to examine the performance of BPEs in the implementation of privatisation programme in Nigeria using the telecommunication sector as a case in point. This study infused the Rockart and Christines's theory of Critical Success Factors into Guislain's theoretical assumption. Primary data for the study was collected through the distribution of questionnaire to 50 staff of the BPEs in the Directorate cadre, as well as, personal interviews with other key stakeholders. Cronbach's Alpha was used to ascertain the reliability index scales of the variables of autonomy, capacity and performance of the BPEs. Spearman's rho coefficient was used to determine the extent of relationships amongst the variables. The result obtained affirmed an interrelationship between autonomy and capacity as key determinants of performance of BPEs. The result also revealed that increase in autonomy of the BPEs without a corresponding increase in its capacity impacted negatively on its performance. The study therefore recommended, among other measures, a review of the regulatory framework of the operations of the BPEs that brings Nigeria's Executive President directly into the approval loop of all privatisation transactions, review of BPEs power to only remit the net proceeds of privatisation after defraying associated costs of each privatisation transaction, introduce a natural career progression process that enable staff from within the BPEs to aspire and attain the highest position of Director General in the organization.*

**Key Words:** Privatisation, Bureau of Public Enterprises, Telecommunication, Autonomy, Capacity, Performance, Nigeria

**JEL Classification:** D78, E02, G38, L33, P16, P47

**Introduction**

Skepticism that greeted the introduction of privatisation by the Thatcher's government in Britain is currently waning (Megginson & Netter, 2001). A tacit acceptance of state divestitures as a tool of statecraft continues to gain global prominence. This is palpable from instances of governments of over 120 countries (including Nigeria) threading this path. This serves as a soothing impetus for analysts that are of the view that privatisation is the most important element of the continuing classical politico-economic praxis of the increasing use of markets to allocate scarce resources (Megginson & Netter, 2001).

This increase in acceptance and popularity of the privatisation policy in governance is due to the perceived success of industrialised countries, alongside deepening economic crises in less developed countries. It is also due to the ascent to power of conservative regimes in key western industrialised countries that all together encourage a flourishing right-wing economic doctrines and ideologies. More importantly, the extensive macro-economic, political and social crises that seem to have cascaded through the less developed countries of Africa, Asia and Latin America cannot be ruled out as contributory factors (Yahaya, 1993). These crises were attributed to mismanagement, inefficiency and wrong economic policies making the state the chief regulator of trade.

Public ownership of enterprises has been emphasised as a fundamental cause of distortions, slow growth and proliferation of inefficient commercial state-driven structures (Olashore, 1991). Redressing this anomaly had triggered international economic organisations, such as, the World Bank (WB), the International Monetary Fund (IMF) and the United States Agency for International Development (USAID) to place divestiture of state holdings as part of conditionalities for assistance or grants. The socio-economic and political expedience of this paradigm shift has equally been at the front burner of academic discourse. Theoretical arguments for or against privatisation, and more particularly, economic challenges in developing economies including Nigeria were in the front-burner since the 1980s. To address these challenges successive administrations in Nigeria introduced policies ranging from “Austerity Measures” in 1981 to “Structural Adjustment Programmes (SAP)” in 1986, which were essentially targeted at giving the private sector, and by extension, the market structure a central role to play in the economy (Olashore,1991).

At the heart of the economic reforms by successive military regimes during the 1990s and the civilian government since 1999 is the policy of privatisation. This was intended to reduce government expenditure on public services by transferring to the private sector, functions hitherto performed by the government for increased efficiency and ultimately, profitability. Privatisation, as conceived by government should free up funds for infrastructural development and imbue fiscal discipline in the economy. To drive this process, the traditional civil service structure was believed to be incapable of implementing the privatisation initiative in a manner devoid of its traditional laxities. This necessitated the creation of an agency that is independent of the core civil service structure to drive the privatisation initiative. That agency is the Bureau for Public Enterprises (BPEs) (BPEs, 2014).

The Privatisation and Commercialisation Act 1999 (as Amended) provided a structural relation of powers between the National Council on Privatisation (NCP) and the Bureau of Public Enterprises. The BPEs is statutorily designed to function as the secretariat of the NCP charged with the overall responsibility of implementing the policy thrusts of privatisation and commercialisation. Since its establishment, the BPEs concluded a total number of 145 transactions in 2013, while several others are ongoing (BPEs, 2014). This is excluding the privatisation of petroleum refineries that are yet to be concluded and given necessary political support.

The normative assumption of this study stems from the unimpressive results posted by the privatised enterprises over the years and their inability to match corresponding yield in terms of the general and specific objectives of the policy. Also, a situation where a substantial portion of the financial returns from the entire process have not been credibly verified nor channeled into developmental projects as earlier anticipated are pointers to policy plunge (Sambo, 2011; Dikki, 2013; Akalugo, 2011).

It is further assumed that poor performances of the privatised enterprises are not only as a result of the persistence of the challenges that had made them inefficient before they were privatised. It might also be attributed to the low capacity and competence of BPEs. This study is an attempt at investigating these using the telecommunications sector as a case in point.

