

The mobile phone market in nigeria commerce essay



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Abstract

This study seeks to examine and determine the role of the government agencies in the situation of Nigerian telecommunications limited which is on the verge of collapse. The company has great infrastructure and the market has a lot of opportunities that can sustain several players yet it has been unable to sustain itself and has instead incurred debts amounting to millions of dollars. The purpose of this research is to explore if privatization of Nigerian telecommunications (NITEL) would or can facilitate the country to triumph over these difficulties. Findings from the study reveals that the issues affecting the company are many including its lack of profit, in ability to pay its staff and other debts.

Introduction

The recent deregulation of the mobile phone market in Nigeria has led to the entrants of new players in the telecommunication market. The market was predominantly dominated by the government owned NITEL through a monopoly that has now recently ended. The number of telecommunication services users in Nigeria has also grown in large numbers.

Telecommunication has obvious as well as important role to play in enhancing economic growth in the Nigeria. The Nigerian telecommunication market is regulated by the Nigerian Communications Commission which oversees the business on behalf of the government (Information gatekeepers, Inc., 1990). However, to achieve the desired growth the telecommunication infrastructure also requires to be developed. The tools used for communication such as telephones, personal computers and the internet have shown to have critical role in the growth of the economies <https://assignbuster.com/the-mobile-phone-market-in-nigeria-commerce-essay/>

through enhancing individual growth and economic development. The Federal Government of Nigeria has recently put in place commendable policies that have facilitated some of the changes that have been experienced in the telecommunications market. The objective of these policies is to expand and modernize the telecommunications systems and services in Nigeria. As a result the government aims at achieving both social and economic growth in Nigeria through an integrated communications network that has both internal and external linkages. The purpose of this research is to bridge the research gap on Privatization of Nigerian telecommunication (NITEL Plc) and its commendable policies to expand and modernize the telecommunications systems and services in Nigeria, and present an insight of the challenges facing NITEL as a company. The rest of this paper is structured as follows: a review of the literature on the Privatization Proceeds and the regulatory practices in Nigeria is first presented in order to highlight the paper's research questions. The paper then presents an account of the institutional context and background of the study, by examining the state of Privatizing in Nigeria, evolving system, issues and challenges, including relevant references to certain historical dimensions. Following on, the research methodology and the findings will be discussed, which precedes the conclusions and final remarks

Background of study

The modern system of providing services to citizen requires that movements transform their operations from the traditional approach which is guided by bureaucracy and political inclination to a more business approach that is guided by market trends. Since the end of NITEL's monopoly of the

government has realized the need to involve other players in the running of the company. Privatization of government owned entities is one of the objectives of the Nigeria's telecommunications policy. Nigeria is one of the fastest growing telecommunications market in the world. Most of the major players continue to experience the growth from exploiting the opportunities presented by the large untapped Nigerian market (Ulrich &Lehrmann, 2008). NITEL has been on the Nigerian governments list of companies that the government plans to privatize for several years. The aim of privatizing the company is to build its capacity to provide the much needed telecommunications services to every corner of the country. The concept of privatization is guided by the concept that privatization of government services is beneficial to taxpayers since the same services provided by the government can be provided at a lower cost by the private sector. Furthermore, the private sector will also improve the quality of the products and services delivered to the people. For successful privatization of a company the government needs to put up mechanisms that make the company appealing to potential investors. While the telecommunications industry is still undergoing deregulation, the major national telephone provider, NITEL has since been corporatized even before it became commercialized. Basically, the government reduced the level of subsidy to NITEL and instead required NITEL to become financially viable. Nonetheless, the public is still waiting for NITEL to be privatized as a major signal that the government is serious about repositioning the telecommunications in Nigeria. Populaces of Nigeria are growing exceptionally discontented and intolerant with the poor quality of services, ongoing decay, unsteadiness, and dysfunction in the administration of government institution and <https://assignbuster.com/the-mobile-phone-market-in-nigeria-commerce-essay/>

