REFLECTIONS OF AN INDUSTRIAL SOCIOLOGIST ON THE FAILED ATTEMPTS TO PRIVATISE THE NIGERIAN TELECOMMUNICATIONS (NITEL)

Emeka Emmanuel Okafor
Department of Sociology, University of Ibadan, Ibadan, Nigeria
E-mail: eemfor@yahoo.com; Emeka.okafor@mail.ui.edu.ng +234-802-356-6654

Abstract

The privatisation of public enterprises as a way of broadening the economic participation by the private sector in order to facilitate economic development has become a hotly debated issue not only in Nigeria but in most developing economies. While the proponents of privatisation argued that it is an economic reform agenda that ensures efficient allocation and management of resources for rapid economic development and poverty reduction and creation of jobs, the critics argued that the programme inflicts social and economic pains on the weak, the poor and other vulnerable members of the public through loss of employment, reduction in income, reduced access to basic social services and increase in prices. Locating privatisation within the theoretical context of neo-liberalism, this paper reflects on the causes of the failed attempt to privatise NITEL as well as the reasons for dismal performances of most public enterprises in Nigeria. Reflecting on the utility or otherwise of privatising state-owned enterprises in Nigeria, the paper argues that though most public enterprises in Nigeria may have served their various purposes and have presently become conduit pipes draining the scarce resources of the nation, however, the present political dispensation lacks the capacity and transparency to privatise national strategic assets like NITEL or any other for that matter in such a way that will make any positive difference in the life of an ordinary Nigerian.

Keywords: Privatisation, public enterprise, corruption, neo-liberalism

Introduction

Over the years neo-liberal policies and reforms have made great in-roads into the economies of developing countries (Nightingale & Pindus, 1997; Bayliss & Fine, 2008). This arises as a result of poor performance of most public enterprises which national governments invested huge sums of money to establish. These public enterprises have been performing dismally thus becoming a drain in the government purse (Adeyemo, 2001; Okafor, 2007). Considering the fact that resource meant development projects are scarce and also there are so many other issues requiring government attention, it appears that governments have taken the easy way out by trying to privatise these public enterprises by putting them into private hands to operate thereby relieving it itself of huge financial burdens it is saddled with (Savas, 1987). The success and otherwise of this exercise is yet to been seen and appreciated by the masses these public enterprises were meant to serve and produce services for. In Nigeria, privatisation of public enterprises and deregulation of the economy have taken a front burner in the economic reforms and transformation agenda of democratic government in the last thirteen years. Although, privatisation and deregulation as development options and pathway of government actually started in 1986 following the introduction of Structural Adjustment Programme (SAP), however, under the current democratic dispensation these reform programme have gathered much momentum (Adebusuyi, 1999). While some scholars and commentators believed that the privatisation of these public enterprises in Nigeria inevitable (Kayode, 1993; Ezeani, 1995; Boubakri & Cosset, 1998; El-Rufai, 2002; Jerome, 2008; Ogunwale, 2011), some believed that it is an attempt to advance the interest of the ruling class and further impoverish the masses, and that government was actually the architect of the failure of these public enterprises (Momoh, 2002; Afonja, 2003; Ogunde, 2004; Ikejiani-Clark, 2005; Achebe, 2011; Lamikanra, 2011). As interesting and healthy as this debate may be, the one that has evoked so much emotions and discourse is the failed attempts to privatise the Nigerian Telecommunications (NITEL) which defied political
and economic logics and brought shame and embarrassment to the federal government, and exposed the rot in the entire privatisation programme in Nigeria (Ikejiani-Clark, 2005; Josiah, 2011; Nwankwo, 2011; Onyeso, 2011; Okiti, 2011; Oluwasegun & Anofi, 2011), yet it is least understood as regards why it failed and reasons why the performances of state-owned enterprises (SOEs) have remained perpetually dismal in Nigeria. Against this background, this paper attempts to do critical reflections on the failed attempts to privatise NITEL and the failures of public enterprises (PEs) in Nigeria from the point of view of an industrial sociologist.