**Privatisation: A Conceptual Review**

The controversy surrounding privatisation in most countries is usually related to the amount of consensus scholars have reached on the performance of public enterprises. This is without prejudice to the pertinent inquiry of whether privatisation could be an all or nothing decision by states of the world (Avishuk, 2000)? This explains the attention which the process and environment of implementation have garnered rather than a tortuous engagement in definitions. Extant literature on the concept has been tainted with differing opinions with sparing attention given to the environment and processes that translates the concept to reality. However, the choice of literature reviewed in this study attempts a balance between the theory, the concept and the environment of implementation.

From the Nigerian government's point of view, privatisation is conceived as the process of relinquishing part or equity or other interests of the Federal Government owned agencies and enterprises (Odukoya, 2007). Garoot (2014) opined that control, management and the composition of the Boards of Directors of privatised entities in this instance would reflect the ownership structure of the enterprises, except where an enterprise is partially privatised. The subject of privatisation has become a central feature of the socio-economic and political reengineering of nations notwithstanding the ideological leanings of the past.

Gupta (2005) saw privatisation as denationalisation which is an euphemism for the sale of state-owned assets in order to unleash the kind of competition which private ownership engenders. It can be deduced therefore, that privatisation can be said to be a shifting of the production and distribution resident in the public sector to the private sector and/or total/partial transfer of government equity interests to private investors. This conception perceives privatisation to primarily involve increased private sector participation in areas where the government used to hold sway.

Odukoya (2007) reinforced the above stance by attaching importance to the role of appropriate modalities in privatisation. He opined that part of the company can be sold out in stock to a single private buyer and not by issues of shares in the stock exchange. To him, methods are equally as important as the political decision to privatise. This view is given prominence by the experience of the majority of countries where privatisation has been implemented. The choice of methods or modality as loosely referred has been a major determinant of success or failure. Its relevance here is based on the fact that choice of method and its sanctity, irrespective of the vision of the political executive, rests squarely on the shoulders of the privatisation regulator. This explains the need for such a body to possess the needed structural and intellectual wherewithal for rational choices on behalf of the state and the citizenry and to implement without an erosion of its independence by the political stakeholders and governments at all levels. These are the grounds upon which privatisation may be justified. Although critics tend to argue that in developing countries, part of the reason for its adoption is the need to secure additional funding from the Breton Woods institutions of the World Bank and the International Monetary Fund (Pamacheche & Koma, 2007).

Varying conceptions of privatisation have elicited different interpretation by scholars. The extensive work of Megginson, Robert and Mathias (1994) and Megginson and Netter (2001) considered privatisation as a deliberate attempt to sell government-owned enterprises to private individuals. Obadan (2000) saw it as total or partial sale of state assets to private individuals or firms. Both conceptual definitions advanced by Obadan (2000) and Megginson and Netter (2001) seem to ignore another aspect canvassed by Toyo (2000), which stresses that privatisation may also involve leasing a government-owned asset to the private sector. These conceptual issues seem to assume that privatisation will in all situations lead to the desired outcome. However, scholars like as Stiglitz (2002), viewed the concept of privatisation as one that involves the sale of government monopolies to the private sector with the express intention of achieving firm efficiency and lower prices for consumers.

**Review of Nigeria's Privatisation Process**

The BPEs over the years is credited with a transaction process that is designed to engender transparency of the privatisation process. This became more evident in the years under review (2002-2012). Within this period, it is on record that virtually all transactions were made to scale the hurdle of a sector review. This practice is meant to decipher sectoral requirements for private sector competition or other policy adjustments required for success. The BPEs also employed the assistance of professionals and consultants on the appropriate modalities for sales.

While different modalities ranging from core investor sales and concessioning to public offers have been used at various times, they have also been combined in certain cases (El-Rufai, 2012). Instances of outright asset disposal and few cases of liquidation have also been witnessed. In all of these, revenues were generated. According to El-Rufai (2012), about ₦57 billion was raked into the treasury between 1999 and 2003.

Apart from direct financial returns to government, the BPEs have assisted in building local professional capacity through the engagement of asset valuers, accountants, lawyers and relevant sector experts under the auspices of an investment bank to handle privatisation transactions. To enhance transparency, the BPEs through newspaper adverts, invite expression of interests, followed by financial bids prequalified by the advisory services firm who evaluates memoranda in a format acceptable to the NCP. This includes the open market value of the State-Owned Enterprises (SOEs)(BPEs, 2014).

Expressions of interest are then invited from within Nigeria and abroad from persons, companies or consortiums wishing to acquire a named state-owned enterprise on an "as is, where is" basis. These expressions of interest are equally analysed for the prequalified firms to submit technical and financial bids in addition to the vetting of bidding documents and extensive company information. The bidder that submits the highest price for the state-owned enterprise at this stage, having met the technical requirements, is declared the preferred bidder, whilst the one with the second highest price, becomes the reserved bidder. These processes are all in strict compliance with the Privatisation and Commercialisation Act 1999 (BPEs/Privatisation and Commercialisation Act, 1999).