organization in the country. The anxieties have been established by numerous labor unrest, media criticism and public indignation (khamfula, 2005). According to the author, he stated that citizens are clamoring, for a restructuring of government activities by introducing privatization, deregulation, and liberalism. As a result of the inefficiency, ineffectiveness, and high corruption, have characterize the structure of government in Nigeria, are the major concerns that drove the study of potential effects of privatization. According to Akpotaire (2004) stated that privatization is considered necessary for basic reasons: to maintain a smaller government structure, operation efficiency sustenance and effectiveness; and to augment accountability and productivity. Successful implementation of privatization will depend largely on the system of governance; therefore, much effort should be devoted to understand the responsibilities of governments in the privatization process (Mikesell, 1999). This study examines the effects of privatizing NITEL on availability, quality of telecommunications services rendered to the end users in Nigeria.

Problem statement

NITEL has had many opportunities for growth and development. During its early years when it enjoyed the being a monopoly, the company was able set up its infrastructure in major capital cities and towns and provided all the services for the communication needs of people in Nigeria. After the commercialization of the company by the Federal Government of Nigeria the company was no longer eligible for subvention from the government. This means that the company should generate its own revenue to sustain its existence. Despite of its intentions the government did not withdraw from

playing an active role in the company's day to day activities. After the end of its monopoly and granting of licenses to new operator the company NITEL was unable to compete in the market. The company since then has struggled to sustain itself and has continued to make loses. The company is unable to pay it employees, the number of its users has gone below one million and its fixed lines have also reduced to less than a hundred thousand from nearly half a million lines (Oxford Business Group, 2010). The company was wholly managed by the government through its agencies and employees. The vices present in the agencies were eventually brought into the company causing the situation being experienced by the company. The expenditure of revenue by the company's management is unclear and may not likely be channeled towards the development of the company. As the government continues to hold on the company the more its experiencing loses and the more likely they will incur losses (Williams, 2008).

Research questions

RQ1-To what degree has the commended efficiency been attained in the telecommunication industry in Nigeria given that the implementation of privatization related programme like deregulation policies or what the government refers to as the restructuring programme in the telecommunication sector? RQ2-What is the government's role in the challenges facing NITEL?

Research Propositions

Zikmund (2003) states that a proposition is a statement concerned with the relationships among concepts, an assertion of a universal connection

between evens that have certain properties. The research proposition

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formulated is as followed: RP- 1 The Nigerian private sector should provide and improve on efficient quality services that will meet the demand of the peopleRP-2 The role of government in the challenges faced by NITEL

Objectives of the Study

The foremost objective is to explore the issues hindering the achievement of effectiveness, operational efficiency, accountability, and permanence and to discern if privatization of Nigerian telecommunications (NITEL) would or can facilitate the country to triumph over these difficultiesTo identify the problems and challenges associated with privatization of the public servicesTo examine the impact of privatization of the service delivery on the level of availability, accessibility and affordability of these services to the people.

Justification for the research

Nigerian telecommunications limited (NITEL), a once thriving national operator with 553, 471 functional lines and an annual income of N53, 41 billion (US\$452 million) in 2002, later assumed the description of being badly run, non profitable organization seething with corruption, administrative inefficiency, lack of transparency, accountability and technical deficiency (see BPE Report, 2009). The financial decline of NITEL, which was the result of corruption and mismanagement on the part of the politicians and public officials institutionally appointed to manage the affairs of NITEL, provided grounds for the World Bank and the Nigerian government to decide that for NITEL to run efficiently, NITEL must be privatized (Ojakuminor, 2007a; Okogie, 2007). The privatization exercise in Nigeria as in many other developing countries is confronted or resisted because the projected shift in <https://assignbuster.com/the-mobile-phone-market-in-nigeria-commerce-essay/>

