

**THE EFFECT OF PRIVATIZATION OF GOVERNMENT OWN INSTITUTION ON
DEVELOPING ECONOMY (A CASE STUDY OF BEDC, EDO STATE)**

BY

IKUEREYE EFERETIN BEST

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DEDICATION

This research work is dedicated to God almighty for his guidance, protection and good health throughout my period of study.

I also extend my dedication to my lovely mother O.A Ogbomo for her love and support.

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CERTIFICATION

We the undersigned certify that this project is carried out by **Eferetin Best Ikuereye** With MAT NO. **SSC1708285** and is adequate in scope and standard in partial fulfillment of the requirement for the award of a Bachelor degree in the Department of Public Administration, Faculty of social sciences

Mr Aigbe Endurance

Project Supervisor

Dr Tonwe

Head of Department

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ABSTRACT

The study was to identify the problems of privatization of THE EFFECT OF PRIVATIZATION OF GOVERNMENT OWN INSTITUTION ON DEVELOPING ECONOMY with reference TO BEDC, EDO STATE However, to necessitate a measure against this problem, this study becomes very important. In this study, FOUR research questions were raised. They include, What impact does the privatization have on government owned institutions in Nigeria, Why did government embark on privatization of their own institutions in Nigeria, To what extent does privatization proffer solution to the problems associated with government owned institutions in Nigeria, What are the problems militating against government owned institutions in Nigeria? questionnaire were used as the primary method of data collection. Three hypotheses acted as a guide in this work and were accepted or rejected. The majority views and minority views were also recorded. In this regard, more than a single person shared the same opinion in various issues. Also, some findings were made in this research. They include, political interferences which form the major problem of privatization of NigerA institutions. Some recommendations where made in the work they include: The Need for more investors with technical expertise to come into the industry. This will ensure that better service is rendered to consumers at affordable rates, government should

make sure that, before granting the license, they should screen and select competent people, not those of questionable character, who will manage the private enterprises. Also these Enterprises should also avoid engaging in corrupt practices. The retrenched staff of PHCN with technical expertise needs to be re-engaged back into the service. This will go a long way in alleviating the suffering of the retrenched staff. The Nigeria Electricity Regulatory Commission (NERC) need to regulate the activities of the new companies to ensure that better services are rendered to power consumers.

Chapter One

Introduction

1.1. Background of the Study

Nigeria was widely regarded as having the potential for economic prosperity, social progress, and long-term development when it gained independence in 1960. (Oshionebo, 2004). Despite this, no country has ever achieved sustainable development without providing the requisite electricity to power its small, medium, and large-scale enterprises and economies. In Nigeria, power supply has grown to the point where both children and adults regard it as a separate form of poverty from that of fundamental requirements such as food, shelter, and clothing.

The National Electric Power Authority, a Federal Government-owned electric utility, had a monopoly on electricity generation, transmission, and distribution in Nigeria from 1972 until the early part of 1998. (NEPA). However, a combination of difficulties including an insufficient finance, institutional corruption, and excessive political intervention, as well as poor management and operational tactics, resulted in abysmal electricity delivery during the NEPA era (Adoghe et al., 2009). As a result, in 2005, the Nigerian Federal Government approved the Electric Power Sector Reform (EPSR) Act. The reform's main goal was to liberalize, de-regulate, and privatize the country's power sector in order to ensure a stable and uninterrupted power supply.

Nigeria's power sector privatisation initiative was completed in 2013, with the establishment of eleven (11) privatized electricity distribution companies (DISCO's) and six (6) privatised electricity generation companies (GENCO's) (Isah and Peterside, 2014). Despite the privatization of Nigeria's electricity sector, the industry continues to be plagued by a variety of difficulties that are cause for concern. Such issues include the bidding process that preceded the emergence of the core private power investors; the apparent dearth of capital on the part of the private power companies; the controversial electricity tariff charged by the power distribution companies (DISCO's); the extent to which the newly privatized power industry is properly regulated; and the seeming non-improvement in the nation's electricity supply. It is against the foregoing backdrop that this study becomes imperative.

1.2. Statement of the Problem

According to FRN Document 50 (2010), the majority of the power sector's infrastructure was developed in the 1970s and 1980s, and the country has since suffered from poor quality and limited availability of electricity, significantly impacting national development. Nigeria is currently experiencing a severe energy crisis as a result of declining electricity generation from domestic power plants that are essentially dilapidated, obsolete, unreliable, and in a state of abysmal disrepair, demonstrating the country's poor maintenance culture and the public utility provider's gross inefficiency (Ikeme and Ebohon, 2005). Governments in nearly every country throughout the world have attempted to make state-owned firms work effectively,

efficiently, and economically; therefore, the concept of privatisation. According to Laleye (2011), privatisation has a number of goals, one of which is to begin the process of gradually dismantling governmental firms and utilities that, due to the nature of their operations and other socioeconomic conditions, are best performed by the private sector. As a result, the Nigerian National Assembly passed the Electric Power Sector Reform (EPSR) Act in 2005, resulting in the privatization of the country's energy generating and distribution.

In Nigeria, power outages have become the norm (El-Rufai, 2013). Despite the fact that Nigeria's power supply has been privatized, evidence abounds that the country's electrical supply leaves much to be desired, with the majority of Nigerians still experiencing periodic power outages. Despite her unique energy endowment, Nigeria, according to Makoju (2013), has failed to fulfill the yearnings of her teeming people for enough, consistent, dependable, and inexpensive power to propel the economy. According to Eze (2016), three years after the privatization of the power industry, Nigerians have yet to see a major improvement in the country's energy supply. Furthermore, despite the privatization of the industry, many sections of Nigeria continue to lack access to power, according to the Global Energy Network Institute (2014). Similarly, the Federal Ministry of Power, Works, and Housing said in a statement issued on March 3rd, 2017 that the energy distribution corporations had failed to meet its expectations of enhancing customer service across the country.

1.3. Objective of the Study

The main objective of this study is to examine the effect of privatization of government own institutions.

Specifically the research objectives are:

- i. To find out the effect of privatization of government owned institutions in Nigeria.
- ii. To know the reason why government embark on privatization of their own institutions in Nigeria
- iii. To find out if privatization of government owned institutions improved the efficiency of service delivery in Nigeria.
- iv. To identify the problems militating against privatization of governmental owned institutions in Nigeria.
- v. To determine whether privatization help to solve the problems of government owned industries in Nigeria.

1.4. Research Questions

The following are the questions that will be at the back of the researcher's mind while carrying out the research work:

- i. What impact does the privatization have on government owned institutions in Nigeria?
- ii. Why did government embark on privatization of their own institutions in Nigeria?

- iii. To what extent does privatization proffer solution to the problems associated with government owned institutions in Nigeria?
- iv. What are the problems militating against government owned institutions in Nigeria?

1.5. Significance of the Study

A study is conducted to discover solutions to the numerous issues that mankind faces in the environment or society. The goal of this research is to raise awareness among residents of developing countries and economic planners about the consequences of privatizing public companies in emerging economies. This study's significance is theoretical, practical, and policy-relevant, and it will aid in the evaluation of government-owned businesses.

The study's findings will be valuable to the Bureau of Public Enterprises (BPE), which is in charge of implementing privatization plans in various areas of the Nigerian economy. This research would definitely provide the Bureau with the essential guidance on how to properly fine-tune and reorganize the privatisation initiative in the electricity industry.

