

Evaluation of the Reaction of People Towards Liberalization of the Telecommunication Sector in Southwestern Part of Nigeria

¹K.O. Odunaike, ²O.A. Abimbola and ³Jide Owuoye

¹Department of Business Education, Tai Solarin University of Education,
Ijagun via Ijebu-Ode, Ogun State, Nigeria

²NISER, Ibadan, Oyo State, Nigeria

³Lead City University, Ibadan, Oyo State, Nigeria

Abstract: This study attempted to highlight the governmental steps on how to improve the efficiency and availability of the telecommunication sector and other derived policy in the past to restructure the sector. As a result of NITEL's monopoly as the only national service operator and inefficiency, the process of deregulating the industry was initiated in order to tackle the shortcomings. This began with the establishment of the Nigerian Communication Commission (NCC) by Decree 75 of 1992. The decree liberalized the telecommunications industry and opened the gate for private sector participation in the industry, with the Commission as the regulatory authority. Hence, major operators like MTN, Globacom, Vmobile and M-tel came into existence. The study therefore examined the reaction of people towards the liberalization of telecommunication sector in the South West, the most economic geo-political zone in Nigeria. The study observed that both the poor and the rich have unlimited access to telecommunication services unlike in the 90s and competition in this sector has made businesses to flourish and price of the product to fall drastically coupled with innovation in service delivery. It however, recommended that people should be trained on the appropriate use of GSM to avoid abuse and to extend liberalization to energy like electricity, water and to prudently check the prices of interconnectivity.

Key words: Liberalisation, telecommunication sector, GSM network operators, subscribers, Southwest of Nigeria

INTRODUCTION

Government had taken several steps in the past to restructure the telecommunication sector, with the hope of improving its efficiency and availability. One of such steps was the establishment of the Nigerian Telecommunications Plc. (NITEL) from the merger of the telecommunication division of the defunct Post and Telecommunications (P and T) with the former Nigerian External Telecommunications (NET).

The total number of telephone lines at independence in 1960 was only 18,724 for a population estimated at about 40 million people. This translated to a teledensity of about 0.5 telephone lines per 1,000 people. The telephone network consisted of 121 exchanges of which 116 were of the manual (magneto) type and only 5 were automatic. Since independence, there have been a number of development plans for the expansion and modernization of the telecommunications networks and services. Most of these plans were not fully implemented (Ajayi, 2002).

Between 1960 and 1985, the telecommunications sector consisted of the Department of Posts and Telecommunications (P and T) in charge of the internal network and a limited liability company, the Nigerian External Telecommunications (NET) Limited, responsible for the external telecommunications services. NET provided the gateway to the outside world. Telecommunications development during this period was characterized by serious short-falls between planned targets and their realization, principally because of poor management, lack of accountability and transparency and low level of executive capacity (Ajayi, 2002).

The installed switching capacity at the end of 1985 was about 200,000 lines as against the planned target of about 460,000. All the exchanges were analogue. Telephone penetration remained poor equal to one telephone line to 440 inhabitants, well below the target of a telephone line to 100 inhabitants recommended by International Telecommunication Union (ITU) for developing countries. The quality of service was

largely unsatisfactory. The telephone was unreliable, congested, expensive and customer unfriendly (Nigeria Business Info. Com, 2003).

As at 1999, Nigeria had a public network of about 700,000 lines capacity out of which 400,000 lines were connected. Nigeria therefore, lagged behind comparable and even less endowed African countries, let alone advanced countries. The process of deregulating the industry was initiated to tackle these observed shortcomings. This began with the establishment of the Nigerian Communications Commission (NCC) by Decree 75 of 1992.

Nigerian Telecommunications Limited (NITEL) was the first national operator and monopoly service provider for domestic and international services. This had serious repercussions in terms of inefficiency, high cost of service and lack of universal access. To keep pace with the rapid global development and changes in the information technology and the telecommunications industry in general, it became imperative for Nigeria to deregulate the telecommunications industry so as to allow private sector participation in the provision of telecommunications services nationwide (Obasanjo, 2003).