**Concept of privatisation**

Conceptually, privatisation refers to direct sale of Government assets to the private sector; the commercialising of public sector activities or the outsourcing of public sector services. Privatisation can also be called *denationalization* or *disinvestment*. All three terms describe a situation where a government decides to transfer control of a government, and thus public owned, resource to the private business sector, either partially or totally (Savas, 1987). Put simply, Privatisation can be defined as the transfer of ownership of public enterprises to private hands. In reality, Privatisation takes many different forms and the term is sometimes used, broadly, to describe any policy changes that enlarge the scope for private enterprise to compete with state-owned enterprises (SOEs), or even ones that might cause SOEs to operate more like private firms (Okafor, 2009; Afuwape, 2011)

Essentially, privatisation is an economic strategy aimed at reducing the role of government in otherwise economic activities and in favour of widening the scope for the private sector to operate. From an obscure and little known concept in the late 1970s, Privatisation has become a worldwide phenomenon in both developed and developing countries. This was as result of several developments that forced a rethink of earlier held views on the role of state in fostering economic development. In the 1980s, the role of state-owned enterprises (SOEs) underwent close scrutiny in many countries, especially developing countries (Ramamurti & Vernon, 1991). By the late 1970s, the SOE sector had absorbed a large share of governments’ budgets in the form of direct allocations, subsidies and capital investments. As governments ran into severe fiscal problems in the 1980s and loans became increasingly difficult to mobilise at home and abroad, they were forced to consider relatively radical methods for turning the SOE sector around. Thus, a programme of SOE reform emerged in developing countries that in terms of scale and scope had no parallel in the post-war period. The search for solutions resulted in several reform measures. The two classes of reform commonly employed were privatisation and strengthening the methods by which governments controlled SOEs (Boubakri & Cosset, 1998; Chowdhury, 2006; Okafor, 2009; Afuwape, 211).

Privatisation gained considerable momentum in the developing world in the 1980s, such that, by the end of December 1987, some 571 SOEs had been privatised in 57 developing countries. These countries are spread in all the regions of the world, in Africa, Asia, Latin America, Middle East and the Caribbean. The countries in the forefront of these privatisation transactions include: Cote d’Ivoire, Guinea, Niger, and Togo in Sub-Saharan Africa; Singapore in Asia; Brazil, Chile, and Jamaica in Latin America and the Caribbean. By implication, privatisation on is a worldwide phenomenon Hence, it is not restricted to developing countries alone. It is being implemented even in the developed market economies in Europe and Canada and in the former communist countries in Eastern Europe. For example; in the UK, at the end of the 1970s the nationalized industries accounted for nearly 10 per cent of Gross Domestic Product (GDP) and employed nearly 10 per cent of all workers. And Government-owned monopolies dominated transport (buses, rail and aviation), communications (postal services and telecoms) and the energy sector. The picture has changed drastically by the end of the 1980s where telecoms, gas, electricity, aviation, steel production, water supply and many more have all become largely- or wholly-private sector activities (Kayode, 1993; Ramanadham, 1993; Jerome, 2008).

Studies conducted on the performance of PEs in Nigeria by public Commissions, committees and Study Groups revealed the presence of the following as compelling reason for privatisation. These include; abuse of monopoly powers, defective capital structures resulting in heavy dependence on the treasury for funding, bureaucratic bottlenecks, mismanagement, corruption, nepotism, inefficiency.
utilisation of resources (Okafor, 2009; Afuwape, 2011; Salau & Olatunji, 2011).

Economic liberalisation and privatisation is therefore justified by gross failure of PEs to provide the goods and services and operate efficiently and profitably. In Nigeria, the objectives and benefits of privatisation in Nigeria include the following: reducing corruption, modernising technology, strengthening domestic capital markets, dismantling monopolies and opening up markets, promoting efficiency and better management, reducing debt burden and fiscal deficits, resolving massive pension funding problems, broadening base of ownership, generating funds for the treasury, promoting corporate governance, attracting foreign investment and attracting back flight capital. Different goals motivated privatisation in different countries. Country studies reveal that these goals included improving a government’s cash flow, enhancing the efficiency of the SOE sector, promoting “popular capitalism”, curbing the power of labour unions in the public sector, redistributing incomes and rents within society, and satisfying foreign donors preference for in the role of government in the economy. Moreover, it is more prudent to direct our scarce resources to attacking poverty through investment in health, education and rural development – social programmes that will benefit millions of Nigerians, not just a few thousand urban elite that are employed by, or capture the subsidies granted to the public enterprises (Okafor, 2007; Ogunde, 2004).