The study will also assist major players in Nigeria's privatised electrical industry, including the Nigerian Electricity Regulation Commission (NERC), privatised Electricity Generation Companies (GENCOs), and Electricity Distribution Companies (DISCOs). It would aid these parties in efficiently addressing the difficulties confronting Nigeria's power sector reform program. Lastly, the study will

be of enormous academic value since it will guide students of political science and public administration in their research into a new economic development.

1.6. Scope of the Study

The study's scope was strictly limited to the influence of privatization policies implemented by the Nigerian government on the Nigerian economy. This paper will contribute to the evolution of privatization in Nigeria, as well as investigate the influence of privatization on the Nigerian economy, utilizing PHCN in Edo State as a case study.

1.7. Definition of Concepts

- i. **Privatization:**the transfer of a business, industry, or service from public to private ownership and control.
- ii. **Government Owned Companies:**Is companied held, directed and controlled by the government.
- iii. **Monopoly Power:**Monopoly power (also called market power) refers to a firm's ability to charge a price higher than its marginal cost.
- iv. **Private Sector:**The private sector is a section of the national economy that is not owned by the government. The business conducted under this sector is carried out by companies or entrepreneurs who focus on profit maximization and customer satisfaction.

Chapter Two

Literature Review

2.1. Conceptual Framework

Depending on the form it takes, privatization can be defined in various ways. The World Bank defines privatization as "a transaction or transactions involving one or more of the methods that result in the sale to private parties of a controlling interest in the share capital of public enterprises, a substantial part of enterprises, or a substantial part of its assets."

In countries all over the world, privatization has become an important tool for streamlining the public sector and promoting economic development. It is a strategy for reducing government spending by transferring assets and service functions from public ownership and control to private ownership and control (Ugorji, 1995).

According to Helad (1988), the term "privatization" encompasses a wide range of actions. The use of user fees instead of taxes, the letting of management contracts while maintaining ownership and market liberalization to promote competition in markets traditionally reserved for statutory monopolies are examples of such measures.

Cook and KirkPatrick (1988) said that the push for privatization stems from a misunderstanding of the role of the price mechanism and the private sector in a mixed economy. The transition from the 1940s' "more-government" attitude to the 1980s' "more-market" attitude is merely a paradigm shift, rather than in ideology.

As a result, all programs that promote increased market use or increased use of "private-sector culture" are referred to as privatization. As a result, privatization is defined as the admission of new firms into a formerly monopolistic industry, as well as the exposure of businesses to bankruptcy and takeover. Privatization, according to Cook and Kirkpatrick (1988), is the transfer of economic assets from public to private ownership and control.

Privatization is defined by Boachie-Danquah (1988) as the transfer of ownership of public resources or assets to private individuals and firms through a variety of means which are as follows

1. Private placements, public offerings, or competitive bidding by strategic investors to sell state-owned enterprises to the private sector;
2. Allowing private operators to compete in sectors where PEs have previously held a monopoly;
3. Creating competition by breaking up a monopoly into various branches of activity.
4. Contracts, leases, or concessions are used to transfer the management of PEs from the public to the private sector.

Privatization is defined by Phillipovic, (2005) as a method of shifting assets and functions from the public sector to the private sector". As a result, privatization represents a major structural change in ownership from the public to the private sector, resulting in a significant shift in the underlying incentive of the respective owners and the firm's aims (from political oriented to profit oriented). The

commercialization and privatization Decree (FRN 1988) defines privatization as "the transfer of government-owned shares in selected firms to private shareholders, including individuals and corporate bodies," and it entails stock sales, with or without the loss of government control in these organizations, in public companies to private investors. It could take the form of deregulation of state monopolies through the repeal of laws prohibiting entrance into certain economic industries.

Privatizations are defined by Itheme (1997) as "any of a variety of measures adopted by government to expose a public enterprise to competition or to introduce private ownership, control, and management into a public enterprise, therefore reducing the customary weight of public ownership and control." However, according to the preceding definition, privatization refers to the transfer of a public enterprise's ownership (including ownership, management, employment, and policy formulation) to private investors. The latter interpretation has the advantage of making it easier to distinguish between privatization and other types of public-sector change.

In contrast to the aforementioned viewpoint, Kete (2010) believes that "the level of causal explanations of the predicaments that led to the privatization decree, privatization is likely to have the greatest damaging impacts on the political economic organization of the nation." This viewpoint eloquently conveyed the central concern about the circumstances that led to the privatization of a public organization.

Starr (1998), in a similar vein, defines privatization as a shift from the public to the private sector, rather than a shift within sectors. It is debatable whether the

transformation of a state agency into an autonomous public authority or a state-owned corporation qualifies as privatization, as does the transformation of a private non-profit organization into a profit-making entity.

In pursuit of their self-interest, owners and managers of privatized firms might become more inventive, resourceful, disciplined, accountable, and successful now than ever before," Salako (1999) argues. Furthermore, if this is not provided, they fold." Their reasoning is disputed because the new owners of the stated public firms often invest a large sum of money in the business, and if profit is not flowing, it is evident that they will close down.

Privatization is defined as the relinquishment of part or all of the equity and other interests held by the Federal Government or any of its agencies in enterprises that are wholly or partially owned by the Federal Government under the Privatization and Commercialization Act of 1988 and the Bureau of Public Enterprises Act of 1993. This definition of privatization clearly explains the totality of privatization, which is the shareholder that is valued, the major share owned by the government is sold out to a private firm that becomes the sole decision maker and the company or enterprises' image builder.

Igbuzor (2003) clearly stated that there are indexes involved in privatization, namely. First, public enterprises must exist in order for privatization to occur. These public enterprises must then be converted into private enterprises. The second argument is that private ownership, control, and management would be preferable to

public ownership. Finally, privatization is based on the fact that public enterprises have problems, and privatization is part of a reform agenda to turn these enterprises around so that they can deliver goods and services more efficiently and effectively control, effectively manage, and effectively control ownership.

De Walle (1993) argued that examining the various forms of privatization, such as

- (a) Divestiture or the transfer of ownership and management to the private sector
- (b) Sale of shares through tender or capital markets
- (c) Transfer of management to the private sector without change in ownership
- (d) Introduction of production contracts while retaining procurement and marketing functions
- (e) Profit-sharing with employees, is an effective way of analyzing and understanding privatization.

According to Daintith (1994), there are six major types of privatization: change in ownership (from public to private sector), change in public activities or assets (in terms of their reduction), change in legal status of public provisions (such as liquidation), change in public sector economic status (from direct producer to indirect provider), and change in competitive environment (by withdrawing monopoly rights of public enterprises).

Full or partial privatization is possible. The total transfer of ownership and control of government enterprise assets to the private sector is referred to as full or complete privatization. However, we use Ezeani's (2006) term as our practical

definition. Privatization, he claims, is a deliberate government policy aimed at increasing economic growth and efficiency by reducing state interference and broadening the scope of private sector activity through one or more of the following strategies: transfer of state-owned assets to private ownership, through share sales, control and management of state-owned assets, encouraging private sector involvement in public activity, and shifting decision-making to the private sector

Privatization can take the form of stock or asset sales, management or employee buyouts, equity dilution, joint ventures, liquidation, management contracts, or lease transfers. The capital market, political, and firm considerations all impact the sale decision.