Decree 75 of 1992 and the establishment of the Nigerian Communications Commission (NCC) liberalized the telecommunications industry and so opened the gate for private sector participation in the industry, with the Commission as the regulatory authority (Nigerian Communication Commission Decree, 1992).

The liberalization thrust was further strengthened by the Nigerian Communications Commission (Amendment) Decree No. 30 of 1998, which deleted those provisions in the first decree that inhibited competition in the sector thus enhancing the expected role of private sector enterprises (Telecommunication Act, 1996).

As the regulator for the telecommunication industry in Nigeria, the NCC was established to steer private sector participation in the industry thereby, ensuring the provision of qualitative and efficient telecommunications service throughout the country (Telecom Reform, 1992).

The maiden edition of the National Policy on Telecommunications, which was approved in 1995, was published in 1998 by the Ministry of Communications. As a result of the rapid development in the sector, it became necessary to review the policy document. Hence, at the outset of the democratic government and in fact barely a week into the administration of 4th Republic, Mr. President inaugurated a committee on Telecommunication Policy for Nigeria and personally presided over its maiden sitting (Ajayi, 2002).

In keeping with the principles of democracy, that is, transparency, openness, involvement and fair play, an international workshop on the new policy was organized to offer all stakeholders the opportunity to have input

into the new policy. The report of the workshop therefore formed the working papers for the committee. Consequently, the new National Policy on Telecommunication was approved in October 1999. It covered issues such as policy objectives, management structure, finance and funding, manpower development and training, research and development, local manufacture, safety and security, satellite telecommunications, international perspective as well as policy implementation and review (Odusanya, 2004).

Hence major operators like MTN, Vmobile (formerly ECONET, now Celtel), Globacom and M-tel came to existence. Some started operation since 2001 while the others joined later.

This therefore, motivated the authors in carrying out the current study to assess the people's reaction towards the liberalization of telecommunication sector as well as its acceptability.

MATERIALS AND METHODS

In this study, both primary and secondary data were used, although the bulk of the needed information was obtained from primary sources. The primary data were generated through the use of questionnaire and personal interview. The questionnaire was administered on the users of Global System for Mobile Communications (GSM) as well as some selected sub-dealers of each network. The selections were made on a random sampling basis. The questionnaire was the close ended type in which a respondent was asked to select from a series of alternative answers that best approximates his situation. In these questions only certain designated responses are permitted. In this study, one thousand and sixty one questionnaires were administered on the GSM subscribers in the South West, which were randomly selected. The four major operators of Global System for Mobile Communication in the South West were also interviewed orally in order to know their coverage area and what they have so far offered to the subscribers. The samplings were done in Lagos, Ogun, Oyo, Osun, Ekiti and Ondo States. In each area, emphasis was placed on some of the subscribers of GSM as well as the sub-dealers. The data collected during the field survey were only analyzed using statistical methods such as frequency distribution and others.

RESULTS AND DISCUSSION

In an attempt to know the type of network available in the state of origin of respondents, 709(71.0%) said MTN network is available in their state of origin while 113(11.0%) and 76(7.6%) have Glomobile and Vmobile, respectively (Table 1). Thus MTN is widely available in

Table 1: Available network

Questions	MTN	Vmobile	Glomobile	Mtel	Others	All available	Undecided
Type of network available in the state of origin of respondents	709 71.0%	76 7.6%	113 11.3%	38 3.8%	42 4.2%	21 2.1%	62
Type of network available in the state of abode of respondents	693 68.5%	89 8.8%	96 9.5%	38 3.8%	54 5.3%	41 4.1%	50
Type of network being used by respondents	511 51.7%	186 18.8%	205 20.7%	49 5.0%	37 3.7%	--	73

Source: Author's field survey (December 2004)