functions, control, and ownership from public to private sector raises question about the essential values, meaning and rationale of government owned organizations. Good reason for privatization is not limited to the predicted efficiency gains but also efficiency, transparency and accountability of public official, operational effectiveness, and increase in productivity (Gollust & Jacobson 2006). As strategically imperative but relatively neglected, Nigerian telecommunications limited (NITEL), has been largely typified by poor performance manifested in low profitability, large unmet demand for services, poor technical, operational ineffectiveness, quality of service, and absence of new services. The outcome of this study should help the government to adopt system to lessen operational ineffectiveness, ineffectiveness, lack of accountability, and low productivity. While fairly, universal policy issues and options face governments attempting to transform the telecommunication sectors, their relative importance, and the sectoral solutions adopted and especially the strategies to implement them are highly country specific (Sanders et al., 1994)

Research Methodology

These studies will use a wide range of materials from secondary data source to determine the function of the Government in the company and the impact it had on the company. The materials used were largely from institutional, academic and professional literature reviews and publications. The study will also use different reports external and external agencies that have evaluated the parlance of the Nigerian public institutions and also analyzed the purpose of government and their effect in these companies.

Chapter 2

Literature review

An analysis on privatization of (NITEL) in Nigeria was conducted. Issues and perspectives such as the structure, lack of inefficiency and governance system in Nigeria were identified and examined. These concern and viewpoint have become vital to the study on privatization. Public services entities that belong to the government have a lot of investment put in them mostly from tax payers or other sources. However, the perception of the services is very poor with most persons finding them to be unsatisfactory. With such a perception it is unlikely that the government can competitively run some type of businesses when they wholly own them. For example telecommunications services are dynamic and require flexibility in the part of the person running the business to be able to make quick decisions that are required to see the business succeed. This is unlikely in a government owned institution which requires a lot of procedures for a decision to be made. Such processes may also take several weeks or months to be completed which is very slow in such a competitive market (Ulrich &Lehrmann, 2008). Most developing countries have privatized their public companies and institutions with the aim of providing access to better services to their citizens. Most of the people who suffer from the inadequacy of the services are poor people. Their main barriers are financial, political and physical. Furthermore, government services do not have effective mechanisms that guarantee transparency and accountability. Most government owned entities in the developing countries rely heavily on the government to finance their activities. This is despite of having being the ability to generate enough

revenue to facilitate their own operations. It is often more likely for a government owned company to report of loses than profit. One reason for the continuous loses is the attributed to corruption. Corruption is rampant in most public institutions and entities. Nevertheless, such loses are costly to taxpayers and they are likely to raise concerns on the management, leadership and the government's actions in the company. Hence, the best option is for most governments is privatize the company to save it or reduce the likely hood of losing investments if business comes to a halt.

Privatization of telecommunication entities has been a common occurrence in the recent years after the development of modern communications systems that have increased competition. These systems require better and effective management structures and systems different from those used in government entities. Privatization has also seen the turnaround in the performance of most companies with earlier records of loses. According to Carino (2008) stated that democracy, autonomy, and capacity are the standards of accountability of a strong republic. The shift of functions from the public to the private sector may often contain the challenge of discovering how privatization will best enhance accountability. The reason for the challenge or resistance to privatization of government owned organizations in Nigeria may be that shifting public functions to the private sector raises questions about the values and missions of government-owned organizations. Government-owned organizations in Nigeria have encountered problems in quality of service, accountability, resource availability, and productivity (Akpotaire, 2004). Gollust and Jacobson (2006) recognized that privatization approaches are based on the premise that the private sector can deliver goods and services more effectively and efficiently than the

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public sector. The author indicated that the justification privatization is not limited to the expected efficiency gains but also on accountability of officials and operational effectiveness. In the previous chapter, the literature review served as a means of conceptualizing, justifying, implementing, and interpreting of the problem to be examined. It also provided inclusive overview of past perspective related to privatization, efficiency, accountability, and productivity. An insight based on the views of proponents and opponents of privatization, the resultant governance, structure, and the framework needed to accommodate privatization in Nigeria has been highlighted as well.