Public enterprises have also contributed to income redistribution in favour of the rich over the poor, who generally lack the connections to obtain the jobs, contracts or the goods and services they are supposed to provide. The annual burden of over N200 billion that PEs imposes on the economy has become untenable, unbearable and unsustainable (Medupin, 2002; Afuwape, 2011). The above reasons notwithstanding, the political will to make difficult decisions and stand by them, play perhaps the most significant role in determining government firms to be privatised. Public Enterprises (Privatisation & Commercialisation) Act recognized the following as the modes of privatisation:

- Sale of shares by public offer shall be in accordance with the provisions of subsections (2), (3) and (4) of the Act.
- The shares on offer to Nigerians shall be sold on the basis of equality of States of the Federation and of the residents of the Federal Capital Territory, Abuja.
- Not less than 1 per cent of the shares to be offered for sale to Nigerians shall be reserved for the staff of the public enterprises to be privatised and the shares shall be held in trust by the public enterprises for its employees.
- Where there is an over-subscription for the purchase of the shares of privatised public enterprise no individual subscriber shall be entitled to hold more than 0.1 per cent equity shares in the privatised public enterprise.
- Sale of shares by private placement
- Sale of shares through a willing seller and willing buyer basis or through any other means determined by NCP.
- Dispose of the shares or a part thereof to interested investors through any local or international capital market.
- Sale of shares via core investor sales process (Medupin, 2002; Okafor, 2009; Afuwape, 2011).

**Theoretical context of privatisation**

In this paper, the discussion on privatisation is anchored on neo-liberalism. In a nutshell, neo-liberalism refers to the desire to intensify and expand the market, by increasing the number, frequency, repeatability, and formalization of transactions. The ultimate (unreachable) goal of neo-liberalism is a universe where every action of every being is a market transaction, conducted in competition with every other being and influencing every other transaction, with transactions occurring in an infinitely short time, and repeated at an infinitely fast rate. Broadly speaking, neo-liberalism seeks to transfer part of the control of the economy from public to the private sector under the belief that it will produce a more efficient government and improve the economic indicators of the nation. The neo-liberal theory sees the nation primarily as a business firm. The nation-firm is selling itself as an investment location, rather than simply selling export
goods. A neo-liberal government pursues policies designed to make the nation more attractive as an investment location. These policies are generally pro-business.

The main features of neo-liberalism include: the rule of the market; cutting public expenditure for social services; deregulation; privatisation; eliminating the concept of "the public good" or "community". Neo-liberalism assumes that higher economic freedom has a strong correlation with higher living standards; higher economic freedom leads to increased investment, technology transfer, innovation and responsiveness to consumer demand (Martínez and García, 2000).

According to Harvey (2005) a typical formal organisation operating in neo-liberal economy has but not limited to the following characteristics;

- competes for market share with other similar organisations;
- it is prepared to damage the interests of its competitors, for instance by reducing their market share;
- it sells products at more than cost price;
- it seeks to ensure its own continued existence, even when that contradicts ethical goals, and it makes no provision for its own dissolution on moral grounds;
- excludes from decision-making persons of good will, who might seek its dissolution on moral grounds;
- does not distinguish on moral criteria, among its customers, or suppliers, or clients, or in the selection of its personnel
- internalizes the principle of competition, by for instance competitive selection among job applicants - so creating a new market within the market, the 'labor market'.

Based on these characteristics, the corporation’s the idea of employability is characteristically neo-liberal. It means that a neo-liberal corporation sees it as a moral duty of human beings, to arrange their lives to maximize their advantage on the labor market.

However, as attractive as neo-liberalism as an economic tool seems, Harvey (2005) claimed that neo-liberalism is a global capitalist class power restoration project. Neo-liberalism, he argues, is a theory of political-economic practices that dedicates the state to championing private property rights, free markets, and free trade, while deregulating business and privatizing collective assets. Ideologically, neo-liberalism promotes "primitive accumulation." He further argues that neo-liberalism has become hegemonic worldwide, sometimes by coercion and with the support of large debt restructuring organisations such as the World Bank and the International Monetary Fund (IMF) capital accumulation is revitalized. Therefore, neo-liberalism is the implementation of global capitalism through government/military interventionism to protect the interests of multinational corporations.