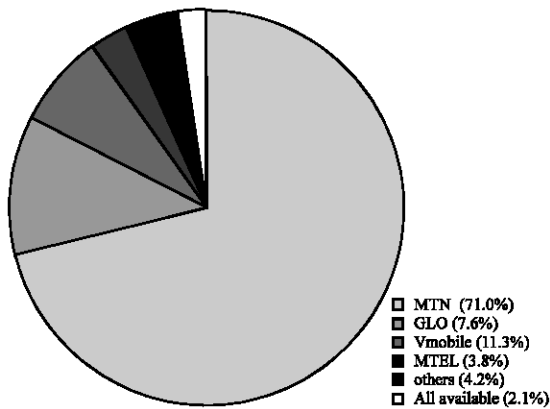


Fig. 1a: Pie chart showing the type of network available in the state of origin of respondents

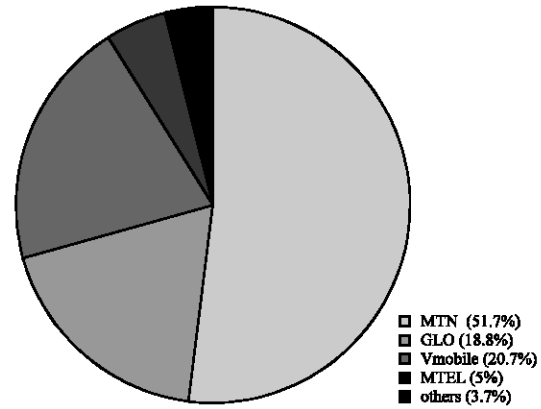


Fig. 1c: Pie chart showing the type of network being used by respondents

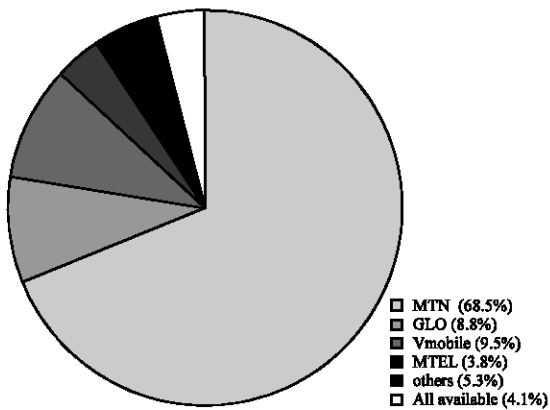


Fig. 1b: Pie chart showing the type of network available in the state of abode of respondents

the states of origin of the majority of the respondents. Figure 1a explicitly explains the pie chart distribution of availability of network in the state of origin of respondents.

The availability of MTN in the states of abode of 690(60.5%) respondents is a clear indication of its popularity in the society. However, Glomobile is next in popularity according to 96(9.5%) who have it in their state of abode at the time of study. Figure 1b also clearly illustrates the respondents' availability of network in their place of abode.

On the type of network being used by respondents, it was realized that MTN network is used by 511(51.7%) of the respondents. Next is Glomobile with 205(20.7%) respondents, followed by Vmobile users with 166(16.6%) (Table 1). These three networks have been in the forefront among the major competing service providers in the GSM business within the last three and half years (Fig. 1c).

It was also realized that there are NITEL land lines in the places of abode of 910 respondents (90.6%). This shows NITEL's commercial availability in every nook and corner of the country but for their management ineptitudeness, inefficiency and corrupted administration, it could not meet with the social services hence the GSM operators took up the challenges when the sector was procedurally liberalised and deregulated.

It was also realized that 802(82.3%) of the respondents collected their GSMs for private use against 172(17.7%) who collected theirs for business purposes to alleviate their poverty and/or for subsistence living among the masses or unemployed.

Table 2 shows that there are 822(79.1%) who are GSM subscribers as against 219(21.0%) who are not. This shows that most of the respondents have GSM (Fig. 2 and 3), respectively.

There are 448(43.2%) who in addition to being GSM subscribers are also NITEL subscribers. But we observed 590(56.8%) are not subscribers to NITEL but may or may not be subscribers to GSM (Table 2).