Historical Overview

Privatization

In order to address the issues surrounding privatization of (NITEL) in Nigeria an analysis of historical and current literature review was be conducted. This study used a wide range of materials from secondary data source to determine the function of the Government in the company and the impact it had on Nigerian telecommunication (NITEL). The materials used were largely from institutional, academic and professional literature reviews and publications. The study also used different reports external and external agencies that have evaluated the parlance of the Nigerian public institutions and also analyzed the functions of the government and their impact in these companies. The developed and developing nations have seen their economies changed in terms of wealth creation, employment, and investment from the day when the countries opened the doors of the economy to the process of liberalization, privatization, and globalization

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(Ramanathan, 2007). According to the author, stressed that with this process, manufacturers as well as the distributors of both domestic and global markets have started to herald their products. However, the review of literature examines the structure of governments and their role in the implementation of privatization and successful implementation of privatization banks heavily on the system of governance; therefore much endeavor was devoted to recognize the accountability of governments in the privatization process. Mikesell (1999) defined and identified different types of privatization around the globe. He explained that privatization encompassed the transfer to the private sector of government-owned businesses that operate in goods and services markets that do not have significant market failures; transfer to the private sector of government-owned businesses with natural monopoly power, especially telecommunications and electricity; and contracting out of publicly financed services to private businesses, using service contracts or franchise agreements. Mikesell identified the later variety of privatization as being amenable to pure public goods, and that the former two may be accompanied by government regulation of prices, returns, or other conditions of operations. Some Nigerians argued for, and others against, privatization as a solution to the problems of leadership, inefficiency, ineffectiveness, lack of accountability and decreased productivity. Khamfula (2005) indicated that many developing nations, including Nigeria, found the lack of an efficiently organized capital market a serious obstacle to the efficient use of their savings, and thus to their overall economic development. The author identified the serious predicament in the developing Sub-Saharan Africa region and other developing nations as the <https://assignbuster.com/the-mobile-phone-market-in-nigeria-commerce-essay/>

ineffective mobilization of capital for private sector investment, suggesting the reasons why government resorted to privatization. According to Bauer (2005) blamed the failure of organizations on the approach adopted by governments. According to Bauer, government regulation and public ownership were considered as mutually exclusive alternative means of correcting forms of market failure and achieving non-market social objectives in network utility industries. Bauer cited USA and Canada as historically relying on private-owned utilities subject to regulation by specialized federal and state agencies. The author stated that government-owned entities, like the federal power projects or municipal enterprises, complemented private utilities but were exempted from oversight by the regulatory agencies. The situation is different outside of the United States, such as in Nigeria and other developing nations where government ownership was the dominant model without appropriate expertise and effective oversight to ensure operational efficiency.

General System theory

According to (Scott, 2003) general system theory is a framework used by organizations and societies to describe, evaluate, or analyze objects or processes that work in concert to produce results. The roots and development of general systems theory according to Bertalanffy (1976), was complex. The author stated, the general systems theory as a notion generated other professions and job such as system design, system engineering, system analysis, and information system in this context refers to interacting, interrelating, and interdisciplinary activities. System means a configuration of parts connected by web relationships Scott (2003). Knowing

one of a system enables us to know something about another part. Kuhn (1996), refers to the concept as the information content of a piece of information, meaning to say is proportionate to the amount of information that can be inferred from that information. The knowledge, meaning, and value of general systems theory may continue to grow and diversify in its use; scientists, politicians, organization (government) owned and privatized will find it applicable in the framework for design, integration, deployment, bridging interdisciplinary gaps, and in the implementation of projects or processes.