Attempts at privatising Nigerian Telecommunications (NITEL)

Until a decade ago, the Nigerian telecommunication infrastructure was one of the poorest in the world. The installed telephone capacity was one telephone to about 200 people, with Nigerian Telecommunications (NITEL) as the sole provider. This is far below the International Telecommunications Union’s (ITU) recommended minimum of one line per 100 users (Ndukwe, 2004). Most of the available 500,000 or so lines served only about 90,000 subscribers many of which were public institutions and private enterprises. Up to 40 percent of the installed lines were not functional most of the time (Ndukwe, 2004). The very poor state of vital communications structure made doing business very difficult and expensive. The turning point was the establishment of the Nigerian Communication Commission (NCC) in 1993 to regulate and plan for the revitalization of the sector. One of the first steps taken by NCC was to license some fixed wireless operators to ease the pressure on NITEL and improve the very poor teledensity situation. Unfortunately they limited their operations to potentially lucrative areas of Lagos and Port Harcourt, charging exorbitant tariffs. The first fixed wireless operator to come on stream in 1998 charged exorbitant fees for a line. Today, the same operator is fielding advertisement offering a line for less than 10 percent of the take off price. The licensing of two GSM operators in 2002 was the much needed revolution in the communication sector. In just two years, the teledensity has grown to one telephone per 40 people, surpassing the ITU minimum. The entry of a third GSM operator and second national carrier to the market has further propelled the development of the
sector and the projection is that, by the year 2008, about 6 million lines could be in operation. Already the Nigerian communication sector has been declared by ITU as the fastest growing in the world (Afonja, 2003; Ndukwe, 2004).

In comparison with Nigeria, South Africa has the most developed telecommunications system in sub-Saharan Africa, with a teledensity of one telephone to 2.5 people. With a population of only 43 million, the country has over 5 million main telephone lines and 11.5 million mobile telephones in use. It is projected that, by the end of 2007, the GSM density would have doubled and one in every two South African would have a mobile phone (Afonja, 2003). The revolution in the communication sector of the Nigeria economy is a very good example of the impact that private investment could make to infrastructural development. Not only has the sector grown exponentially, the forces of competition and consumer resistance have forced down tariffs and pressure on the providers for good service, to the ultimate benefit of the consumer. However, the erratic electric power system is impacting negatively on the development and operating costs of the sector.

It is pertinent to note that between 2001 till date several attempts had been made to privatise NITEL. It will worthwhile to review these attempts. The first attempt to sale NITE/Mtel was initiated in 2002 when Investors International London Limited (IILL) offered $1.317 billion to acquire NITEL, but defaulted in paying the bid price and thereafter, lost the opportunity. After that attempt to sell NITEL failed, BPE, under the leadership of former minister of the Federal Capital Territory (FCT), Mallam Nasri el-Rufai, working on the instruction of former President Olusegun Obasanjo, took formal steps to outsource management of NITEL by engaging an unknown firm in the telecom circle, Pentascope of Netherlands, to manage the Nigeria’s pioneer telecom company. But despite the hues and cries from Nigerians that Pentascope had no known address and the competence to revive a company as big as NITEL, el-Rufai stood his ground and handed over the telecom firm to the Dutchmen. Under the contractual agreement, Pentascope was expected to manage and prepare NITEL for its eventual privatisation since its sale to IILL had failed. With what was on ground, NITEL would have attracted capable and eligible investors had it not been mismanaged by Pentascope. The Dutch firm was also expected to expand NITEL services in 2003 by creating more land lines and provide at least 500,000 lines for the mobile arm, M-tel, but that never happened.

In spite of inheriting several billions of naira upon taking over NITEL, Pentascope was said to have incurred several billions of debt within the two years, thereby creating doubts about its ability or competence in managing the troubled NITEL. Instead of expanding NITEL and attracting more subscribers to Mtel, Pentascope left NITEL worse than it met it. NITEL, which hitherto had over 400,000 lines could not boast of 300,000 lines. However, NITEL’s problem was made worse with the award of second national carrier licence to Globacom, thereby breaking the monopoly of NITEL.

The second attempt at privatizing NITEL was in late 2005, when BPE came close to selling it to Orascom Telecom from Egypt, which analysts said had experience of countries with infrastructure problems as Nigeria and was in a position to revive the fortunes of NITEL, but it failed as a result of greed on the part of government. The Egyptian telecom had bided $256.5 million which the Federal Government said was below expectation and thereafter cancelled the transaction. It was learnt that the FG had pegged the price at $500 million but the Egyptian firm only agreed to pay $256.5 million which was rejected by the government (Nwankwo, 2011; Onyeso, 2011).

