

THE IMPACT OF THE POLITICS OF PRIVATIZATION AND COMMERCIALIZATION OF PUBLIC ENTERPRISES IN NIGERIA ON THE LEVEL OF PRODUCTIVITY AND ECONOMIC VIABILITY: THE CASE OF ALSCON AND NITEL



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ABSTRACT

Article History

Received: 20 December 2016

Revised: 20 January 2017

Accepted: 6 February 2017

Published: 23 February 2017

Keywords

Politics

Privatization

Commercialization

Public enter prices

Level of productivity

Economic viability

One of the most debated economic policies in the developing world today is the privatization and commercialization of public enterprises in Sub-Saharan Africa, and its positive and negative implications both in the short and long run. Much attention has been drawn to the observation that although privatization and commercialization was a popular policy in the liberalization process in developing economies in post cold war era, it has in many instances failed to translate to improved productivity and simulate the domestic economy (Obadan and Ayodele, 1988; Okanachi and Obutte, 2015). Situated within this observation, this paper opined that the interplay of politics and public policy direction of government in Nigeria have a negative influence on the process of privatization and commercialization of the state owned enterprises (SoEs) in the country in terms of their productivity, economic viability and contribution in stimulating the economy. Data for this study was drawn from 200 respondent (both managerial and non-managerial staffs) of the privatized Aluminums Smelter Company (ALSICON) and 200 too from Nigeria Telecommunication Limited (NITEL). Evidence showed that the two SoEs although marked for privatization and commercialization witnessed a downturn in their level of productivity and economic viability because the process was marred as a result of its politicization.

Contribution/ Originality: This study contributes to the existing literature on the impact of privatization and commercialization on the general performance of SOEs paying critical attention on the role of the transparency of the process in determining such performance. Situated within this debate, this paper opined that the interplay of politics and public policy direction of government in Nigeria have a negative influence on the process of privatization and commercialization of the state owned enterprises (SoEs) in the country in terms of their productivity, economic viability and contribution in stimulating the economy.

1. INTRODUCTION

The emergence of the crude oil industry in the Nigerian economy in the decade following the civic war with the associated oil-boom provided the financial motivation to government's involvement and participation in the process of production, distribution and exchange as a pivotal part of the economy. The Nigerian Enterprises Promotion Decree of 1972 which came into effect on 1st of April 1974 with its subsequent amendment in 1976, provided a concrete basis for government's extensive participation in the ownership and management of enterprises, as a result of this public enterprises both at the Federal, State and Local Government level's exceeded 100 by 1985 and spread to every sector of the economy from agriculture , energy , mining, banking , insurance, manufacturing ,transport, commerce, oil and gas , telecommunication to service activities . Thus, a variety of enterprises with public interest in terms of majority equity participation or fully –owned by state and local government as well as other government entities –became visible in various parts of Nigeria. Infact between 1975 and 1993, it was estimated that the Federal Government of Nigeria had invested more than \$100 billion in public enterprises ([Federal Government of Nigeria, 1993](#)).

The 1980's witnessed steady decline in the price of oil and with it there was deterioration in Nigeria's economy which doing the oil boom depended largely on crude oil export for bunk of its foreign exchange. During this period the country entered difficult times due to scarcity of foreign exchange and reality dawned on the nation's economy. Retrenchment of workers was rampant in both private and public sectors, which was characterized by mass retrenchment of workers both skilled and unskilled, inflation, and low levels of production capacity utilization which forced the government to embark on an economic stabilization program. Thus, Nigeria's precarious fiscal and monetary posture could no longer sustain the requirement of its public sector enterprises, particularly since they preformed below expectation in terms of their returns on investments and quality of services. Toward the end of the 1980's the public enterprises which had grown too large, began to suffer from fundamental problems of defective capital structures, excessive bureaucratic control and intervention, out- dated technologies, gross incompetence, and corruption with this situation of deep internal crises that included high rates of inflation, unemployment, external debt obligations and foreign exchange misalignment Nigeria like many other African countries was strongly advised

the by the I M F and world Bank to divest public enterprises, intensify the push for economy liberalization and tighten public expenditure as a way of cutting public sector inefficiency and waste thereby providing greater scope for the private sector and attract foreign investment as a vehicle to revive its moribund economy . Hence Nigeria was advised to embark on privatization and commercialization as a market –oriented reform to pull it out of its structural imbalances.