Theoretical framework for the Research

The general system theory is the conceptual framework used to explain organizational transformation in Nigeria because it promises to open communication, a better understanding process, and clearly understand and shared vision. The concept of organizational transformation may make provisions for utility for studying organizational theory and strategy when observed through a proper theoretical framework such as system theory. The course of transformation should center on operational improvement, corporate self renewal, and strategic transformation of public and private organization. Operational improvement should begin with the aim of attaining imperative development in efficiency by reducing cost, enhancing quality, and simplifying processes. This may mean re-engineering business to help restructure roles, move organizational boundaries, and change work and information flow. Corporate self renewal should seek to make organizational relationships and cultural procedures that allow Nigerian organizations to adapt to changing situation thus closing performance gaps

in the future. According to Lemak, Henderson, and Wenger (2004) stated that improvement exemplify a corporate self renewal type of transformation. The strategic transformation of Nigerian organizations may entail re-establishing competitive advantages in the market place by recreating a productive match between core competencies and market opportunities. Strategic transformation should take the form of developing new competencies, discovering or creating new markets, or a combination of the two. Lemak, Henderson, and Wenger (2004) noted that each type of transformation operational improvement, corporate self-renewal, and strategic transformation has different objectives, intervention strategies, measures of effectiveness, and timelines. The authors indicated that each type of the transformation should be a long-term objective. The germinal theorists of general systems theory such as Katz and Kahn (1966), Buckley (1967), and Thompson (1967) stressed the need to adopt a systems approach to the study of organizational behavior. Katz and Kahn (1966, p. 4) suggested that the "common sense" approach that is so prevalent in the current organizational thinking hinges upon stereotypes about organizational characteristics. The stereotypes, according to the authors, failed to specify the roles, psychological nature, and boundary relationships basic to an understanding of organizational behavior. The common sense approach as suggested by Katz and Kahn assumed that the primary mission of the organization as perceived by its leaders provided an adequate basis for understanding the functioning of the organization. The authors regarded as fallacious the assumption that implied that the purposes of the organization and the goals of its members were identical. Katz and Kahn (1966)

attempted to determine if different organizations evolve dissimilar patterns
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of behavior; if similar organizations acquire differently patterned behavior processes at different stages of their historical maturation; and if patterns of interaction within an organization differed on some systematic basis such as different types of products, skills, and work processes. To answer Katz and Kahn's questions, social scientists employed the structure-function approach to organizational theory. Social scientists believed that organizations consist of interdependent parts or components and that each part is concerned with the mission of the whole organization and the contributions it made to the accomplishment of the organizational mission.

Definition of Terms

To conduct a research on Nigerian Telecommunication (NITEL) by exploring the issues that held back achievement of effectiveness, operational efficiency, accountability, and increased output necessitates the definition of some terms in order to establish a common understanding. The following terms and turn of phrases correspond to operational; terms that makes clear the contextual uniqueness of these concepts. Authors Terms &

Definitions Apotaire, 2004 Privatization-the transfer of governmental control and ownership of industries, organizations and business entities from public sector (governmental) to private sector Latham and Vinyards,

2006 Productivity- measure of the efficiency of resources used. Productivity is often applied to single factors such as staffing (labor productivity), machines materials, energy, or capital; the productivity concept applies as well to the total resources used in producing outputs Latham & Vinyard,

2006 Effectiveness- How well an approach, a process, or measure addresses its intended purpose; to determine effectiveness requires the elevation of

how well a need is met by the approach taken, its deployment, or the measure used . Latham & Vinyard, 2006

Accountability-recognition of responsibilities by separating policy formulation from implementation. Accountability is managerial approach that defines tasks, measures performance, develops resource control, strengthens monitoring, and clarifies incentivesWyk, 2004

Deregulation- a process by which government removes, reduces, or simplifies restrictions on business and individuals with the intent of encouraging the efficient operation of marketsWyk, 2004

Liberalization- the relaxation of previous government restrictions, usually in areas of social or economic policyWojtczak, 2002

Efficiency- An ability to perform well or achieve where the same amount and standard of services are produced for a lower cost, if a more useful activity is substituted for a less useful one at the same cost or if needless activities are eliminated.