The third attempt was in 2006 when a group of Nigerians, led by the former Director - General of Nigeria Stock Exchange (NSE), Ndi Okereke-Onyiuke, guided by Olusegun Obasanjo horrifiedly formed Transnational Corporation (TransCorp) and acquired NITEL and Mtel at the cost of $500 million. The sale of NITEL to TransCorp in 2006, according to stakeholders in the industry, was believed to be the most successful with TransCorp acquiring 75 per cent shares of NITEL/M-Tel which was later reduced to 51 per cent due to issues of finance and labor unions’ problems. NITEL's problem under TransCorp was more of internal than external. A combination of visionless and inexperienced majority owners, inept management, poor financial profile, demoralized employee and a lack of customer service acumen led to the failure of TransCorp.
The fourth and last attempt to transfer NITEL/M-tel to competent investor was on the June 15, 2011. In this attempt, the Bureau of Public Enterprises (BPE) announced the cancellation of the sale of NITEL and its subsidiary, Nigerian Mobile Telecommunication (Mtel), to the reserved bidder, Omen International Limited. Giving reasons for the cancellation, BPE said the reserved bidder was given Friday, June 10, 2011, to revitalise the bid bond but it failed to pay the money even after the deadline was extended by another three working days which ended on Wednesday, June 15, 2011. Following the failure of the preferred bidder, the New Generation Networks, to pay the $2.5 billion it offered for the telecommunication firms after assurances and many extensions, BPE invited Omen International, which is the reserved bidder to revitalise its bid bond of $105 million as the rules demand (Nwakwo, 2011; Onyeso, 2011). At the moment, it appears that BPE is confused on NITEL issue. According to BPE, the privatisation outfit was considering several options, which included amongst others, liquidation and negotiated sale. But whatever, the Federal Government has not taken a decision on which of the options to pursue.

**Reasons for the failures and sociological reflections**

The failed attempts to privatise NITEL raise some issues that will guide one to reflect on those issues sociologically. The first reflection bothers on why there were several attempt to privatise NITEL under the present political dispensation. Without doubt the failure to privatise NITEL is traceable to combination of factors which ranged from corruption, mismanagement, greed to poor governance at all levels (Williams, 2004; Umuanah, 2005; Okafor, 2009; Nwankwo, 2011; Onyeso, 2011). An example will suffice here. The Audit Report released ahead of privatisation of NITEL in March 2005 showed a big rot and the consequent dwindling of fortune of the firm which enjoyed absolute monopoly prior to the deregulation of the telecommunication industry. Highlights of the Report included an inexplicable collapse of turnover by about a quarter, while overhead costs shot up to $150 million as staff emolument quadrupled. The report raised questions about NITEL’s net loss, which was originally put at N15 billion (about $114.5m) but turned out to be N19 billion (about $145m), gross earnings falling by more than half. Other shocking revelations included the disappearance of another N100m in the name ‘short term investment’ payment of the bonus agreed with Pentascope in spite of its failure to deliver, and the continuous payment of unmerited sum of money as Consultancy fees to the Dutch firm. According to the audit report, save for the timely intervention loan of N14 billion ($106.8m) out of a total package of $290m to cover operational cost and debt surviving, NITEL was headed for bankruptcy (Williams, 2004; Umuanah, 2005).

Besides the above mentioned factors, NITEL was also indebted to a number of other operators. For instance, in October 2004, Airtel (then V-mobile) Nigeria one of the four registered GSM operators in the country filed a suit against the company over an unpaid debt of more than N3bn ($23m). Indeed the total estimated owed by NITEL to Airtel and other two operators, MTN and Globacom was said to be in the region of N11 billion ($183.7m). NITEL is also indebted to M-Tel its mobile phone arm to the tune of N70 million (Williams, 2004).