**A Review if Institutional Scorecard of the BPEs**

As at November 2014, the BPEs had concluded a total of one hundred and forty five transactions across different sectors of the economy (BPEs, 2014:48-60). This excludes the privatisation of the petroleum refineries that is yet to be decided at the political level. The normative assumption here is premised on the perception that the privatisation exercise, as being pursued by the BPEs, has not justified its establishment judging from the dismal assessment by the Federal Government of Nigeria. This brings to the fore the questions about the capacity of the body charged with the responsibility of policy implementation.

While the BPEs is always quick to refer to short-run improvements recorded in the maritime, manufacturing, aviation handling, and telecommunications sectors as evidence of success, the question that readily comes to mind is- why is it faced with a broad spectrum and barrage of criticisms? The executive and legislative arms of government at the federal level, scholars and public affairs analysts alike, have continued to question the parameters used by the BPEs, because its own assessment does not speak to the realities on ground (Akalugo, 2011; Sambo, 2011).

Revelation by the Vice President of the Federal Republic of Nigeria in 2014 that BPEs' management of the privatisation process had a meager 20 per cent performance shows a wide gap. Similarly, the Senate Committee on Privatisation and Commercialisation, after investigating the activities of the Bureau since 1999 in its report, declared that the Director General of the BPE, Bolanle Onagoruwa was lacking the required competence to lead such an important organisation (Daily Independent, 22 October, 2014).

Contrarily, Akalugo (2011) aptly opined that the sack and the accusations of lack of competence leveled against the leadership of the BPEs are mere face-saving measures on the part of the federal government who over the years, have not allowed the BPEs the required professional space and the needed autonomy to function in accordance with globally accepted standards. The legislative and executive arms of government, through high-wired political meddlesomeness, have tended to whittle down the autonomy and capacity of the organisation through; the politicisation of key appointments in the leadership of the BPEs, stifling oversight functions by Nigeria's bicameral legislature, erosion of the provisions of the legal framework for privatisation and selection of unwieldy number of political appointees from the executive who serve as committee members.

While the Nigerian government can be accused of being partially responsible for the travails of the BPEs, there is a need to logically isolate factors that seem to have crippled the privatisation drive in Nigeria, including the operational make up of the BPEs. The BPEs itself has been enmeshed in lots of controversies in the period under review. This has left a dark spot on the integrity and competence levels of its managers. For instance, successive leadership of the BPEs between 2002 and 2012 did not make the accounts of the organisation available for audit. The inability of the leadership of the organisation to demand prosecution of the mismanagement of proceeds of privatised companies which was revealed in the 2001 forensic audit conducted by a team of chartered accountants led by Akintola Williams and Deloitte, was a lost opportunity to show and imbue a sense of transparency (Daily Independent, November 27, 2012).

Regarding the core areas of privatisation, the BPEs have also been fingered in its inability to properly ascertain the capacity of bidding companies for its products. The Solgas bid for Ajaokuta Steel Complex, Niger Dock, Aluminum Smelter Company (ALSICON) and Eleme Petrochemical Company Limited were transactions that had either false-starts or ended in complete embarrassment for the privatisation programme. The telecommunications sector which is the main interest of this study is another area which has elicited knocks on the integrity, autonomy and capacity of the BPEs to manage a privatisation programme effectively. Chief amongst these are the false-starts, fluctuations and outright cancellations of Nigerian Telecommunications Limited (NITEL) sales agreements. Financial losses running into over 100 billion naira were incurred as a result of the poor performance of the BPEs in this direction (Ogundele, 2006).

The haphazard manner in which the initial sale of NITEL to a Dutch company (Pentascop) was conducted generated heated public outcry from Nigerians. Unfortunately, the subsequent transfer of NITEL to an indigenous company (Transcorp) that could not display any track record of excellence in prior business undertakings before bidding for such a strategic sector was also not bereft of allegations and counter allegations of gross incompetence and lack of technical know-how by the BPEs. Experts are of the view that the wanton breach of the spirit and letters of the Privatisation and Commercialisation Act in a bid to justify the Transcorp deal is another instance of lack of autonomy by the BPEs. The consequential cancellation of the sales agreement is an instance to buttress this claim. As a result, the BPEs was left with limited options that included putting the company up for liquidation. This is as a result of the need to purge the enterprise of its mounting debt profile (Dikki, 2013).