It is against the background above that the Structure Adjustment Program (SAP) was proposed as a kind of reform which would affect the goals, administration, and managements of most of the public sector enterprises for the purpose of efficiency ([FGN, 1986](#)). One of the main objectives of SAP was therefore to pursue deregulation and privatization leading to removal of subsidies, reduction in wage expenses, and retrenchment in the public sector ostensibly to trim the state's involvement in the economy.

Under this reformation scheme public sector enterprises were expected to be classified into three broad categories:

1. Fully privatized or partially privatized
2. Fully commercialized or partially commercialized
3. Retained as public sector institutions.

With this agenda as a framework, the privatization process started in January 1986 with the disbandment of the seven commodity boards and the Nigeria National Supply Company (NNSC) in 1986, and in July 1988 the privatization and commercialization decree no-25 was promulgated as the legal framework for implementing the privatization and commercialization policy which was embodied in SAP. The decree established the Technical Committee on Privatization and Commercialization (TCPC). In 1993, the TCPC concluded its assignment and submitted a final report having privatized 88 out of the 111 enterprises listened in the decree. Based on the

recommendation of the TCPC, the then Federal Military Government promulgated the Bureau for Public Enterprises Act of 1993 which repealed the 1988 Act and setup the Bureau for public enterprises (BPE) to implement the privatization in Nigeria. This legal framework was reinforced by the enactment of the Public Enterprises (Privatization And Commercialization) Act of 1999 which created the National Council on Privatization Exercise in Nigeria, but till date the process has failed to translate to higher productivity and act as a stimulant to the economic growth of the nation as expected (Adeyemo and Salami, 2008). Armed with this observation we theorize that:

1. The failure of the privatization and commercialization exercise in Nigeria is as a result of the politicization of the process.
2. There is a significant relationship between the politicization of the privatization and commercialization of SOE and its level of productivity and economic viability.

To draw an empirical analysis based on the above two hypotheses we shall study the case of the Aluminum Smelter Company in IkotAbasi, AkwaIbom State and the Nigerian Telecommunication Limited (NITEL) which has offices across the 36 states of the Federation including the Federal capital Territory.

2. PRIVATIZATION AND COMMERCIALIZATION: A CONCEPTUALIZATION

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). 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 adopts the same position as Olukoshi:

Commercialization does not involve a transfer
Of ownership of public assets through sale to
The private sector. In this case, the government
Still own the enterprises... but these enterprises
Are now to run as commercial concerns. and
...their operations would be base strictly
On market. 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. To be sure, although “commercialization” can be defended “if the quality of goods and services produced by these commercialized establishments can justify the cost on the public”

Davis (1988) went on to state that privatization is more encompassing. He explained further that privatization:

Goes beyond increased price and mass
Unemployment it touches the very foundation
Of building a just and equitable society
Which all the Nigeria government, from
Independence, have gullibly claimed to
Aim at. Furthermore, privatization of public
Enterprises will necessarily involve the transfer
Of public wealth, held on trust by the
Government on behalf of the people, to private interests.

There lies essential difference between the policy of “privatization” and “commercialization”. The Nigeria Division of the Institute of Directors defined “privatization” as 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 (Ubeku, 1986).

For Shawsudded Usman then Director –General of Nigeria’s Technical Committee on Privatization and Commercialization (TCPC), privatization in general involves the reduction of public sector intervention in economy activity specifically, privatization involves.

1. Reduction in state provision, namely, sale of government shares, expansion of privately provided education, health care etc.
2. Reduction in state subsidy, namely, the introduction of user charge where they did not exist (i.e toll on state and federal highways), reduction in existing price of goods (i.e those on petroleum, fertilizers etc) reduction in subsidies to PUEs such as a Nation-Nigeria Railway corporation and Nigeria Telecommunication Limited.
3. Reduction in state regulation
4. Combination of, 2 and 3, namely reduction of subsidy, as well as allowing more private operators, or selling of government shares and deregulating the economy.