The state is a crucial factor in Nigeria's political economy; it dictates the direction of production, distribution, and resource allocation. The frail production foundation and resulting social forces of production have been unable to support any socio-political transition that would enable an active society to create collective mass action. And the state has been a factor in not just preserving but possibly also changing private bourgeois systems as a result of this act. Vajda (1981).

This indicates that the Nigerian state's social contract has failed because it serves to entrench the interests of the ruling class. "The state is just the manager of the bourgeoisie's common affairs," Marx observed. Institutions, as previously stated, are components of the superstructure that are dictated by the dominant class's

interests. As a result, the state becomes a tool of the ruling class in terms of controlling the means of production.

This expectation, however, does not apply to businesses that have not been privatized. Commercialized firms have even less hope because nothing is likely to change, except for the high price charges and rates, of course. In terms of ideological explanations of public-sector problems, these programs are similar. However, economic institutions (public and private) will continue to be used as a fair game for wanton exploitation and social inequity as long as the institutions and value system that allow fundamental vulnerabilities in the economy exist. (Badan, 2000)

Proponents of privatization think that due to free market competition, private market actors can offer many products and services more efficiently than the government. In general, this will result in lower pricing, better quality, more options, less corruption, less red tape, and faster delivery over time. Many academics argue that not everything should be privatized; concerns like market failures and natural monopolies may limit this. However, a small minority believes that everything, including the government, may be privatized. Alan Murie (2013).

The basic economic argument in favor of government is that governments have few incentives to ensure that the businesses they own are well managed. One issue with state monopolies is that there is no way to compare them. It's impossible to tell if a company is efficient or not if there are no competitors to compare it against. Another issue is that the central government administration, as well as the citizens

who elect them, struggle to assess the efficiency of various and disparate businesses. A private owner, who has often specialized and gained extensive knowledge in a particular industrial sector, can more efficiently evaluate and reward or punish management in fewer businesses.

In addition, unlike a private owner, governments can raise money through taxation or imply printing money if revenues are insufficient.

When private and state-owned businesses compete, the state-owned businesses can borrow money from the debt markets at a lower cost than private businesses since the state-owned businesses are ultimately backed by the state's taxes and printing press authority, giving them an unfair edge. Privatizing a state-owned, non-profitable corporation may push it to raise prices in order to become profitable. However, the state would no longer be required to contribute tax revenue to cover the losses. Alan Murie (2013).

De Walle is a company based in the Netherlands (1993:4), Privatization has been selected as one of the primary economic components for a structure adjustment program in developing countries, which includes not only privatization but also a strong positive impact on economic development, examining the multiple benefits it offers. This includes income generation, job creation, wealth creation, redistribution of national income, infrastructure development reconstruction, opening the door to a competitive economy, and shattering the power monopoly. However, the government must supplement its privatization program with measures such as deregulation of

pricing and marketing, as well as trade liberalization, reduction in import tariffs, and exemption of foreign investors from taxes and labor codes.

G.U. Downs (1986), the disparities that exist between public and private are not “transient outcomes of poor management practices on the part of public sector decision-makers,” but rather, reflect fundamental political and institutional variations that cannot or should not be simply dismissed. Given such primary disparities, it might be claimed that prudence and common sense must be applied in attempting to shift management and organizational techniques from one sector to the other. Some authors reject the concept that privatization inevitably "reduces" the size of government in financial terms.

The authors argue that privatization does not always imply lower costs and may, in fact, result in higher pricing for consumers. They also point out that if contracting out arrangements just includes the replacement of a private monopoly with a government monopoly, no progress has been made.

Almost every group will benefit as a result of divestiture if privatization is done with sincerity of purpose. Shareholders will be workers. Because of greater service, consumers will benefit. Because of the expansion, new graduates and the unemployed will be able to find work, and the government will be relieved of the burden of subsidies, among other things. Nwoye (2009).

2.2. History of Power Sector in Nigeria.

Electricity was first produced in Lagos in 1896, fifteen years after it was introduced in England, according to the history of electricity generation in Nigeria. In other words, the total capacity of the generated energy power consumed at the time was 60KW. In 1896, the greatest demand was less than 60 KW. With the construction of a hydroelectric power station at Kurra, near Jos, the Nigeria Electricity Supply Business (NESCO) began operations as an electric utility company in Nigeria in 1929.

In 1946, the Nigerian government established the Nigerian government electrical undertaking under the supervision of the public works department (PWD) to take over the responsibility for power delivery in Lagos State. The Electricity Corporation of Nigeria (ECN) was founded in 1951, and the first 132KV line, connecting Ijora Power Station and Ibadan Power Station, was built in 1962.

However, the Niger Dams Authority (NDA), which was constituted by an act of parliament, was another body. The Authority was in charge of building and maintaining dams and other works on the Niger River and elsewhere, as well as generating electricity through water power, improving navigation, and encouraging fish brines and irrigation. NDA sold the electricity it generated to ECN for distribution and sale at utility voltages.

In April 1972, the Niger Power began operations, and the ECN and NDA operations were consolidated into a new power corporation called as the National Electric Power Authority (NEPA). The principal reasons for merging the

organizations were: ECN was primarily responsible for distribution and sales, whilst NDA was founded to build and operate generating stations and transmission lines.

It would result in the generation and distribution of energy throughout the country being vested in a single body that would be responsible for all financial responsibilities.

By combining the ECN and the NDA, the electricity supply industry will be able to make better use of the human, financial, and other resources available across the country.

According to Okoro and Madueme (2005), the NEPA authority has been expanding annually since its formation in order to fulfill the ever-increasing need. Unfortunately, the majority of Nigerians do not have access to electricity, and those who do have it do not have it on a consistent basis.

In light of this, the federal government has embarked on aggressive electricity sector reforms with the goal of reviving NEPA and making it more efficient, effective, and responsive to the wailing public. The unbundling of the NEPA monopoly resulted in the privatization of the electricity sector as part of a reform that rebranded NEPA to Power Holding Company of Nigeria (PHCN), which was shut down in 2005.

According to Sambo, the state-owned Electricity Holding Company of Nigeria (PHCN), formerly known as the National Electric Power Authority, controls the Nigerian power sector (NEPA). President Olusegun Obasanjo signed the Power Sector Reform Bill into law in March 2005, allowing the private sector to engage in

the generation, transmission, and distribution of energy. PHCN was divided into eleven distribution companies, six generating companies, and a transmission company, all of which were to be privatized. Several issues, notably labor opposition, slowed the privatization process, which was finally launched in 2006.

When President Umaru Musa Yar'adua's administration took office, the privatization issue was put on hold. As a result, he launched a mission, laying out a plan to industrialize Nigeria by 2020. As a result, the conference was deemed one of the highest and administrative governing bodies to propose practical answers to the power supply difficulties in order to fulfill the Nigerian government's key goal. Unfortunately, due to his health, he was unable to complete the mission.

On August 26, 2010, former President Goodluck Jonathan officially inaugurated the revised Power Sector Roadmap. The Presidential Action Committee on Power (PACP) was established to reduce "red tape," achieve policy consistency, and cut through bureaucratic indecision by key stakeholders in power, while the Presidential Task Force on Power (PTFP) was established to oversee the day-to-day planning, development, and implementation of the Nigerian Power Sector Reform Act (EPSRA), which was enacted in 2005.