Table 2: Subscriber's reaction to liberalisation

Questions	No agreed	No disagreed	Undecided	% agreed	% disagreed
The number of GSM subscribers among the respondent subscribers	822	219	20	79	21
The number of NITEL subscribers among respondents	448	590	23	43.2	56.8
Preference of respondents for GSM than to NITEL	880	159	22	84.7	15.3
Reliability is the reason for the choice of the respondents' choice of GSM	893	140	28	86.5	13.6
Reliability of NITEL over GSM	362	649	50	35.8	64.2
Liberalisation of telecommunication sector has made several people to own at least one phone	898	139	24	86.6	13.4
Only the rich had access to telecommunication services before the year 2000	788	256	17	75.5	24.5
Respondents that own more than one GSM	359	671	31	34.9	65.1
Maintenance of GSM is very expensive	702	329	30	68.1	31.9
The number of respondents that have been using NITEL line before the arrival of GSM	648	390	23	62.4	37.6
The number of respondents that have NITEL line because they are rich	259	772	30	25.1	74.9
The number of respondents that have various complaints with their NITEL lines	452	559	50	44.7	55.3
The number of respondents that feel NITEL line is too expensive to maintain	391	622	48	38.6	61.4
The number of respondents that have disposed off their NITEL lines	320	684	57	31.9	68.1
Whether the respondents cannot maintain their GSMs	297	734	30	28.8	71.2
The number of respondents that believe it is too expensive to recharge their cards	488	548	25	47.1	52.9
The number of respondents that have both GSM and NITEL	482	550	29	46.7	53.3
Whether respondents prefer their present network signal	827	206	28	80.1	19.9
The respondents who believe that their income cannot sustain a GSM	471	561	29	45.6	54.4
Respondents who prefer per second billing system	903	131	27	87.3	12.7
Respondents who want the GSM to have a brighter future in Nigeria	951	84	26	91.9	8.1

Source: Author's field survey (December) 2004

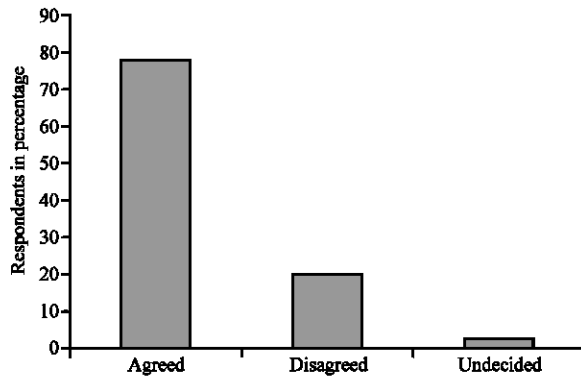


Fig. 2: Chart showing the number of GSM subscribers among the respondents subscribers

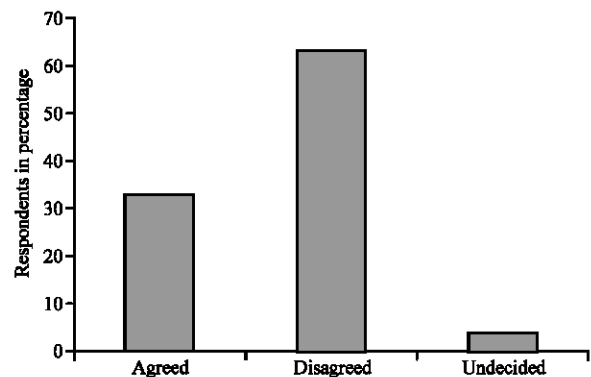


Fig. 4: Chart showing the respondents that own more than one GSM

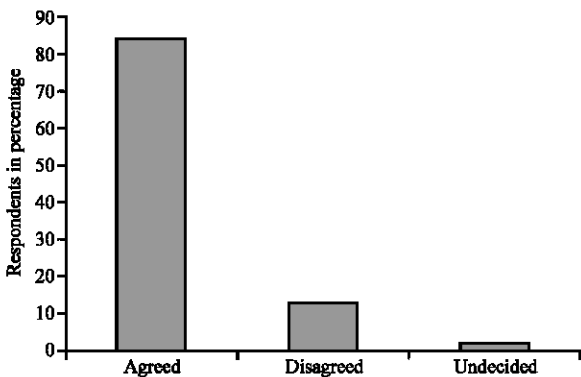


Fig. 3: Chart showing the liberalisation telecommunication sector has made several people to own at least one phone