From the above, it is obvious that “privatization” is more all embracing or all encompassing than “commercialization” of PUEs and “deregulation” of the economy. Thus this study adopts the position taken by Davies and Usman in respect of “privatization” and “commercialization” although it leans more heavily on the Usman definition but shares the concerns expressed by Davies about the consequences of “privatization”. While economy regulation in general, embraces all forms of control imposed by the government on economic and business activities. Economic “deregulation” may be defined as the deliberate and systematic removal of regulatory control, structures and operational guidelines in the administration and pricing system in the economy. There seems to be no problem about what deregulation is or is not. It basically entails the granting of free rein to the forces of supply and demand. But whether this policy is the best solution to Nigeria’s economic problem has been the subject of debate. The whole arguments in favour of privatization and commercialization are bound up in the economic efficiency debate. According to Etieybo (2011) privatization and commercialization emerge 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’s 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 is 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 and Walsh, 2000).

Critics of privatization and commercialization see the process as capable of leading to a negative effect on the distribution of wealth. 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. 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. 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.

In the other hand, [Martin \(1994\)](#) argued otherwise, his key conclusion concerning privatization and reforms in the public sector are the follows:

- The State house has a fundamentally important social and economic role and duties.
- The effectiveness and efficient implementation of that role and duties requires new approaches to how the public sector is managed.
- The involvement of service users and employees does not only improve the services, but it created wide consensus on how the resources for the production of these services will be allocated

He further pointed out that some justifications for public sector services may be in contradiction with the minimization of cost, which however should not be attributed to ineffectiveness or inefficiency. [Pint \(1991\)](#) cited by [Wilmer \(1997\)](#) and stated that by weighing the objectives correctly, public monopoly is more efficient (regulated) than private monopoly. According to [Wilmer's](#) extensive study (1996) public ownership was identified not to be inferior to private ownership and in some fields even superior to it. Public ownership works especially well or at least equally well as private ownership in energy, insurance, railway, and water services. He further pointed out that the external objectives, internal distribution of profits, and the genuine differences in technical and organization effectiveness may get mixed up in the comparisons between the public and private sector.

According to [Rasinmaki \(1997\)](#) the new market economy model emphasizes social and ethical responsibilities partly at the expenses of profit maximization. In principle, sales of public assets or absolute (material) privatization may be possible if regulatory legislation and procedures adequately ensure citizen's legal protection, equality and fundamental human rights in the new environment. [Rasinmaki](#) pointed out that before implanting privatization, legal public responsibility should be defined first as well as those core competencies and functions which cannot be transferred to private sector. A government can transfer public service production to a private organization which is not bound by the obligations defined in legislation ([Rasinmaki, 1997](#)). The private organization does not guarantee democratic decision making, control, transparency and legal protection of citizens the same way as the local administration. The advantages of municipal service production are, for instance, the manageability of municipal operations, municipal democracy and the legal protection of citizens ([Rasinmaki, 1997](#)).

[Rees \(1984\)](#) had observed that the only proper way to assess the performance of a public organization is to determine how well it meets set goals and objectives. This fact has generally been forgotten, when the public sector organization have been criticized for being inefficient and ineffective. [Martin \(1994\)](#) pointed out that the debate on privatization has focused on which ownership or management model is better, the private or the public one. This has generated many fierce disputes, but it has seldom produced any verifiable results. [Martin \(1994\)](#) emphasized that the question itself is the problem, not the answer. There has been very little discussion on the difference between the principles and profit-seeking of public services. yet, [Rees](#) considers the difference the central issue but does not mean that only the public sector can implement the values of public services in that the public sector has no need to apply private sector operating principles and practices or engage in public-private partnerships.