At this point it is pertinent clearly state that lack of transparency and insincerity which characterized various failed attempts to privatise NITEL under the current democratic administration is a microcosm of what is happening in the larger society and typical of all other failed projects in Nigeria (Okafor, 2007). The present political dispensation is a politics of deceit, of corruption, of waste and of recycling political elites who have over the years have pilfered and siphoned the collective wealth and resources of this nation with little or nothing to show in the lives of the teeming populace (Ayoade, 2010). The political arrangement as presently constituted cannot guarantee transparent and sincere sell of national strategic asset like NITEL to the benefits of the masses. From 1999, it is evident that those at the helms of affair who presided and continue to preside over the affairs of the Nigerian State never exhibited any democratic norms and principles in their public and official conducts. This has made the so called democracy in Niger to be belated. To be sure Nigeria is yet to be a democratic state. What is in operation now is only a mere civilian administration in which a group people who call themselves politicians preside over and plunder the state treasury at all levels and tiers of government. This civilian regime is devoid of democratic tenets and features. Liberal democracy...
goes beyond mere periodic elections. In involves far more fundamental norms and principles which regulate the conduct and behaviour of those who suppose to preside over the affairs of the State. Liberal democracy therefore promotes adherence to rule of law and due process, popular participate, transparency, consultation and accountability in the conduct of the affairs of the State (Ayoade, 2010). It is pertinent to note that those public officials who presided over the Bureau of Public Enterprise (BPE) because of political influence did not observe due process, the rule of law and diligence in their attempt to sale NITEL and selling of other public enterprises (Ehikioya, 2011; Josiah, 2011; Shittu, 2011; Umoru, 2011). The revelations from recent concluded public hearing organized by Senate Committee on Bureau of Public Enterprises showed that almost all the Director-General that headed the Bureau between 1999 and 2007 relieved their experiences on how they came under heavy pressure by top corrupt politicians to subvert due process, rule of law and diligence in the sale of over 33 out of 122 companies slated for sale. By so doing, the state officials presiding over the public enterprises and their political collaborators are short changing the masses and the entire Nigerian State (Ayoade, 2010; Adejokun, 2011; Alli, 2011; Folasade-Koyi and Anumie, 2011). In a purely democratic setting driven by the rule of law, the officials who ran the public corporation aground together with their political collaborators will by now cooling their heels in the prisons, but today they walk not only the streets but are in various commanding posts in the current civilian dispensation (Okiti, 2011).

Another second issue of reflection has to do with the utility or otherwise of privatisation programme at this point in time in Nigeria. More often than not scholars, intellectuals and commentators have the penchant oppose or support any programme without considering all the facts on ground or even the dynamism of human society. For instance, it is questionable for government to privatise public enterprises without addressing fundamentally the problems that brought them to comatose state. Doing so will amount to scratching the surface of the problem without addressing the root cause. On the other hand, it is disservice to oppose privatisation simply because it is one of the neo-liberal programmes initiated by the International Financial Institutions when the policy has succeeded in other countries (Offiong, 2001; Mapuva & Chari, 2010; Onunaija, 2011). To be sure, there are number of neo-liberal economic policies and programmes that have socially and economically dislocated and even impoverished most Nigerians. However, in reality there are many internal contradictions in the Nigerian State that have made public enterprises not to succeed. The problem with Nigeria at the moment may not be privatisation of public enterprises but the process of their sales (Oluwasegun & Anofi, 2011; Salau & Olatunji, 2011). For now it appears the country is hapless and there is no creditable alternative to privatising these public enterprises ran down by the corrupt, incompetent and ineptitude officials appointed by the State and which have become a conduit pipe from where the corrupt politicians amassed and continue to amass wealth (Ogunwale, 2011). At the risk of sounding like an apostle of privatisation or neo-liberal policies, it is important to note that anywhere in the world, government is the major driver of economy and development (Abdulrahman, 2011; Lamiknara, 2011). However, in the case of Nigeria, scholars often gloss over the fact that the foundation for failure of most public enterprises was laid when self serving leaders started to misuse, abuse and misapply the principle of federal character in the recruitment, selection and placement of officers to man most of these enterprises. The constitutionally recognized federal character as beautiful as it is meant to recognize and appreciate the ethnic diversity of the country and give every Nigerian equal opportunity to be appointed into public service. However, the way this principle has been applied over the years in the recruitment, selection and placement of officers to man public enterprises is such that perpetuates mediocrity, ethnic chauvinism, social and economic exclusion and political patronage. This unhealthy and precarious application of this principle has really become an albatross rather than catalyst for industrialisation and development in Nigeria. Granted, the principle of federal character or affirmative action may not be peculiar to Nigeria, however, in other parts of the world where affirmation action is in operation, it is used to protect and enhance the interest of the minority or marginalised groups, but it is based on competency and merits. However, in Nigeria, the reverse is the case.

When the public officers and employees are appointed on the basis ethnic chauvinism, religious or political expediency without any managerial,
administrative or any other prerequisite skills for that matter to run government companies and parastatals, the quality of decisions made by such officers will be shortsighted and dismal. This has made most public enterprises to be so badly managed that they have become moribund and even at the point of privatisation, they could hardly attractive any genuine core investor (Onwuamaeze, 2011). This appears to have been the bane of most public enterprises in Nigeria in the last fifty years.