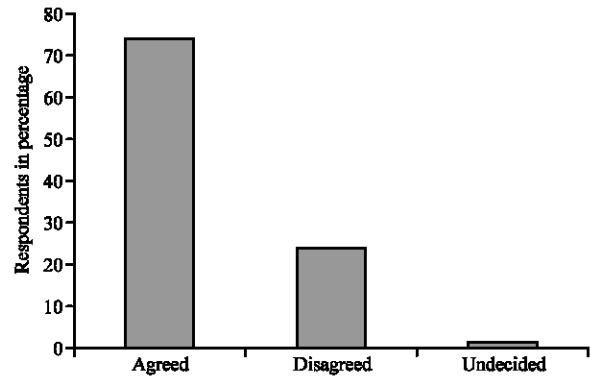


Fig. 5: Chart showing the rich having access to telecommunication services before the year 2000

It was realized from the findings that liberalization of telecommunication services has made so many people have access to telephone (Table 2). Despite the fact that most of the respondents own GSM, some have access to more than one network as shown in Fig. 4 unlike before liberalization when the access was restricted to the rich and only privilege (Fig. 5).

People accept wholeheartedly the liberalization of telecommunication services 2.3. This is because the respondents believe that the GSM is more reliable than the NITEL despite the complaint that the maintenance of GSM is very expensive. As a result, respondents want GSM to have a brighter future in Nigeria.

CONCLUSION

The most effective liberalization programme in Nigeria is undoubtedly that in the telecommunication sector, where both the poor and the rich are enjoying unlimited facilities and services based on needs and wants.

It could be recalled that international attention shifted to the nation's telecoms sector after the GSM market proved the abundance of investment potential in 2001. Following this growth, the International Telecommunication Unit (ITU) was quick to identify the Nigerian telecommunications sector as one of the fastest growing in the global market, especially since the introduction of the Global System of Mobile Communication (GSM) in 2001.

Operators like the MTN, Globacom, Vmobile and M-tel have continued to jostle for the market, a development that is greatly encouraged by the high level of demand in the country.

The advent of democratic institutions and the restructuring of the sector have resulted to an increase in the number of services and products available to users in the local access, mobile and international calling segments (Udeh, 1999).

The last four years have witnessed considerable improvements in the Nigeria. Specifically, there has been an increase in the number of services and products available to users as well as a sustained increase in both foreign and domestic investment and the intensification of competition due to liberalization and deregulation.

The industry has therefore witnessed not only the proliferation of new services, but also a new wave of creativity and innovation in service delivery and improvements in quality of service accompanied by price reductions (Obasanjo, 2003).

There is, no doubt that we are at the threshold of some fundamental changes in the shape of the Nigerian economy and that liberalization via greater private sector participation in economic activity will provide the opportunity for realizing these dramatic changes.

RECOMMENDATIONS

The research is presently limited to the South-West because of the economic base power of the geopolitical zone, it could however be extended to the Northern part of Nigeria to test and examine the acceptability of liberalization in the core North.

The issue of liberalization should also be extended to Power Holding Company of Nigeria PLC (PHCN) to determine whether constant electricity supply, could be available to Nigerians at reasonable cost and to check energy abuse.

Liberalisation could also be extended to Water in order reduce disease like cholera, guinea worm and other water born diseases. So also is Food and Agriculture so that the dependence on oil can be drastically reduced in the minimum such that poverty alleviation can easily be tackled through employment generation.

The entire network should also make the communication from one network to the other very cheap in order to make the access to telecommunication services by subscribers easier than what operates now.

People should be trained on the appropriate use of GSM and enlightenment so as to avoid road accidents while driving and to reduce theft by locking the set with a pin code which no one can open except the rightful owner.

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