3. RESEARCH METHOD AND DESIGN

3.1. Area and Population of the Study

The area of study is the Aluminum Smelter Company of Nigeria (ALSCON) at Ikot Abasi in AkwaIbom State, Nigerian and the Nigerian Telecommunication Limited (NITEL) with offices all over the 36 states of the Nigeria federation including Abuja, the Federal Capital Territory. The two corporations have a staff strength of 8000 workers; NITEL 6,000 and ALSCON 2,000 workers.

3.2. Sample Size and Procedure

This study used a total of 400 workers, 200 from ALSCON and 200 NITEL as the sample size of SOEs were decided purposely. Since there were basically two categories of workers in the SOEs (management and non-management), the study considered such as strata, hence, sampled 100 respondents from each stratum, using the table of random numbers. Altogether the sampling procedure included the purposive sampling, stratified random and simple random sampling techniques.

3.3. Data Collection Procedure

The data used in this study were collected through a structured questionnaire. The questionnaires were given to the respondents in their offices by the researcher and volunteer staff of ALSCON and NITEL. For the purpose of obtaining certain qualitative information that for want of space could not be narrated in the questionnaire, interview was therefore conducted on some respondents.

3.4. Questionnaire Structure

The questionnaire elicited information regarding the research question/ hypothesis of the study. Part 1 of the questionnaire demanded information from respondent regarding demographic data, length of service with the establishment and position in the establishment. Part 2 of the questionnaire required information from respondents regarding the extent to which they felt their establishment was privatized/commercialized and the extent to which government participated in the management /control of the establishment. Part 3 of the questionnaire sought information regarding the level of politicization of the privatization / commercialization process. Part 4 of the questionnaire sought information regarding the economic viability productivity and efficiency of the SOEs.

4. DATA ANALYSIS TECHNIQUES

4.1. Levels of Politicization, Productivity and Economic Viability

There were continuous variables, the levels of which were reassured through the questionnaire items and analyzed through simple percentage.

4.2. Productivity of the SoEs

The productivity of the SOEs were compared using the independent t- test for difference of means. The productivity of ALSCON was compared with that of NITEL using the independent t-test for difference of means. The test was conducted using a significance level of $\alpha = 5\%$. The test statistic is

$$t = \frac{X_1 - X_2}{\sqrt{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}}} \dots\dots\dots (i)$$

- with $n_1 + n_2 - 2$ degrees of freedom
- X_1 = Mean Productivity of Corporation 1
- X_2 = Mean Productivity of Corporation 2
- n_1 = Sample size of corporation 1
- n_2 = Sample size of Corporation 2
- s_1^2 = Sample variance of Corporation 1
- s_2^2 = Sample variance of Corporation 2

4.3. Economic Viability of the SOEs

To check if there was a significant difference in the levels of economic viability of the SOEs, the independent t- test for difference of means was again used. The test was conducted at a level $\alpha = 5\%$. The test is given by

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1-1)s_1^2 + (n_2-1)s_2^2}{n_1+n_2-2}}} \dots\dots\dots (ii)$$

with $n_1 + n_2 - 2$ degrees of freedom. The symbols are as interprets in section 3.6.2

4.4. Relationship between Level of Politicization and Productivity/Economic Viability

Two viability were involved in this analysis – the level to which the privatization process was politicized and the productivity of the SOE. There were bi-variant data and analyzed using the Parson Product Moment Correlation Coefficient (r). This is given by;

$$r = \frac{n\sum XY - \sum X \sum Y}{\sqrt{[n\sum X^2 - (\sum X)^2] [n\sum Y^2 - (\sum Y)^2]}} \dots\dots\dots (iii)$$

The same procedure was used to assess the relationship between the level of political injuston into the privatization process and the economic viability of the corporations

5. PRESENTATION AND ANALYSES OF DATA/RESULTS

5.1. Socio – Demographic Statistics of the Respondents

The following tables show the demographic distribution of the respondents in the SOEs studied by sex, and status in the corporation.

Table-1. Distributions of Respondents by Age

AGE	ALSCON	NITEL
25-30	11 (5.5%)	19 (9.5%)
31-35	22 (11%)	40 (20%)
36-40	56 (28%)	61 (30.5%)
41-45	67 (33.5%)	38 (19.%)
46+	44 (22%)	42 (21%)
Total	200	200

Source: Field Survey, 2014.