With the benefit of hindsight, as an industrial sociologist, this author knows for sure that recruitment, selection and placement of employees are one of the major ways to guarantee successful organisational performance. Where there are infractions in any of the process (i.e. recruitment, selection or placement), the performance of organisation will be dismal on the long run. Soley (1989) in his discourse on Work and Government work argued that the attitude of employees in the public sector to work was nothing to write home about. This point of view was later amplified by Okoh (1998), Okafor (2007) and Achebe (2011) in their various discourse. Consequently, the way public enterprises are being run by the public officials appointed on the basis of mediocrity means that government will continue to sink billions of scarce resources into these companies with no little or no prospect of delivering public goods to the masses of this country, except for the corrupt politicians and members of the ruling class.

It pertinent to note that some moribund companies privatised had been turned around for good while some never made it. For those which were tuned around to good, it may interesting to ascertain what magic their buyers did to accomplish that. An example will suffice here. The moribund National Oil was privatised and sold to a multi billion capitalist, who renamed it Conoil. Presently, the company is perceived to doing well. What magic did this buyer do in managing labor issues and reviving the ailing and moribund company? One of the secrets of the success of the buyer is his vast knowledge of management techniques. As a capitalist who knows what damage wrong recruitment, selection and placement could do to an organisation, it is reputed that for some categories of staff (especially those at the managerial level), this buyer is always the last to interview any prospective employee to ascertain his or her level of competency without regard to either gender, ethnic, religious or any other primordial considerations. This partly explains why the buyer’s companies have continued to strive. On the contrary, in the public enterprises where merit has been sacrificed on the altars of federal character and other primordial factors the performances of the public enterprises like Nigerian Telecommunications (NITEL), Nigerian Postal Services (NIPOST), Power Holding Company of Nigeria (PHCN) and Nigerian National petroleum Corporation (NNPC) have continued to be dismal with not prospect that they will ever become better than what they are presently.

Reflecting on how the Nigerian leaders over the years have squandered and plundered the collective wealth of the people of Nigeria and sold of the carcasses and remains of the ruined public enterprises to their collaborators, Achebe (2011: 1, 4) submitted:

Since the war, Nigerians have been subjected to a clique of military and civilian adventurers and a political class that have exploited the ethnic divisions in Nigeria. This group, unfortunately, has been completely corrupted, spearheading the enormous transfer of the country’s wealth into private bank accounts, a wholesale theft of the national resources needed for all kinds of things - health, education, roads. The result has been that the nation’s infrastructure was left to disintegrate unleashing untold suffering on millions of innocent people…so, let us stop all this nonsense about religion, about tribe and so on. Let us organise Nigeria and make it a working entity so that it can fulfil its mission in the world.

In essence, this author is of the view that since human society is dynamic and the only constant in human affairs is change, these public enterprises may have served their purposes, they have drained the Nigerian resources enough and they have never given value to the real masses of Nigeria as a result of a combination of factors. To that extent, it is not only the NITEL that has failed, neither is it only the public enterprises which billions of naira had been sunk but run down by the corrupt public officials. It is the entire Project called Nigeria. It is on record that the various military and civilian leaders who by accident or design found themselves in the corridors of power were and are never known to have any blueprint or agenda on how to develop and industrialise Nigeria
to the real benefits of the Nigerian masses. This partly explains why after over a decade of re-democratization, the country is still in economic doldrums and deplorable state characterised by massive waste, corruption, lack of accountability and transparency and poor leadership (Ayoade, 2010; Garba, 2012; Sanyaolu, 2012).

**Conclusion**

From all indications, privatisation has become a worldwide phenomenon with the hope that it will inspire the much needed development in Nigeria. This has largely remained an illusion a mirage. Whereas the merits and demerits cannot be resolved here, the fact still remains that in even the few successfully privatised parastatals, the benefits of the exercise to the nation have not been very evident (Jerome, 2008). The factors responsible for failed privatisation of NITEL Nigeria are many and complex. The summary is that institutional and man-made problems such as corruption, mismanagement, greed and poor governance at all levels contributed largely to this. The political arrangement as presently constituted cannot deliver on seamless, transparent and sincere privatisation of strategic asset as NITEL because of vested interest and other nocturnal factors.

**References**