A score card of the BPEs and its operations in the past decade cannot be completed without a look into its contribution to sector reforms, which it has made a cardinal duty before going into privatising any sector. It is in this vein that the petroleum refining, telecommunications and the electricity sectors were reformed. This was done through the various sector reform Committees, chaired by Ministers of relevant sectors. These Committees produced blueprints for restructuring, removal of monopoly and deregulating the sectors. The Committees also designed a legal and regulatory framework to support the eventual privatisation of each sector. In certain situations, the Committees had worked to establish new sector regulators to license would-be entrants into the sector. This was geared towards making market forces

allocate resources instead of the interventionist regime of the past. It is in this light that existing sector regulators like the Nigerian Communications Commission (NCC) in the telecommunication sector were given a new lease of life. It is also in this light that the Pension Reform Act which gave birth to the National Pension Commission came about. It is also in the same spirit that the Petroleum Industry Bill 2009 ( part of which has been passed by the National Assembly) and the Competition Bill awaiting legislative approvals were also established (Okonjo-Iweala and Osafo-Kwaako, 2007).

**Framework of Analysis: The Critical Success Factors (CSFs)**

The critical success factors are what Rockart and Christine (1981) referred to as “those few key areas of activities in which favourable results are absolutely necessary for a particular manager to reach his or her own goals”. Critical Success Factors (CSFs) are significantly important in helping organisations in different spheres identify key factors they should focus on in a bid to successfully prosecute their goals.

The analytic utility of the CSFs in this study is derived from its ability to help organisations focus on key areas that determine whether events are proceeding fairly well. The choice of CSFs as analytical framework for this study stems from its malleability in evaluating the performance of organisations. They also afford the evaluator the freedom to adapt any aspect of its proposition to specific situations. In this case, Nigeria’s BPEs. The resultant framework derived from the above synthesis is depicted in Fig. 1.

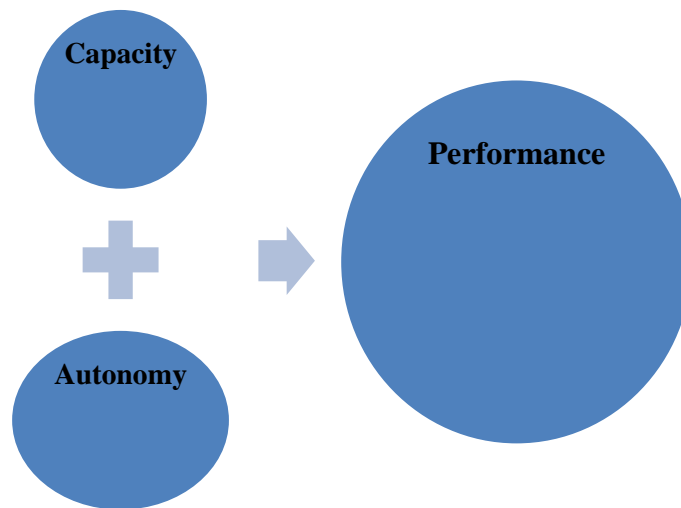


Fig. 1: A Framework depicting the Critical Success Factors  
 Source: Adapted from Guislain (1997)

### **Autonomy of the Process in BPEs**

In this study, autonomy is used to denote the degree of independence and freedom enjoyed by the privatisation agency (BPEs) in its transfer of SOEs without recourse to the weight of political influence brought to bear on the process by key political stakeholders in Nigeria.

Privatisation according to Guislain (1997) is readily enmeshed in the political schemes of powerful political elites through executive, legislative and judicial oversights shaping the process. The term was used to denote the degree of freedom with which emergent entities in the telecommunication sector manage their affairs with recourse to interference from the government. The measurable components of autonomy, which were used to analyse the BPEs and the telecommunication sector as used within the framework of this study were:

- **Legal Framework:** this denotes the entire gamut of laws guiding the establishment of the BPEs, its operational relations with other arms and levels of government, and the privatisation process in Nigeria. It includes the Decrees and Acts empowering the delivery of its core mandate. This study seeks to examine the sufficiency and the level of compliance to these Laws by the BPEs in the privatisation of the telecommunication sector.
- **Decision Making:** this denotes the operational course adopted in arriving at the direction of BPEs' choice of actions, objectives and modalities adopted in the privatisation of SOEs in Nigeria without recourse to external political influences. The study aims to examine this within the context of telecommunication privatisation in Nigeria
- **Funding and Sponsorship:** this seeks to ascertain how the BPEs has been able to independently source financial resources for its core operations and the kind of assistance it gets from donor agencies, locally and internationally, to drive privatisation in general and specifically in the telecommunication sector.
- **Accountability:** this denotes the reporting lines of responsibilities within the BPEs, between the BPEs and government and other stakeholders within the society including the telecommunication sector operators.

### **Capacity of the BPEs**

Capacity is denoted as the possession of human, infrastructural and ethical wherewithal to translate institutional and policy choice into the implementation and outcome of administrative systems. Relating this to privatisation regulation, the possession of efficient and effective human and material resources anticipates deployment via the transfer of state-owned enterprises to the private sector. In this study, it is conceived as the ability of the BPEs or any of its organs to identify administrative and management skills necessary to address policies relating to privatisation problems and attract, absorb and manage human, financial and informational resources for effective policy implementation. It also denotes the possession of all the needed competencies by privatised companies in the management of its affairs and survival in accordance with the vision of the privatisation policy. The measurable components of capacity used within the framework of this study include:

- **Leadership:** this denotes the top management staff saddled with the responsibility of leading the BPEs over the years. It entails a scrutiny of the processes of their appointment, security of tenure, grasp of the core mandate of the BPEs, style, training and exposure, turnover, stability and mode of exit from the organisation.