The Act was to drive the reform processes as follows

1. Transfer NEPA's assets to PHCN, which will be unbundled into a transmission company (TCN), six generation companies (GenCos), and eleven distribution companies (DisCos).

2. NELMCO will assume the stranded assets and liabilities of PHCN.
3. Create a power bulk trader to act as a middleman between power producers and DisCos.
4. Create an independent sector regulator: The Nigerian Electricity Regulatory Commission (NERC) is in charge of regulating tariffs and monitoring the quality of the PHCN's services.
5. Establish a fund for consumer assistance.
6. Develop competitive electricity market.
7. Licensing of IPPs and ring-fence distribution companies
8. Establish a rural electrification agency (REA).

2.2.1. Current State of the Sector

The privatization of PHCN was eventually created in 2013 in compliance with the Electricity Power Sector Reform Act of 2005. After that, PHCN was split up into a transmission company (TCN), six generating businesses (Gen-Cos), and eleven distribution companies (Dis-Cos).

The transmission assets are still owned by the federal government. Manitoba Hydro International (Canada) is in charge of upgrading TCN in order to achieve and maintain reliable power transmission without system breakdown. The Nigerian Electricity Transmission System now has a transmission capacity of 5,523.8 km of 330 KV lines and 6,801.49 km of 132 KV lines. The generation and distribution

sectors, on the other hand, were completely privatized and are now owned by private companies and individuals.

The operational environment allows Dis-COs to acquire power from Gen-COs of their choosing, while Gen-COs are free to optimize their production costs and hence make competitive offers for power sale. The Trans-CO, on the other hand, is an independent power operator (IPO) and an energy carrier tasked with assuring the existence of bilateral contracts between Dis-COs and Gen-COs, as well as issuing operational instructions for system efficiency.

According to NPSG, the structure of the Nigerian Power Sector is made up of 3 major sub-sectors as depicted below:

1. Generation
2. Transmission
3. Distribution

A. Generation

The Nigerian Electricity Supply Industry (NESI) now operates 23 grid-connected generating facilities with a total installed capacity of 10,396.0 MW and available capacity of 6,056 MW. The majority of generation is thermal, with an installed capacity of 8,457.6 MW (81 percent of total) and 4,996 MW available (83 percent of the total). The entire installed capacity of 1,938.4 MW comes from three large hydropower units (and an available capacity of 1,060 MW).

B. Transmission

Following the unbundling of the sector, the Transmission Company of Nigeria (TCN) was formed as a successor company to PHCN. It is currently managed by a Management Contractor, Manitoba Hydro International (Canada). Manitoba is in charge of upgrading TCN so that it can provide reliable electricity transmission without causing system breakdown. The Nigerian Electricity Transmission System now has a transmission capacity of 5,523.8 km of 330 KV lines and 6,801.49 km of 132 KV lines.

System Operator and Market Operator are the two key departments that make up the TCN.

The Market Operations (MO) department of TCN is in charge of administering the wholesale electricity market, promoting efficiency and competition where possible. System planning, administration, and grid line discipline are all priorities for the system operator. Furthermore, Manitoba Hydro International is focusing on reorganizing TCN and ensuring that the Market Operator and System Operator become self-contained.

C. Distribution

There are 11 electricity distribution companies (discos) in Nigeria. The coverage areas of the 11 companies are indicated below:

1. Abuja Electricity Distribution Company Plc
2. Benin Electricity Distribution Company Plc
3. 3.Eko Electricity Distribution Company Plc

4. Enugu Electricity Distribution Company Plc
5. Ibadan Electricity Distribution Company Plc
6. Ikeja Electricity Distribution Company Plc
7. Jos Electricity Distribution Company Plc
8. Kano Electricity Distribution Company Plc
9. Kaduna Electricity Distribution Company Plc
10. Port Harcourt Electricity Distribution Company Plc
11. Yola Electricity Distribution Company Plc

2.3. Impact of Privatization on the Nigerian Economy

Privatization has a robust systematic impact on Nigerian economic growth. Bennett et al, (2007) examined how privatization positively impact growth in transitional economy. His findings were systematically on econometric specifications which includes fixed effects and gross domestic product (GDP), he examinations were cut across other sectors of the economy as necessary tool for economic growth, in his findings, privatization have been significantly associated with faster growth because of different innovation and inventions. Through privatization, development in capital market and competition which brings about dismantling of the monopoly of production is broken. This imposed significant influence on the economy. The voucher of privatization have been effective because of the speedily links between firms and the state is considered in some degree too.

Alotaibi, (2006), in his investigation of assessing the impact of privatization on economic, he prostrate that, privatization had a significant impact on the GDP level which reflected on the economic growth at 5% significance level. In case of Nigeria, the result revealed that there is a positive relationship between privatization indicators and economic growth at 20% significance level. The result revealed that privatization has a positive impact in terms of stock market, job creation and industrial transfer. privatization leads to improvement of the investment climate in developing economy such as Nigeria.

Thus some other major impact includes.

1. **Reduction in Crime Rate:** in recent times, the level of unemployment has generated and creates a lot of criminal act which turn the southern part of the country to become a war-torn zones and unsafe for business. The Youths engage themselves in one form of unlawful behaviours to the other, ranging from pipeline vandalization to kidnapping of workers, students, government officials and international oil workers. Privatization of PHCN through a stable energy supply, the youths will be gainfully employed through entrepreneurship which a substantial amount of money will be earned at the end of month. The crime rate will definitely be reduced if not eliminated completely.
2. **Efficiency and reliability of services:** Proper implementation of the privatization programme will promote efficiency and growth in the power sector. Privatization will lead to improved electricity services as it will

encourage private sector participation and investment in the power sector.

The evidence can be seen in the telecommunication sector where the telecommunication has brought about effective service delivery compared the former public section and current private sector participation in the provision of GSM services.

3. **Improvement in the services delivery:** One of the major reasons why the services of PHCN remained poor is because of monopoly. The company has been the sole producer, transmission and distributor of electricity to the entire nation. This means that consumers of electricity are left to the mercy of the utility company. The inefficiency over the past 35 years of its existence is nothing to ride home about. About 60% of Nigerians cannot afford a generator set as alternative means of power supply. Therefore, privatization of the power sector will give rise to competition in the market definitely this will pave wave for improvement of services delivery. Every marketer will strive to improve its services in order to satisfy her customers for patronage. This will also lead to greater responsiveness to consumer needs.
4. **Reduced tariffs:** Privatization of the power sector will allow the management of privatized enterprises legal freedom to realize their optimum potential. This will lead to more productive employment and economic growth. Therefore, an electricity industry would become more

cost-effective when it is opened up for competition and accountable to market criteria (PHCN, 2010). A competitive electricity market is therefore capable of bringing about reduction in the tariff paid by consumers. In as much as every consumer needs, it must be at an affordable rate. Consequently, with many producers in place, the strategy of tariff will reduce to a level that is quite affordable to everybody's income.

5. **Transfer of technical manpower:** Subsidiary companies that will compete in the power sector which some of them must be foreign companies, have to come with their expatriates. These companies in a bid to set up their operational structure will transfer technical skill in areas of demand alongside the managerial power, power system protection and planning, voltage collapse and stability, co-generation, etc to Nigerians through their foreign expatriates. In the areas of technology transfer, if well tapped by Nigerians, will go a long way in bridging the gap between the developed and underdeveloped nation in terms of technology advancement.
6. **Employment opportunities:** Privatization of the power sector in the long run will generate employment opportunities for Nigerians. This is because the companies are expected to participate with both skilled and unskilled labour in execution of their businesses task. It is expected that when privatization will be fully implemented the same manner it is implemented in the telecommunication sector, many graduate engineers and

technologists roaming the streets in search of unavailable jobs will finally heave a sigh of relief as most of them will be absorbed by the emerging independent power producers.