This table below shows the number of males and females in the sample.

Table-2. Distributions of Respondents by Sex

Sex	ALSCON	NITEL
Male	167 (83.5%)	140 (70%)
Female	33 (16.5%)	60 (30%)
Total	200	200

Source: Field Survey, 2014

The table below shows the distributions of respondents in the SOE whether of managerial/supervisory position or not.

Table-3. Distributions of Respondents by Status in SoEs

Status	ALSCON	NITEL
Management/ Supervisory	56 (28%)	100 (50%)
Non-Management	144 (72%)	100 (50%)
Total	200	200

Source: Field Survey. 2014.

The table shows that 56 or 28% of those sampled in ALSCON occupied a managerial and supervisory position while 72% of those sampled occupied a non-managerial position. 50% of those sampled in NITEL occupied a managerial position and also 50% were in non-managerial positions.

This table below shows the service period of the respondents in their SOEs.

Table-4. Length of Service (In Years) of Respondents

Year of Service	Alskon	Nitel
5-9	44 (22%)	20 (10%)
10-14	56 (28%)	25 (12%)
15-19	33 (16.5%)	18 (9%)
20-24	44 (22%)	44 (22%)
25-30	23 (11.5%)	85 (82%)
Above 30	- -	8 (4%)
Total	200	200

Source: Field Survey, 2014.08.26

Most of the respondents had served in their establishments between 5 and 30 years.

The table below shows that 100% of the respondents indicated that ALSCON partially or not privatized and not commercialized.

Table-5. Privatization/Commercialization of ALSCON

	Full	Partial	Not	Total
Privatization	-	200 (100%)	-	200
Commercialization	-	-	200 (100%)	200
Total	-	200	200	

Source: Field Survey, 2014.

Table-6. Privatization/ Commercialization of NITEL

	Full	Partial	Not	Total
Privatization	-	200 (100%)	-	200
Commercialization	-	200 (100%)	200 (100%)	200

Source: Field Survey, 2014.

The table below shows that 100% of the respondents agreed that NITEL was not privatized and also not commercialized.

The table below shows the respondents views regarding the extent to which government participates in the management/control of the corporations studied

Table-7. Level of Government Control of management in ALSCON

	None	Low	Medium	High	Very High	Total
No. Of Respondents	-	-	111 (55.5%)	33 (16.5%)	56 (28%)	200

Source: Field Survey, 2014

The table above reveals that government participation in the management/control of ALSCON ranged from medium to very high. The data support the position of partial privatization earlier found for ALSCON.

Table-8. Level of Government Control of Management in ALSCON

	None	Low	Medium	High	Very High	Total
No of Respondents	-	-	-	40 (20%)	160 (80%)	200

Source: Field Survey, 2014.

The data show that government participation in the management/control of NITEL is very high (80% in favour of very high control). The data supports the position of non- privatization of NITEL earlier found.

Table-9. Politicization Levels in the Privatization of AISCON and NITEL

	n	X	S	T	P
Alsccon	200	34.94	1.80	0.134	.05
Nitel	200	35.30	3.34		

Source: Field Survey, 2014.

The table above shows that the mean level of politicization of ALSCON was 34.94 while that of NITEL was 35.30, these were considered high, judging from the total possible serve of 40, these 87.4% for ALSCON and 88.3% for NITEL.

5.2. Testing the Appropriate Null Hypothesis

In order to test the null hypothesis that there was no significant difference in the two levels of politicization of the two companies, a t-test for different of means was employed. The test static is given by

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1-1)s_1^2 + (n_2-1)s_2^2}{n_1 + n_2 - 2}}} \dots\dots\dots (iv)$$

with $n^1 + n^2 - 2$ degrees of freedom.

$$t = \frac{35.30 - 34.94}{\sqrt{\frac{(200-1)(3.34)^2 + (200-1)(1.80)^2}{200 + 200 - 2}}} \dots\dots\dots (v)$$

= 0.134 df = 200 + 200 - 2 = 398

The obtained t-value was 0.134 which did not reach significance not a significant level, $\alpha = 5\%$. The null hypothesis that there was no significant difference in the levels of politicization of the privatization process of the two companies was therefore accepted.