- **Staff Recruitment:** this is conceived as the process of hiring employees responsible for the day-to-day running of the BPEs. It entails a scrutiny of their qualifications vis-à-vis their mandate, training and exposure, turnover, stability, and how productivity level is managed.
- **Data Gathering:** this entails the ability of the BPEs to elicit adequate information about the SOEs to be privatised. In this study, it is taken that a systematic approach to achieving this is coterminous with the choice of appropriate modality for privatisation and post privatisation monitoring across sectors.
- **Communication and Sensitisation:** this denotes the skill and tact which the BPEs employ in disseminating the required information needed to the public and other stakeholders. It is also assumed here that effective handling of this is directly connected to effective management of possible disputes within the BPEs hierarchy and other stakeholders.
- **Planning and Budgeting:** this denotes an efficient mix of human and material resources for aggregating proactive measures and their orderly transformation and implementation into achievable goals within the financial limits of the BPEs. It is assumed that privatisation would reduce public expenditure on SOEs and not increase it.
- **Training and Performance Measurement:** this denotes exposure to sound education, skills, expertise and constant refresher programmes targeted at bringing both high and low level manpower of the BPEs to speed on the state of affairs of their core mandate. It also denotes ability for internal assessment of goals versus targets to appreciate areas where adjustments are needed.
- **Collaboration:** this indicates the ability to attract and relate with other agencies of government, civil society and sector-specific professionals locally and internationally to facilitate target achievement especially in areas where local competencies are deficient.

### **Performance of the BPEs**

Performance is conceived as the standard of something or degree of excellence of something as measured against other things of a similar kind (Omachonu & Ross, 2005). It has also been seen as a well-articulated move towards achievement of organisational goals. Performance indicators vary depending on the nature of organisational goals. With respect to BPEs' privatisation mandate, performance is taken to mean the effectiveness of standards put in place in the process of transfer of state-owned enterprises to the private sector in the country.

The performance of BPEs in the privatisation process (as used in this study) denotes the effectiveness of the deployment and application of administrative and management skills in the transfer of state-owned public enterprises to the private sector. The perspective of the telecommunication sector as a case in point measured privatisation performance as the post-privatisation survival and improved operational capability of the sector in a manner that increases both short and long-term benefits to the society (i.e. government, telecommunication investors and the citizens). These are measured directly by aggregating the elements in each component of autonomy and capacity to determine the privatisation performance of the BPEs and the telecommunication sector.

### **Autonomy-Capacity Nexus: Implication for BPEs Performance in the Telecommunication Sector**

As indicated in Fig. 1, autonomy and capacity are preconditions identified by Guislain (1997) as functional to a privatisation programme. For this study, a mere listing of autonomy and capacity was



considered insufficient and rationalised as not being analytically exhaustive. Therefore, a further concise breakdown of what constitutes each concept of capacity and autonomy further enhanced the analytic strength of the emerging framework. To this end, Rockart and Christine's theory of Critical Success Factors (CSFs) and its components are infused for ease of measurement. The components were inserted, thematically, into each independent variable of autonomy and capacity with performance as the dependent variable.

The combination of the above framework provides the premise for the central research questions of this study:

- Is the performance of privatisation in Nigeria a resultant effect of the combination of the preconditions of autonomy and capacity of the BPEs? Sequel to this question are the following hypotheses with evidence from the telecommunication sector;
- H<sub>0</sub>1: the autonomy of the BPEs has no relationship with its capacity in ensuring the successful implementation of privatisation policy in Nigeria;
- H<sub>0</sub>2: the capacity of the BPEs to deliver on its mandates is not related to its level of performance in Nigeria; and
- H<sub>0</sub>3: the performance of the BPEs in the privatisation of the telecommunication sector in Nigeria is not correlated to its autonomy and capacity.

### **Methodology**

Both secondary and primary data were used for this study. The secondary data were basically information sourced from the existing literature on privatisation and the operations of BPEs. The primary data were sourced from personal interviews with the directors in the BPEs (for the purpose of seeking their perceptions on the operations of the organisation) and copies of questionnaire (about 50 copies, out of which 42 were returned) to elicit information from the top echelons of the BPEs, in order to compliment the additional information from the personal interviews. The use of these instruments were in consonance with the theory of Critical Success Factors which places emphasis on the opinion and information supplied by the top managers of an organisation to determine its success or otherwise. The questionnaire contained 21 questions, designed in Likert scale format, which was described as an "ordinal psychometric" gauge of attitudes, beliefs and opinions.

Issues raised in the questionnaire were classified under the respective variables of autonomy, capacity and performance which include sufficiency of the legal framework for the privatisation of the telecommunication sector, achievement of national objective, coherence of operational choices, efficient financing of the process, leadership, intergovernmental coordination and cooperation and perception of success.