- 7. Encouragement of research:** Privatization brings about competition and allows management of privatized companies' full freedom to realize their optimum potentials. In order for any company to take a lead over the other, her products must be second to none. Such excellence in quality of products could only be achieved through research. With the emerging privatization, other sources of renewable energy such as wind, solar energy, biomass energy, Geothermal energy and Nuclear power are expected to be explored. For instance in the UK, prior to privatization of the electricity sector, coal and gas turbines were widely used. With privatization, research was conducted in combined heat and power plants. With the eventual success in research, generation companies rose from 10 to 32 while supply companies rose from 16 to 34 in 1990 because of new innovations in the field.
- 8. Costs and Productivity:** the cost of productivity in a privatized economy is more cheaper, because the private sector cut-down production cost through maximization of the staff strength while the public sector turn to us public sector as a source of compensation of politicians and political

royalty. The lower the cost incurred by the firm in satisfying the contract, the greater profit it makes.

2.4. Problem of Privatization in Nigeria

Owing to the fact that the privatization policy is based on capitalist ideology and orientation and in its drive for profit, it has led to the following

1. Retrenchment of many PHCN workers

The reasons adduced for this was that PHCN was over staffed. Even though government made effort to compensate the laid-off staff, there are concern that the compensation will not be adequate to cover the entire staff. In fact, Ayodeji (2012) argued that the pension bill of PHCN workers is in the tune of N500 billion and PHCN is documented to be currently broke having liabilities of over N600 billion.

Also, the N600 billion the government hopes to make from the sale of PHCN cannot settle all the current liabilities of PHCN, which stands at over a trillion Naira .The intentions of the government, he opined, is to dupe PHCN workers by not paying their pensions and crudely handing them over to new employers who are not committed in any way to maintaining their jobs and trade union rights. Massive job losses are inevitable if the government is allowed to have their way

2. Increase in tariff without commensurate electricity supply.

The ordinary consuming masses are at the receiving end as their electricity bills go up multiple folds. Today, scores are incurring huge electricity bills as the new Distribution Companies (DISCOS) tariffs have continued to go up and leaving huge dent in the pockets of toiling masses.

Increment in tariffs and outright deregulation are part of the consequences of the privatization of PHCN. The argument of the government according to Ayodeji (2012) is that price increment and total deregulation of electricity tariff would attract the “foreign investors”. However, the privatization program has already entered into major crises as anticipated. For one, we are not seeing the massive inflow of the so-called foreign investors who are supposed to come in with huge foreign exchange to save the electricity sector in Nigeria. Also, electricity supply is worsening by the day.

3. Another concern is that the companies are owned by the few political elites and their fronts

What we are witnessing are companies representing the crude and selfish interests of Nigerian elite class (past presidents, governors, ministers, top government contractors, etc). The same elements that was responsible for the crisis in the first instance. Most of these companies have no experience in the power sector and little or no capacity at all to manage the Nigerian power sector. (Ayodeji, 2012).

4. Concern about transparency

Billions have been spent on government propaganda to polish the fraudulent privatization, however, the objective realities point to the fact that the whole process is corrupt and would land the country in a much bigger crisis. The former Minister of Power, Barth Nnaji, was sacked due to his corrupt interests in the process.

5. Privatization of PHCN is also considered a Monumental Rip-off.

After announcing the ‘winners’ of the electricity generating plants and the distribution units, the government declared that it would be making about N600 billion from the sales. According to Ayodeji(2012)N600 billion, which is about \$3.8 billion, is insignificant when compared to the actual value of PHCN, this is even if these bidders actually pay up, which is never the case in Nigeria. For one, over \$30 billion have been spent on PHCN within the past ten years alone. Obasanjo regime alone spent over \$16 billion on power plants the scandal is yet to be cleared up. Yar’dua and Goodluck regime also spent billions of dollars. Since the inception of Goodluck regime over \$8 billion have gone into PHCN. In addition, the actual amount spent on building the power infrastructure over the past 52 years is in the tune of over a hundred billion dollars. Only the low level and corrupt mind can jubilate in the face of this obvious monumental rip off. The privatizations of the past have led to the death of most of the privatized public corporation. This reality has been well

document only ten percent of the over 400 privatized government corporations survived. (Ayodeji, 2012).

The current PHCN privatization process is following the exact path that led to the death of those public corporations and utilities. The public corporations were undervalued and sold at giveaway price. In most cases, those that 'buy' these companies were directly responsible for their problems in the first instance. Privatization is no doubt the process of further plundering the collective wealth created by the working class.

Once these elements take over the companies, the first thing they do is to massively lay off workers and start crudely stripping the various assets of the company. Once the company is strip bare, they dump it and move on. Meanwhile, they paid only part of the amount they offered to buy the company. Hundreds of thousands of workers have been victims of these crimes. PHCN workers instinctively know that privatization will lead to crisis and that they have to fight back in order to defend their lives. More layers in Nigeria are also coming to this realization (Ayodeji,2012).

2.5. Types/Forms of Privatization

- i. **Public/Private Partnerships:** When public monies are utilized to encourage private sector investment, this is known as a public/private partnership. A public transportation system, for example, where the buses are owned and maintained by a private company that is paid with government funding for the services it performs.
- ii. **Service/Commercialization:** that is when a government stops providing services or supply public service entirely leaving it to the private sector if they believe they are capable of doing so or to make a profit while doing so, in order to provide the service for a fee charged directly to the general public as in contrast to a government agency.

According to this approach, the government middleman is eliminated, no taxes are paid or collected for that service, and no city council meetings are held to register a complaint when services are inadequate. If the contractor fails to deliver, if a person does not perform sufficiently, they can be fired and replaced. Starr(1988) identifies a less draconian version of this, which he refers to as "privatization by acquisition.

Occasionally, a government will restrict the availability of a service to the point of attrition. Consumers may turn to privately made and purchased substitutes as a result of the poor quality.

- iii. **Sale of State Owned Enterprises (SOE):** Selling public assets, it can result in a one-time financial windfall for a community at the loss of a future stream of revenue. By selling these assets to the highest bidder, the general public was given the opportunity to purchase shares in the largest corporations through share issue privatizations (SIP).
- iv. **Subcontracting:** Contracting out, the most popular form of privatization in the United States, entails the provision of public services through private-sector contracts. While for-profit and non-profit organizations offer the service (e.g., much social service contracts), the government is still responsible (e.g., much social service contracting), the government remains responsible for service quality and delivery.

2.5. Reason for Privatization of PHCN

The poor performance of NEPA led to the Babangida administration of the close of 1987 to review the subsidies to the industry along with other government corporation and parastatals. Despite the huge investments by government there were low returns on investment and the implementation of privatization reached its apex in Nigeria in 1986.