Sourced: from Literature review

Analysis of privatization, Efficiency, Accountability, and productivity

Undoubtedly, (NITEL) in Nigeria has been privatized long before now and has suffered from underinvestment in the past. The company has not been able to take advantage of the assets owned. As such, a number of other major telecoms operators have also established themselves in the Nigerian market, which has led to a huge competition of which NITEL has been marginalized (Onda Analytics Limited, 2009). According to Gonzalez Paramo and De Cos (2005) stated that privatization has impact on efficiency, accountability, effectiveness and productivity. The authors clarifies that enhancing efficiency is one of the point of view of most commonly used to justify

privatization. The scholars concluded that public ownership has a significant negative effect on efficiency and that public firm's performance is poorer than that of private firms. Gonzalez Paramo and De Cos argued that imperative relationships also exist between import penetrations degree of concentration gives rise to greater efficiency. According to the authors, they stated that privatization has more positive impact on productive efficiency, of which it is construed as confirmation that privatization is an effective method of increasing a firm's efficiency. Arguing the significance of privatization to productivity and according to Liou (2007) stated that the main purpose of improving the structure and management of public organizations has been to increase both productivity and efficiency of operations. Researchers of public management and policy took up the task of restructuring public organization. The Author affirmed that the expertise, knowledge and performance of public administrators were inadequate to ensure effectiveness, operational efficiency, and accountability. Lou disputes that public organizations cannot thrive due to absence of technical expertise and essential knowledge based to the systems. Explaining how privatization could stimulate changes, which ultimately would engender efficiency and productivity in privatized organizations, Soon (2007), stated, " Privatization contributes more to productivity and efficiency than even more economic liberals think" (p. 33). According to the author, while the role of competition in producing efficiency and effectiveness may be understood, privatization is critically important in order to ensure that productivity is achieved. The author's finding led to the general advocacy of privatization for other reasons such as raising money for the government to spend on other essential developmental needs of the country. On the other hand, Soon

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(2007) was also of the opinion that among " economic liberals," privatization did not make substantive difference in promoting efficiency because what matters was the " competitive environment" (p. 35). The author further stated that critics of privatization argued that efficiency and productivity benefits could be achieved by introducing a more competitive environment without selling government owned enterprises. It was Soon's opinion that regulatory barriers to entry and other distortions affecting new entrants could be eliminated. Soon (2007) stated that while it may be true that regulatory reform could bring about benefits and that privatization itself produced no pro-competitive benefits, it was, therefore, an unimportant part of national economic policy. The research focused on privatization of (NITEL) Telecommunication in Nigeria in order to gain broader scope and ancillary information. Arguments from both proponents and opponents of privatization presented insightful knowledge for current and future researchers of privatization.

Proponents of Privatization

According to Akpotaire (2004), privatization may be a viable option for improving government activities in Nigeria. Privatization is needed for the following basic motives: to maintain a smaller government structure, sustain operating efficiency, and immediate response to citizens this is stated by the author. In his analysis of the sizes of governments, Mikesell (1999) argued for a smaller public sector and fewer public bureaucrats, which would result in a shrunken scope of government. Mikesell emphasized that governments may spend without producing products or providing services; may be deeply involved in the private economy without even spending; and privatization

may reduce the size of government or state involvement in the economy, thereby allowing for accountability and operational efficiency. The imperativeness of privatization allows competition and reduces cost to the tax payers. Akpotaire indicated that privatization makes a cooperative relationship between suppliers and consumers because they agree to help each other through an exchange. The author explained privatization is the act of reducing the role of government or increasing the role of the private sector in a business activity or in the ownership of assets. Opponents of privatization are concerned with a change in the focus and mission of their work, and their apprehension is that privatization may negatively affect the quality of care they receive. (Akpotaire, 2004). He further states that opponents of the privatization concept seem to forget that it promotes consumer choice by allow market forces, rather than governmental dictates, to regulate supply and demand. Gollust and Jacobson (2006) explained that the arguments for privatization could be summarized as improving efficiency, quality, accountability, equity, effectiveness and professionalism.