The Likert-typed statements had coding of "Strongly Disagree = 1 to "Strongly Agree"= 5. In each question, a statement was presented in which a respondent indicated a level of agreement or disagreement in a multiple choice format (Cresswell, 2002). Interviewees' responses were equally coded and footnoted.

Face validity was also performed by panel discussion with experts. Reliability of the questions was tested using the Cronbach's variant of coefficient alpha as most commonly used in assessing reliability. The coefficient alpha is an index of the internal consistency of the items to show correlation with one another (Gregory, 2004). The strength of the alpha lies in its ability to thoroughly analyse internal consistency patterns. The coefficient alpha ranges from 0 to 1 which helped to answer questions on the similarity of data. In this case, similarity was gauged on a scale 0 (absolutely no similarity) to 1 (perfectly identical). Five (5) items were measured under the variable of autonomy, seven (7) under capacity and five (5) for

performance. Reliability test for this paper was performed using the Statistical Package for Social Sciences (SPSS).

**Results: Presentation, Interpretation and Discussion**

***Reliability Index of Autonomy, Capacity and Performance of the BPEs in the Privatisation of the Telecommunication Sector in Nigeria***

Results of the reliability index scales of autonomy, capacity and performance of the BPEs in the privatisation of the telecommunication sector in Nigeria are showed in Table 1.

Table 1: Reliability Index Scales of Autonomy, Capacity and Performance of the BPEs in the Privatisation of the Telecommunication Sector in Nigeria

No. of Interactive Variables	Explanatory Variables	Interactive Variables	Cronbach's Alpha
5	Autonomy	*Laws	0.705
		*Choice of Strategy	
		*Finance	
		*Staff Recruitment	
		*Intergovernmental Relations	
7	Capacity	* Leadership	0.733
		*Data Gathering & Reliability	
		*Manpower Devt.	
		*Turn Around Time	
		* Modalities	
5	Performance	*Organizational Structure	0.680
		*Information Mgt.	
		*Achievement of Objectives	
		*Stakeholder Synergy	
		*Efficiency	
		*Perception of Success	
		*External factors	

Source: Author's computation, (2015)

Based on the results of the reliability test, all the three scales were reliable, yielding Cronbach's Alpha index of between 0.68 and 0.73. The variables within the constructs below the tolerable level of 0.5, totaling four variables were deleted. Nevertheless, all alpha values retained were above 0.6 as opined by Nunnally and Bernstein (1994).

The correlation results of the interactive variables provided evidence for the uni-dimensionality for the scale. The interactive variables that do not correlate with the rest probably do not belong to the scale since they were probably a different concept. To remain in a scale, an interactive variable should have a correlation value of at least 0.3 (De Vaus, 2002).

### ***Correlations Results between Autonomy, Capacity and Performance of the BPEs in the Privatisation of the Telecommunication Sector in Nigeria***

The correlation results between the autonomy, capacity and the performance of the BPEs in the privatisation of the telecommunication sector in Nigeria are presented in Table 2.

Table 2: Results of Spearman's Correlations between Autonomy, Capacity and Performance of the BPEs in the Privatisation of the Telecommunication Sector in Nigeria

Explanatory Variable		Capacity	Autonomy	Performance
Capacity	Correlation Coefficient	1.000	0.156	0.227
	Sig. (2-tailed)	.	0.330	0.153
	N	41	41	41
Autonomy	Correlation Coefficient	0.156	1.000	0.344*
	Sig. (2-tailed)	0.330	.	0.027
	N	41	41	41
Performance	Correlation Coefficient	0.227	.344*	1.000
	Sig. (2-tailed)	0.153	0.027	.
	N	41	41	41

\*, \*\*\*, Correlation is significant at the 0.01, 0.05 and 0.10 level (2-tailed)

Source: Author's computation, (2015)

The results of the correlation analysis as reflected in the first null hypothesis ( $H_01$ ) (the autonomy of the BPEs had no relationship with capacity in ensuring success of privatisation policy implementation), valued at  $r = 0.156$ , ( $r^2 = 0.110$ ) showed that there was a low-positive relationship between capacity of the BPEs and autonomy. Statistically, it is not significant even at 5 percent significant level. By implication thus, the hypothesis was accepted. Similarly, the second null hypothesis ( $H_02$ ) (the capacity of the BPEs to deliver on its mandates was not related to its level of performance), valued at  $r = 0.227$ , ( $r^2 = 0.052$ ) with a significant level of 10 percent was also accepted. On the contrary, the third null hypothesis ( $H_03$ ) (performance of the BPEs in the privatisation of telecommunication sector in Nigeria is not correlated to its autonomy and capacity) valued at  $r = 0.344$ , ( $r^2 = 0.118$ ) was rejected. Statistically, it is also not significant at 5 percent significant level. This rejection was as a result of a glaring moderate/medium and positive correlation between autonomy and performance of the BPEs. Undoubtedly, this was very significant amount of output rarely obtained in the previous studies. Literature suggests that the statistical significance of  $r$  value, despite being influenced by the sample size ( $N = 41$ ), was moderated by Spearman's rho's capacity to equally cater for uniquely small data as experienced in this study (Pallant, 2011).