The government of Alhaji Shehu Shagari stated the Austerity measures which were aimed at bringing about a reduction in government expenditure and imports. These measures did not achieve much before the government was booted out of office by the military which also continued the search for policy measures that will

review the economy. In 1986, the Babangida government introduced the World Bank/IMF. A deepening effort towards salvaging the worsening situation culminated into the 1986 Structural Adjustment Programme (SAP), which aimed at the restoration, in the medium term of the healthier path of national economic development. At that time, NEPA was partially commercialized until people started demanding for its outright privatization not only to break the monopoly enjoyed by NEPA, but also to ensure that they are more efficient and result oriented to accelerate the development performance which depended largely on the availability of the volume of electricity in the country.

Also, PHCN being privatized is expected to put to rest, government interference in running of the corporations while the attendant problems such as bureaucratic procedure, delay in decision making and recruitment of personnel based on patronages rather than merit will be removed when private sectors take over the ownership of PHCN.

It is worth to state that rapid economic growth and development has remained a major objective of different administrations in Nigeria. But in spite of the various policy measures including indigenization adopted by the government of Nigeria, no meaningful economic growth and development has occurred in Nigeria over the years. There is also supervision of parastatals by the supervision ministries, which stipulates management initiative and increases unnecessary bureaucratization of operation all resulting in poor performance.

Over the years government enterprises have become so inefficient, as epitomized by the epileptic services they render to the public. This is in spite of the fact that the government has and still continues to pump in a lot of money into them. Instead of improving, most of them seem to be retrogressing. Acting as drain pipes on the economy without making any meaningful contribution to our economic development via service delivery, the government decided to transfer them to private hands that have over the years proved to be better managers in order to reduce wastage in terms of public enterprises, privatization will introduce new technologies and promote innovation while the private investors and increase productivity, including utilization of industrial plant, improve the quality of the goods and services produced, introduce new management methods and teams and allow the enterprise to enter into domestic and international alliances essential to its survival.

Moreover, the appointment of chief executive and principal functionaries of parastatals were not done based on provable records of economic and industrial management, but simply on the ground of nepotism, disguised as federal character. Over the years, successive administrations have been compelled to look for ways of cutting down expenditure, and raising revenue as the continue support of inefficient public company fake NEPA is considered economically indefensible. This led to the need for restructuring of the corporation through privatization of PHCN for greater efficiency, effectiveness and result oriented.

Other rationale for privatization were to reduce the financial drain on the state in the form of subsidies, unpaid taxes, loan arrears and guarantees given, mobilization of private resources to finance investments that can no longer be funded from public finances, generation of new sources of tax revenue.

2.6. Problems Militating Against PHCN

Since its privatization, PHCN has faced a slew of issues that have hampered its performance, ranging from natural to man-made.

PHCN has continued to suffer as a result of this human disaster, installation of equipment Hundreds of millions of are lost due to corruption, Blackouts, fluctuating wages, and nature's sabotage. Infrastructure and facilities have been obliterated.

In cases like this, Natural disasters are beyond PHCN's control out-of-date materials and obsolete equipment these has placed the authority at the obvious mercy of the unknown. There is also another problem of non-settlement or prompt payment of electricity bills by the consumers, Safe guarding of PHCN equipment and avoidance of illegal tempering of materials.

The fact remains that prompt payment of PHCN bills and all categories of consumers will tremendously improve the authority's cash position and stimulate efficiency. It is also pertinent to note that while it costs huge money to maintain the generation and transmission facilities annually. Government only releases meager amount to PHCN authority to that effect.

The above mentioned problems coupled with the fact that most PHCN transmission and generation machines were installed in the 1960's combined to worsen PHCN'S light.

2.6. Theoretical Framework

The theoretical frame work adopted in this paper is Karl Marx's historical or dialectical materialism. According to Marx (1968) historical events are the result of a continuous economic struggle between different classes of groups in a society and the struggle is a conflict between "the mode of production and "the relations of production". The mode of production conditions the social, political and intellect life processes in general. The mode of production refers... to the way in which the means of product were owned and the social relations between men which resulted from their connections with the process of production. It also emphasizes "the importance of domination, exploitation, struggles and control between classes in any mode of production " (Aina 1986:4) Government and the State are instruments used to protect and promote the interests of those in control under capitalism (Dyke, 1969:168). The theory also emphasizes that the hierarchical structural of the society emanate from the established ways of organizing production and distribution in material and spiritual life, which ensure the unequal exploitation of nature and the results of human work by social classes and group (Ojobo,2005).

Applying this theory to the analysis of privatization, especially in relation to the power sector in Nigeria, it can observed that it (privatization) is a product of the

shifting emphasis of international capitalism from the state ownership of the means of production to that of private ownership.

However, the privatization option represents a strategy by indigenous capitalist class in Nigeria (who are also the ruling and governing class) in collaboration with their foreign collaborators to increase their ownership and control of the means of production.

Ojobo,(2005) was of the view that owing to the Drive for efficiency and profit pursuit by the dominant capitalist class, the privatization policy has led to massive retrenchment of labor, hike in the prices of goods and services beyond the reach of most working class, and the erosion of industries democracy. This is because it is in the interest of capital to downsize the work force, increase prices of goods and services in order to increase the profit.

Chapter Three

Research Methodology

3.0. Introduction

This chapter deals with the research methodology and consists the research design of the target population, sample of the study, sampling techniques, research instruments, piloting of the instruments, data collection procedures and data analysis techniques.

3.1. Research Design

According to cooper and Schindler (2006), a research design is a strategy for study and the plan by which the strategy is to be carried out specifying the methods and the procedure for the data collection, measurement, and analysis of data.

This study employed a cross sectional research design as a method of collecting information by administering a questionnaire to cross section of respondents at a particular point in time. This type of research design is useful when collecting information about people's attitudes, opinions, and habits (Orohdo, 2009). This therefore lay within the focus of this study.

3.2. Population of the Study

Target population is defined as all the members of a real set of people, events or objects to which a researcher wishes to generalize the results of the research study (Borg & Gall, 1989). The population of this study was collected from the three (3) senatorial district in Edo state;

- i. Edo Central Senatorial District (Esan Central Local Government Area)
- ii. Edo North Senatorial District (Akoko Edo Local Government Area)
- iii. Edo South Senatorial District (Ovia North East Local Government Area)

Esan Central, Akoko-Edo and Ovia North East are Local Government Areas in Edo State, and they cut across the three (3) senatorial district of the state. According to National Population Commission (NPC, 2006), Esan Central Local Government Area has a population of 66, 379, Akoko-Edo Local Government Area 123, 686, and Ovia-North East Local Government Area 121, 769, with a totaled population of 311, 834. This population was carefully selected by the researcher due to the frequent cases of reported epileptic electricity supply in these local governments.

3.3. Sample Size and Sampling Techniques

Stratified sampling was adopted for this research work. The purpose of stratification of the population into subgroups or subsets is due to the heterogeneous nature of the entire population. The three (3) local government have their total number of 311,834.

Therefore, to ensure the effective coverage of the population, the formula was applied thus:

The sample size was calculated using Taro Yamane's formula. Based on the population the sample, the researcher used a normal confidence level of 95% and the error tolerance of 5% of the population. The sample size was determined using Yamane's (1994) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n = Sample size
 N = Population size
 e = Error margin or margin of error
 1 = Constant value

Therefore N = 311,834

$$E = (0.05)^2$$

$$1 = 1 \text{ (constant)}$$

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{311,834}{1 + 311,834 (0.05)^2}$$

$$n = \frac{311,834}{1 + 311,834 (0.0025)}$$

$$= \frac{311,834}{1 + 779.585}$$

$$= 400$$

$$n = 400$$

The sample size is 400

The sample size of 400 (four hundred) is therefore divided among the three Local Government Area.