Opponents of Privatization

Opponents of Privatization put it that, aside from privatization approaches, option and innovative ways to reconceptualize and strength government owned organizations exist. Gollust and Jacobson (2006) stated that opponents of privatization argued that the government should maintain and have power over supply and demand, and provide public goods and services to make certain that social equity is in a place. The authors indicated that opponents of privatization maintained that public organizations are more equitable because they give disadvantaged citizens choice in government

owned organizations, thereby preserving public sector values such as democracy, social cohesion, the privatization concept thought that it would mean replacement of government monopoly. Their opposition became clearer with government's insistence on selling to core investors.

Conclusively, privatization plan are not without confrontation because the citizens would like to know how to shift from function, manage, ownership, and leadership styles from public sector to the private sector would enhance operational efficiency, effectiveness, accountability and productivity (Carino, 2008). The myths surrounding privatization are cause by quite a few misconceptions, such as the bogus notion of removing all state run welfare activities that creates and maintain infrastructure and the ill founded belief that it leads to exploitation of national resources by foreign establishments (Basu 1994). A baseline to measure perceptions of the research contributors on privatization of NITEL in Nigeria has influenced also efficiency, accountability, productivity and lastly effectiveness is provided, understanding the effect and the relationship in other to suggest remedies. This will in turn enable the Nigerian government to comprehend the issues and obstacles facing the country and devise strategies o mitigate the problems associated with government ownership, control and management of organizations.

Finding and analysis

Findings from the research show that there has been a rapid increase in the use of mobile phone for communication in Nigeria which really on the GSM technology. Furthermore, there is still demand for more lines all over Nigeria. Most of Nigeria especially the rural areas are still underserved by

telecommunications companies. There is high level of corruption in most government institutions where there is also lack of efficiency, effectiveness, accountability, productivity and transparency, (Information Gatekeepers, Inc, 2002 sustenance and; and to augment.

Discussion of finding

The telecommunications structures in Nigeria were established during the colonial era and Nigeria was also integrated into the colonial ideologies which encouraged capitalism. However, the collection and distribution of revenue is not clear and transparent. This may be as a result of the high level of corruption in the government structures. Despite of the concerns raised by government officials and there apparent effort to save the company it is likely that they have other vested interests which are different from the real issues affecting the company. The issues affecting the company are many including its lack of profit, in ability to pay its staff and other debts (Ojo, 2001). Considering the number of cellphone users and the untapped market in Nigeria it is awkward for a company like NITEL to incur such debt and reach a point where it has to be liquefied. A possible solution would be for the government to inject more funds into the company and restructure it before they can consider selling it to private investors.

Chapter 4

Summary of finding

NITEL has vast opportunities that it can exploit and efficiently sustain itself and its operation. However this is hampered by the corruption, lack of

transparency and unaccountability that denies the company the much needed revenue to facilitate its activities.

Conclusion

Initial attempts to reform the telecommunications sector in Nigeria have brought encouraging results. The reforms yielded increased profitability, and greater productivity. Network expansion and modernization was reflected in the expansion of the telecommunications system and availability of new services. Notwithstanding these achievements, the sustainability of the improvements is in doubt as there are indications that the reform undertaken in 1992 has lost momentum and there is real danger of policy reversal. These can be inferred from the non-renewal of the performance contract, which was due for revision and renewal in 1995, and the unabated ministerial interference in the affairs of NITEL. In spite of the results of modernization and expansion in the wake of commercialization, it is becoming increasingly clear that NITEL is incapable of meeting the needs of all users. There is growing consensus that only competition and private participation will ensure lasting improvements. The industry is still characterized by under-investment and large unmet demand, not only for basic services but also for specialized services needed by modern businesses to compete more effectively. The telecommunications industry in Nigeria is one of the fastest growing in the world this should put the company in a position to be able to contend with other service providers. NITEL has not yet reached the end of the road and can still be revived and its potential realized.