The results in Table 2 to a large extent have affirmed a varying proportion of relationships within the hypothesised construct. While it was strongest between autonomy and performance, it was small between autonomy and capacity, In between capacity yields a moderate and significant relationship. This was an indication that autonomy and capacity levels of the BPEs to perform were held sacrosanct. While autonomy and capacity might not be strongly correlated, both exert positive relationship on performance.

Based on this scenario, it is apt to affirm that the higher the autonomy and capacity of the BPEs, the higher its performance. This was further subjected to further interrogation by interviews with experts, such as, directors of the BPEs and other stakeholders in the privatisation of the telecommunication sector in Nigeria.

**The BPEs and the Delivery of National Objective**

The statutory function assigned to the BPEs as contained in its enabling Act, is mainly to privatise and commercialise public enterprises that have been seen as a drain on the public treasury. The barrage of criticisms of the BPEs should be viewed within the context of the sensitive nature of its responsibilities (Akalugo, 2011; Olorode, 2013).

On its part, successive leaderships of the BPEs have showered encomiums on the BPEs and also referred to it as a performing organisation (Amaefule, 2008; El-Rufai, 2013). Unfortunately, the abysmal scorecard allotted to the organisation by other critical stakeholders, including the federal government, present an intriguing scenario. These criticisms often stem from the high mortality rate of public enterprises or continued poor performance of privatised entities after privatisation. It remains a continuing focal point of research to unravel why some hitherto better performing enterprises become moribund after being subjected to the crucible of the BPEs managed privatisation. This position is further buttressed by the startling revelation by the former Vice President of the Federal Republic of Nigeria, Namadi Sambo in 2011 when he said that “80 per cent of privatised firms are moribund” (Sambo, 2011).

Furthermore, the most attractive short-term economic and financial benefit derivable from a privatisation exercise cannot be said to have been adequately met as deduced from the revelations from the former Director General of the BPEs, Benjamin Dikki, that a whopping sum of ₦126.7 billion was expended on the settlement of the labour content of issues bedeviling NITEL. This development elicited a critical reaction from a respondent who opined thus:

*If expenditure on “just” the labour component of NITEL problems has gulped so much, I wonder what the objective of privatisation of NITEL would serve. As I speak, we do not have a credible value of the state-owned enterprise but if I go by the figures in my legislative records of between 80 and 90 billion naira as at 2009, it then beats my imagination on why other methods of bringing the enterprise out of the doldrums was not fully explored before bringing us to this parlous state on account of privatisation. This definitely is not what the policy was designed to achieve. Nobody is telling us the worth of NITEL; we are only told how much NITEL owes. We should understand that it is all about protecting government's enterprises. The condition of NITEL is not as bad as people portray. We have the option of making NITEL work; we could get credible people to run it...<sup>1</sup>*

In the same vein, although with different slant, another respondent asserted thus:

*I wish to emphasise without any fear of contradiction that despite the irregularities that may have surrounded the appointment of Pentascope to manage NITEL or the competence of Pentascope to undertake such an assignment at a point in time, Pentascope was not responsible for the bankruptcy of NITEL as being widely orchestrated by undiscerning Nigerians and divert attention from the real culprits, the criminal gang in the Nigerian telecommunication sector. The bankruptcy of NITEL was initiated by the criminal gang in the Nigerian telecommunication sector long before the Management Contract of Pentascope to manage NITEL.<sup>2</sup>*

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<sup>1</sup>Interview: Director, BPEs. Date: 22<sup>nd</sup> November, 2015

<sup>2</sup> Interview: Director, BPEs. Date 22<sup>nd</sup> November, 2015

It must be noted that this mismatch of objectives and results was coordinated under the auspices of the BPEs given its weakness to strictly adhere to the rules, processes and procedures designed for its operations and the high rate of corruption witnessed over time in the running of the organisation.

### **Telecommunication Sector Reform and Performance of the BPEs in Nigeria**

Any attempt at critically assessing the BPEs and the telecommunication sector reform and privatisation can be better appreciated by taking cognisance of the role it played in the process of designing and implementing national objectives in this direction. Also, the fact that telecommunication regulation is not the primary mandate of the BPEs must not be lost. It is to the credit of the BPEs for the reworking of the frailties inherent in the extant national telecommunication policy which it saw as a stumbling block to the delivery of its mandate. This was intended to make the sector more amenable to a more diverse ownership base. To buttress this assertion, a respondent opined thus:

*The BPEs should be commended for coming up with a “game changer” that made it possible for prospective investors to come into the Nigerian market. The BPEs discovered that the subsisting policy document for the sector was very weak and equally hamstrung the National Communications Commission in performing its statutory role. Without the reworking of this policy document by the BPEs, gains of deregulation which Nigeria currently enjoys would have been a mirage...<sup>3</sup>*