Therefore,

$$\begin{array}{r} \underline{66,379} \\ 311,834 \end{array} \times \begin{array}{r} \underline{400} \\ 1 \end{array} = 85$$

$$\begin{array}{r} \underline{123,686} \\ 311,834 \end{array} \times \begin{array}{r} \underline{400} \\ 1 \end{array} = 159$$

$$\begin{array}{r} \underline{121,769} \\ 311,834 \end{array} \times \begin{array}{r} \underline{400} \\ 1 \end{array} = 156$$

3.4. Instrument of Data Collection

According to Odo (1999), Instrumentation deals with the tool(s) a researcher/scientist employs to generate information for data analysis. This information can be formal questions or statements which the respondent is given to answer. It is called a questionnaire or questionnaires when more than one piece of different types of such instrumentation is given to one respondent to react on it.

The instrument used in gathering the data for the study was questionnaires. According to Behling (1992) and Sommer (1980), A questionnaire is a series of written questions or repository and a device that contains the instrument on a topic about which the respondent's written opinion are sought out that measure the variables necessary to test the study hypothesis or answer to research questions. The questionnaire was designed in to two segments, Section A and B. Section A deals with the demographic status of respondents and section B deals with the general information about the study. The researcher developed four research questions out of

which other questions has been developed ranging to a totaled of (15) fifteen questions.

3.5. Validity and Reliability of Instrumentation

Validity is the degree to which the results obtained from the analysis of the data actually represent the phenomenon under study. Validity is a prior qualitative procedure test of the research instrument in attempting to ascertain how they are accurate, correct, true, meaningful and right in enhancing the intended data for the study. A pilot study was carried out to help the researcher in identification of items in the research instrument that might bring about ambiguity in eliciting the relevant information. The items which were found to be ambiguous in eliciting the relevant information were reconstructed.

Reliability of a research instrument is a measure of the degree to which the instrument yields consistent data after repeated trials. Therefore, an instrument is reliable when it can measure a variable accurately and constantly and obtain the same results under the same conditions of a period of time. Reliability of a questionnaire is concerned with the consistency of responses to the researchers' questions. Responses of each question in the questionnaire were correlated with those of other questions in the questionnaire. A few questionnaires were given to a few respondents before the actual study to determine whether the questions were understood by the respondents.

3.6. Administration of the Instrument

The researcher personally distributed the questionnaire to respondents after obtaining their permission. The respondent was advised to answer the questions honestly after administering the questionnaire to them. The researcher equally guided the respondents with regards to filling the questionnaire. For the purposes of analysis, all questionnaires that were distributed were recollected.

3.7. Method of Data Analysis

Frequency count, means, and simple percentage are the most commonly used statistical methods. This method was useful in describing and documenting the state of affairs as they were. To that end, all of the responses to each research question were tallied, and the number of frequency for each option was calculated and translated into a simple percentage.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1. INTRODUCTION

This chapter is divided into two sections: Section A dealt with socio-economic characteristic of respondents, while Section B dealt with the analyses of research question.

SECTION A

4.2. SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

This section dealt with socio-economic and demographic characteristics of respondents, namely, sex, age, marital status, religion, occupation and education.

TABLE 1: AGE DISTRIBUTION OF THE RESPONDENT

AGE	FREQUENCY	(%)
15-25	49	12.25
26-36	79	19.75
37-47	96	24
48-58	107	26.75
59 and above	69	17.25
Total	400	100

Source: Field Survey, 2022

Respondents of all ages (15- 60years and above) were represented, with slightly larger numbers in age bracket 37-47 and 48-58 accounting for 96(24%) and 107(26.75%) of the respondents, respectively (Table 1). The oldest age bracket was 59 and above years which accounted for 69(17.25%) of the respondents while age 15-25 accounting for 49(12.25%) of the respondent.

TABLE 2: GENDER OF RESPONDENTS

SEX	FREQUENCY	(%)
Male	226	56.5
Female	174	43.5
TOTAL	400	100

Source: Field Survey, 2022

Table 2 shows that 226(56.5%) of the participants are male while 174(43.55%) of the participants are female.

TABLE 3: RELIGION OF RESPONDENTS

RELIGION	Frequency	%
Christian	181	45.25
Islam	157	39.25
African Tradition	62	15.5
TOTAL	400	100

Source: Field Survey, 2022

The table above shows that 181(45.25%) of the population are Christians 157(39.25) are Muslims, while 62(15.5%) of the population are African traditions.

TABLE 4: OCCUPATION OF RESPONDENTS

OCCUPATION	FREQUENCY	(%)
Civil Servant	112	28
Employed	98	24.5
Self-Employed	109	27.25
Unemployed	81	20.25
TOTAL	400	100

Source: Field Survey, 2022

The above table indicates that 112(28%) of the participants are civil servants, 98(24.5%) are employed, 109(27.25%) are self-employed, while 81(20.25%) are unemployed.

TABLE 5: LOCATIONS OF RESPONDENTS

LOCATION	FREQUENCY	(%)
Ovia- North East	210	52.5
Akoko-Edo	116	29
Esan Central	74	18.5
TOTAL	400	100

Source: Field Survey, 2022

The above table shows that 210(52.5%) of the respondent are from Ovia-North East, 116(29%) of the respondent are from Akoko- Edo, while 74(18.5%) of the respondent are from Esan Central.

SECTION B

4.3. ANALYSIS OF RESEARCH QUESTIONS

This section deals with the analysis of the research questions used in this study.

TABLE 6:What has been the impact of privatization of government own institution on the Nigeria economy?

RESPONSE	Frequency	%
Negative	132	33
Positive	252	63
Undecided	16	4
TOTAL	400	100

Source: Field Survey, 2022

Table 6 indicate that 132(33%) of the respondent were of the view that the impact of privatization of government institution on the Nigeria economy has a negative impact on the Nigeria economy, while 252(63%) of the respondent are of the view that privatization has witness a positive impact on the Nigeria economy, while 16(4%) of the respondent were undecided.

TABLE 7: why did government embark on privatization of their own institutions in Nigeria?

Response	Frequency	%
Generate profit	179	44.75
Efficiency service	62	15.5
Create employment opportunity	159	39.75
TOTAL	400	100

Source: Field Survey, 2022

According to the survey, 179(44.75%) of respondents believe the government went into privatization to Generate profit, while 62(15.5%) believe it was done to improve service delivery efficiency. The remaining 159(39.75%) respondents believe privatization was done by the government to create jobs.

As a result, we can conclude that the government sought profit through privatization.

TABLE 8: To what extent does privatization proffer solution to the problem associated with government own institution in Nigeria?

RESPONSE	Frequency	Percentage %
To a great extent	236	59
Very little extent	101	25.25
Undecided	63	15.75
TOTAL	400	100

Source: Field Survey, 2022

From the Table 8 above the result shows that 236(59%) of the respondent were of the view that privatization has to a great extent proffer solution to the problem associated with government own institution in Nigeria, 101(25.25%) of the respondent agreed on very little extent. While 63(15.75%) of the respondent were undecided.

As a result, privatization to a great extent proffer solution to the problem associated with government own institution in Nigeria.