The data revealed that the privatization processes of the two companies were equally and highly politicized.

Table-10. Productivity Levels of the SOEs

	N	Mean Productivity Level, X	S	T	P
ALSCON	200	5.17 (25.9%)	1.47	0.669	<.05
NITEL	200	4.40 (22%)	0.07		

Source: Field Survey, 2014.

The table above shows that mean productivity levels of the two companies. The table shows an average productivity level of 5.17 for ALSCON and 4.40 for NITEL, out of a possible maximum of 20. The figures represent 25.9% mean productivity level for ALSCON and 22% mean productivity level for NITEL. These mean productivity levels were considered low judging a possible maximum of 100%.

5.3. Testing the Null Hypothesis

The null hypothesis was that there was no significant difference in the levels of productivity of the two corporations. In order to test this null, the independent t-test for sufficient of means was again employed. The data yielded.

$$t = \frac{5.17 - 4.40}{\sqrt{\frac{(200-1)(1.47)^2 + (200-1)(0.70)^2}{200 + 200 - 2}}}$$

$$= 0.669. \quad df = 398.$$

The observed t-value, 0.669 was not significant of a level $\alpha = 5\%$. It was conducted that the mean levels of productivity of both corporations were not significantly different. Both corporations registered a low mean level of productivity.

The table below shows data regarding the relationship between the level of politicization of the privatization process of the SOEs and the level of productivity of the SOEs. The data were pooled for both SOEs – NITEL and ALSCON.

Table-10. Relationship between Level of Politicization of the Privatization Process and Prodtivityof the SOEs

N	Politicization X	Productivity Y	Sx	Sy	R	T	P
400	35.07	4.89	2.40	1.29	-0.46	2.66	<.05

Source: Field Survey, 2014

The table above shows that a mean politicization level of 35.07 or 88% for both corporations and 4.89 or 24% productivity level for both corporations. A negative correlation of moderate strength (-0.46) was obtained (the Pearson product-moment coefficient of correlation, r).

A test of significance of the correlation coefficient was conducted using

$$t = \frac{r}{\sqrt{1 - r^2}}$$

$$n - 2 \dots \dots \dots (v)$$

with n -2 degrees of freedom.

The value required for significance at a level $\alpha = 5\%$ is 1.96 considering 400-2=398 degree of freedom. The obtained t-value, 2.66 reached significance at $\alpha=5\%$.

Thus the Pearson r obtained (r=-0.46) through moderate, was significant at $\alpha=5\%$. The null hypothesis that there was no significant relationship between the level of politicization of the privatization process of the SOEs and the level of productivity of the SOEs was therefore rejected in favour of the active hypothesis that a significant relationship existed between the two variables.

The null hypothesis reveals that there was no significant relationship between the levels of politicization of the privatization process of the SOEs. Data for validating this hypothesis are given in the following table.

Table-11. Relationship between Level of Politicization of the Privatization Process and Economic Viability of the SoEs

N	Politicization X	Privatization Y	Sx	Sy	R	T	P
400	35.07	4.89	2.40	1.29	-0.46	2.66	<.05

Source: Field Survey, 2014

The table above shows a pooled mean economic viability level of 6.25 out of a possible maximum of 25, representing a mean viability level of 25% for both corporations. This viability level was considered low for both corporations. The computed Pearson product-moment correlation coefficient, between level of politicization and

level of viability was found to be $r=-0.44$, negative and of moderate strength. A test of the null hypothesis that this r value was insignificant was achieved by converting the r value to the t -value using

$$t = \frac{-r}{\frac{\sqrt{1-r^2}}{n-2}} \dots\dots\dots (vi)$$

and testing for the significance of t at a significance level $\alpha=5\%$. The values of t required for significance of the specified level and $n-2 = 400-2 = 398$ degrees of freedom is 1.96. The computed t was found obtained was significant at $\alpha=5\%$.