The narrative of the privatisation of the telecommunication sector in Nigeria cannot be exhaustive without an acknowledgement of the role played by the BPEs in reinvigorating and revamping the National Communications Commission (NCC) to commence the process of Global Satellite for Mobile communication (GSM) licensing and also attract more telecommunication investors to Nigeria. The initial attempt was brought to a close in the first quarter of year 2000. This process was subsequently reopened for auctioning mobile cellular licenses in December 2000 after a rigorous prospecting for credible bidders. A total sum of \$285 million payment was agreed by each of the winners who emerged out of this process. This culminated in the payment of the license fees within the mandatory 14-day period by Econet Wireless Nigeria, Mobile Telephone Networks (MTN) and Communications Investments Nigeria Limited (CIL). The Communications Investments Nigeria Limited (CIL) having failed to make the mandatory deposit within the 14-day period was made to forfeit its license as required by the law governing the process. This position was vehemently challenged in court by Communications Investments Nigeria Limited (CIL) which was subsequently allocated a license as a Second Network Operator (Ogbor, 2009).

Studies conducted in the Nigerian telecommunication market indicated that simultaneous launch of more players in this sector has created rapid growth that is unprecedented in sub-Saharan Africa. Furthermore, the attendant competitiveness that was infused into the sector has introduced a regime of alternatives to the average subscriber with choices given the increase in incentives by the various telecommunication providers at a competitive rate and the introduction of value-added services to attract and retain clients, almost on a daily basis. This situation has also exerted a corresponding salutary effect on the mobile phone manufacturers and other international brands that now see a ready market in the Nigerian telecommunication sector. The conservative figure in the pricing of a handset at inception put at between US\$30 and US\$40 during the take-off years and the price per minute of airtime which was touted to likely hover around US\$0.50 is not realistic anymore as prices of industry consumables have crashed accordingly (Ogbor, 2009:23).

An analysis from the responses in the qualitative section of this study might have painted a somewhat challenging regime for the BPEs in the telecommunication sector. However, its glory in re-energising the

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<sup>3</sup>Interview: Director, BPEs. Date: 20th November, 2015.

regulatory framework epitomised by the National Communications Commission remains one of its brightest spot as alluded thus:

*There is nobody who in African parlance will say his mother's soup is not sweet! Therefore, irrespective of the challenges posed by the NITEL transaction, it is on record that the BPE was responsible for the bold move of opening up the sector for competition by fostering concerted effort geared towards initially providing a sound regulatory framework on which subsequent successes by the NCC and other relevant stake holders in the telecommunication sector are built.<sup>4</sup>*

This aptly summarises the disposition in some quarters to the effect that the BPEs might have been inundated by a catalogue of pitfalls in the privatisation of the telecommunication sector as represented by the NITEL fiasco; on the one hand, it justifiably redeems its image by laying claims to the bright side of the telecommunication sector which currently serve as positive reference points for governments at all levels in Nigeria in a bid to argue for more market oriented mechanisms capable of driving efficiency in the public sector.

### **Conclusion and Recommendations**

The findings from this study revealed the extent of autonomy, capacity, and performance of the BPEs. The study also demonstrated the individual strengths of the variables, the relationships between them and the extent to which they determine performance of the BPEs. The results obtained indicated that increase in the autonomy of BPEs without a corresponding increase in the mediating effect of its capacity did not increase its performance. Conversely, a reduction in its capacity affected its performance negatively.

Given these results, this study therefore recommended the following:

A review of the regulatory framework of the operations of the BPEs by incorporating amendments in some cogent areas. Firstly, the Privatisation Act 1999 should be amended by the National Assembly to bring the President into the approval loop of all privatisation transactions as against leaving it to the whims and caprices of the Vice President. Secondly, the foreign affairs minister or his/her representative should be appointed as a member of the NCP. This is to ensure a better synergy between the BPEs and the respective foreign envoys that are expected to provide objective and value-free evaluation reports on foreign investors who aspire to participate in the operations of the BPEs from their respective countries of operation. A corruption-free oversight of the activities of the BPEs by the National Assembly Committee on privatisation is also needed to complement the review of the Privatisation Act 1999.

The requirement that statutorily empowers the BPEs to only pay the net proceeds of privatisation after defraying the associated costs of each transaction should also be reviewed. A situation where the BPEs discretionarily perform this function without an enabling legislation has been revealed in this study as a major factor responsible for the suspension of privatisation transactions of some government enterprises midway. This was the fate of NITEL privatisation process and partly explains why its privatisation dragged on for over a decade.

A natural career progression process from within the BPEs to the highest position of Director General should be encouraged. The process should be such that is devoid of nepotism and political interference. This will imbue stability in the organisation, enhance the implementation of all privatisation policies of BPEs in Nigeria and galvanise support and loyalty of subordinates towards common organisational and by extension, national objectives.

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<sup>4</sup>Interview: Director, BPEs. Date 20<sup>th</sup> November, 2015.

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