TABLE 9:What are the Problems militating against government owned institutions?

Response	Frequency	Percentage%
Corruption	143	35.75
Government policy	40	10
Inadequate skill manpower	36	9
Lack of funds	110	27.5
Poor working conditions	45	6.5
All of the above	26	11.25
TOTAL	400	100

Source: Field Survey, 2022

Table 9 shows that out of 400 respondents in PHCN Edo state, 143(35.75%) agreed that corruption was one the Problems militating against government own institution, 36(9%) agreed that inadequate skill manpower is a problem, 110(27.5%) affirmed that lack of fund is a significant problem, 40(10%) agreed that government policies is another problem, and 45(6.5%) of the respondent were of the view that poor working conditions was a problem facing them. While 26(11.25%) of the respondents were of

the opinion that all the above mentioned are the problems militating against government institutions. As a result, we can see that they face numerous obstacles.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0. SUMMARY OF THE FINDINGS

This chapter presents a summary of the research work, conclusion and recommendations.

The purpose of this study work was to examine the effect of privatization of government own institution (PHCN) in Edo state.

A total of 400 respondent were used as sample size from the Three (3) senatorial district in Edo state namely

- I. Edo Central Senatorial District (Esan Central Local Government Area)
- II. Edo North Senatorial District (Akoko Edo Local Government)
- III. Edo South Senatorial District (Ovia North East Local Government Area)

In chapter one some questions were asked as hypothesis these were what impact does the privatization have on government owned institutions in Nigeria? Why did government embark on privatization of their own institutions in Nigeria? To what extent does privatization proffer solution to the problems associated with government owned institutions in Nigeria? What are the problems militating against government owned institutions in Nigeria? All these hypothesis were discussed in chapter two (literature review) under the following sun title: History of Power Sector in Nigeria,

Impact of Privatization on the Nigerian Economy, Problem of Privatization in Nigeria, Problems Militating Against PHCN, Types of Privatization. All these hypothesis formed the questions in the questionnaire which lead to the following findings from the respondents' submissions privatization of government own institution has witness a positive impact on the Nigeria economy, also government embark on privatization of their own institution to make profit, privatization to a great extent has proffer solution to the problem associated with government own institution in Nigeria and lastly Corruption is one of the major factor militating against government own institution

5.1. CONCLUSION

In conclusion, privatization has been viewed as a way to pique government interest in fostering a new labor-pooling arrangement between the public and private sectors in order to improve the efficiency and development-related contributions of both sectors. Determining the success of privatization should therefore be done on the basis of wealth rather than the sale, price paid to the government, or size of the enterprise sold. It is obvious that economics and politics cannot be separated, and it is widely acknowledged that management or control issues are the main challenges public enterprises in Nigeria face, to minimize costs and promote economic recovery, this can be handled through privatization. The key agreement for privatization is of course that the efficiency and profitability of the investment would improve after the exercise, as the federal government of Nigeria (FGN) 1993 also currently observes.

The government's final task is to rebuild the nation's economy and leverage both its political and economic power.

Finally, it is the responsibility of government to restructure the economy of the nation and balance its political and economic power. These competitions involve the privatization of some Nigerian companies, including PHCN, Edo. Additionally, because these private businesses worked effectively and efficiently, power has been provided at a low cost, and jobs have been generated, all of which have contributed to economic growth.

5.2. RECOMMENDATION

That the power sector has failed to deliver to the expectation of Nigerian is not an understatement. The colossal amount of money expended on the sector is not in tandem with the current poor performance of the sector. It is therefore imperative to reform the sector for better performance. To this end, the following recommendation will suffice thus;

- A. There is need for more investors with technical expertise to come into the industry. This will ensure that better service is rendered to consumers at affordable rates.
- B. The government should make sure that, before granting the license, they should screen and select competent people, not those of questionable character, who will manage the private enterprises.

- C. Also these Enterprises should also avoid engaging in corrupt practices
- D. The retrenched staff of PHCN with technical expertise needs to be re-engaged back into the service. This will go a long way in alleviating the suffering of the retrenched staff.
- E. The government should refrain from meddling in PHCN activities, PHCN should be managed by qualified individuals, and merit-based hiring practices should be used.
- F. The Nigeria Electricity Regulatory Commission (NERC) need to regulate the activities of the new companies to ensure that better services are rendered to power consumers.

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APPENDIX

DEPARTMENT OF PUBLIC ADMINISTRATION

FACULTY OF SOCIAL SCIENCES

UNIVERSITY OF BENIN

BENIN CITY

I am a final year (400 Level) student of the above institution and department. I am conducting a research on the topic: **THE EFFECT OF PRIVATIZATION OF GOVERNMENT OWNED INSTITUTIONS ON DEVELOPING ECONOMY” (A CASE STUDY OF BEDC, EDO STATE).**

This is strictly for academic purposes; any information given will be treated as confidential.

Instruction: please tick (√) in the appropriate box applicable to your responses.

SECTION A: DEMOGRAPHIC DATA

1. **Age:** 15-25 [] 26-36 [] 37- 47 [] 48 – 58 [] 59 and above
2. **Sex:** Male [] Female []
3. **Religion:** Christian [] Islam [] African Traditional Religion []
4. **Occupation:** Civil Servants [] Employed [] Self-employed [] Unemployed []
5. **Location:** Esan Central [] Akoko-Edo [] Ovia-North East []

SECTION B

6. What is the nature of privatization in the Nigerian is power sector? Partial Total Privatization Government Intervention
7. Do you think the privatization of power sector has brought about relatively stable power supply in your local government? Yes No Undecided
8. How would you rate the current product of BEDC in Nigeria through BEDC? Average current High Current Low Current
9. Why did the Nigerian government embark on privatization of the power sector of Nigeria? To generate profit To enhance efficiency in the service delivery To create employment opportunities
10. Since the privatization of the power sector it has made more impact? Yes No Undecided
11. What are the efforts put in place by the government to militate the challenges of the power sector in Nigeria? Government should invest more in it Another reform should be carried out More alternatives sources of energy should be adopted
12. What has been the impacts of privatization on the Nigerian economy? Negative Positive Undecided
13. How far has privatization of BEDC gone in boost efficiency and high productivity to teaming Nigeria as a whole? Satisfying Not satisfying Undecided
14. What are the factors militating against efficient performance of the BEDC in Nigeria? Corruption Government policies Inadequate skilled manpower Lack of fund All of the above

15. Has the power sector output improved since privatization? Yes [] No [] Undecided []
16. Do you think government interference in the affair of BEDC can affect its effective functioning? Yes [] No [] Undecided []
17. There have been considerable improvements in the power sector due to privatization? Yes [] No [] Undecided []
18. Does poor working condition and equipment contribute to the inefficiency of the power sector? Yes [] No [] Undecided []
19. Do you think that the privatization of the power sector is of any importance to the society? Yes [] No [] Undecided []
20. To what extent has the privatization of the power sector contributed to the economic growth and development of Nigeria? To a great extent [] Very little extent [] Undecided []
21. Would you agree that power supply was more stable in the past than after privatization? Agree [] Disagree [] Undecided []
22. How do you assess the level of power supply in Nigeria after privatization? Increasing [] Decreasing [] Undecided []
23. Do you advise for the implementation of a new reform in the power sector? Agree [] Disagree [] Undecided []