Thus a negative relationship existed between the level to which the privatization process of the coys was politicized, and the economic viability of these corporations.

5.4. Discussion of Findings

The data revealed that ALSCON was partially privatized and that it was completely not commercialized. The partial privatization meant that government still had a hand in the management/control of the corporation. This was indeed confirmed through the data collected regarding governments’ level of participation in the management and control of ALSCON. A more careful examination of he data revealed that while the majority of management staff confirmed that government participation in management and control was medium, the line staff responded that government level of control was either high or very high. Governments’ influence in the management/control of ALSCON was further indicated by the structured interview of some top management staff and other external/significant respondents.

It is interesting to note that virtually all respondents pointed out that the establishment had not been commercialized. This has an implication of the non-profit making nature of the corporation.

Again, NITEL was not privatized. The questionnaires revealed that it was not commercialized either. Its position was similar to that of ALSCON, which though was partially privatized, was not commercialized. It was evident that the privatization process of NITEL was in-conducive, and this of course was reflected in the level of political instruction in the management had control of NITEL.

In each of the studied corporations, the level of politicization of the privatization process was very high (87.4% for ALSCON and 88.3% for NITEL). In the case of ALSCON, although partially privatized, it implies that government was still playing a great role in determining its affairs.

More so, its privatization process could least be said to have been free and fair in terms of highest bidder purchasing. Thus was corporate in the literature which showed cases of wrangling, disputes and irregularities in the bidding process.

5.4.1 Productivity and Economic Viability of the Studied Corporations

The productivity levels of these corporations were found to be low. (Appropriately 26% for ALSCON and 22% for NITEL, the difference in these figures was not statistically significant. Again the economic viability of these corporations was low (25%) for both corporations, pooled). Specifically 26% for ALSCON and 22.8% for NITEL, these figures shows clearly the status of that SOEs after privatization or non- privatization. it can be said that the SOEs are simply not economically viable.

5.4.2. Relationship between Politicization of the Privatization of SoEs and Productivity/Economic Viability of the SoEs

The study revealed a negative and moderately strong correlation coefficient, r , between levels of politicization of the privatization process and productivity of the SOEs, similarly also for the economic viability of the SOEs ($r = -.46$ for in the case of productivity and $r = -0.44$ in the case of economic viability). The two correlation coefficient, though

moderate, were significant at $\alpha = 5\%$. It means that the higher the level of politicization, the lower the productivity and economic viability of the SOEs. Conversely put it could mean the lower the level of politicization, the higher the level of productivity and economic viability.

The study shows a high level of political activity in the privatization of these SOEs. This was accompanied by levels of productivity and economic viability. This was borne out by the moderately strong negative correlation between these factors.

6. CONCLUSION

This study is situated within the growth debate on privatization and commercialization as a fix to Nigeria's economic problems. While liberal scholars argued that as a economic reform tool privatization and commercialization will reduce budgetary burden on the government, attract foreign investment, stimulate domestic production and eventually led to economic growth, there exist nonetheless evidence that the policy in Nigeria is yet to achieve those promises. For example, [Abdulkadir \(2010\)](#) observed that privatization in Nigeria has not reduced poverty. [Obadan \(2000\)](#) opined that privatization of public enterprises in Nigeria is yet to increase domestic production despite the existing capacity of the SOE that were privatized. Armed with this observation, we explored the issue by investigating the reason behind this and investigating the degree of transparency in the privatization process itself. Drawing information from ALSCON and NITEL which are public enterprises ear marked to participate on the privatization exercise, we discovered that:

- 1) The privatization process in Nigeria is highly politicized. As a result of this the interest of the elite and public office holders took prominence over the capital base and technical proficiency of the bidders.
- 2) The politicization of the privatization process has a negative impact on the level of productivity and economic viability of these SOEs.

Conclusively, so long as the privatization and commercialization exercise in Nigeria continue to reflect the preferences and caprice of the political elite and public office holders, the process may fail to provide the needed catalyst to stimulate economic growth in the Country.

Funding: This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

Contributors/Acknowledgement: All authors contributed equally to the conception and design of the study.

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