

FROM NITEL TO NTEL: UNDERSTANDING AUTONOMY AND CAPACITY ISSUES IN NIGERIA'S TELECOMMUNICATIONS PRIVATIZATION

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ABSTRACT

Transfer of State Owned Enterprises (SOEs) to private hands is a public management strategy that has gained considerable followership in the 21st century governance. Divergent views have been advanced about privatization's inherent ability to boost efficiency and reduce wasteful psyche of SOEs. Nigeria's tortuous privatisation of the state owned telecommunications outfit (NITEL) and its subsidiaries which recently culminated in the transfer to the NATCOM consortium after over a decade of convoluted attempts leave much to be desired. This spate of unsuccessful takeovers has thrown up the issue of professional competence in the privatisation process. This paper is an attempt at interrogating factors behind the apparent inability to stick to a reasonable turn-around—time to forestall inevitable loss of value of NITEL. It also questions its capacity to skillfully deliver taking into cognisance the need to operate with some level of independence /Autonomy. This is in addition to criticisms of non-performance of about eighty percent of enterprises privatized by the BPE. To achieve these objectives, the paper quantitatively affirms a hypothesized notion about the relationship between Autonomy and Capacity to deliver on NITEL's privatisation. As the new owners of NITEL takes over, the paper makes recommendations targeted at fine tuning the process in the area of Autonomy and Capacity issues to avert any further “reverse waves”. The mixed method approach is adopted in this paper. The quantitative section has relied on the Statistical Packages for Social Sciences (SPSS) version 20.0 to process the responses to information provided via questionnaires and interviews elicited from within the top brass of the BPE and a broad spectrum of other stakeholders. The Spearman's rho was used to show relationship between the variable of Autonomy and Capacity. The qualitative part used the reflective narrative method of analysis to complement the primary data.

Introduction

Public ownership of enterprises has been emphasized as a fundamental cause of distortions, slow growth and the proliferation of inefficient commercial state driven structures. To redress this seeming anomaly, international economic organizations such as the World Bank, the International Monetary Fund and the United States Agency for International Development (USAID), began to place divestiture of state holdings as a condition for assistance or grants (Megginson *et al*: 2000:1) The socio-economic and political expedience of this paradigm shift has dominated academic discourse about the theoretical arguments for and against privatization. More particularly tackling economic problems in developing economies including, Nigeria. This is in addition to myriad development inducing strategies to curtail the economic predicament facing the Nigerian economy through in the 1980s. Successive administrations in the country introduced policies ranging from “Austerity Measures” to “Structural Adjustment” programmes which were essentially targeted at giving the private sector and by extension, the market structure a central role to play in the economy (Olashore:1991:136).

The decision to commence a strategic reduction in the amount of fiscal input to sustain a stagnating telecommunications sector in Nigeria was taken concurrently with that of the need to scale down or totally divest state interest in public enterprises generally. However, the intellectual justification for this move is rooted in the higher contention of views by those who believe a reform in this direction would open telecommunications which some consider an accessory of national security, to the vagaries of mercantile competition. This, in their view, is strategically deficient as a policy initiative. These contentions depict the intellectual struggle in public policy making in this direction globally and Nigeria in particular. This chapter opens with the theoretical analyses of the privatization policy reform process in the telecommunications sector.

A probe into telecommunications privatization would schematically deficient without an appreciation of the Bureau of Public Enterprises contribution to reforming the telecommunications sector through privatization in Nigeria. The tortuous privatization of the government owned Nigerian Telecommunications Limited (NITEL) who was a monopolist in the telecommunications sector is synonymous with that of the entire sector. This was the situation up to the period when the BPE opened up the sector to a regime of

reforms targeted at unbundling NITEL for competition and increasing the number of sector players.

Research Problem

Successive regimes in Nigeria since the year 2001 have sought to implement the privatization policy with renewed vigour. This unfortunately, has not been matched by corresponding yield in terms of the general and specific objective aspirations of the policy. It is also of great concern to provide a logical explanation for the inability of the BPE to bring to a logical conclusion and appropriately situate culpability for the more than a decade convoluted privatization of Nigeria's premiere telecommunications enterprise (NITEL). It is also apt to disentangle the factors behind the acclaimed "success" of other fresh sector players who came on board as a result of privatization as championed by the BPE.

Leading the pack of critics of the BPE anchored privatisation is the federal government of Nigeria. It puts the mortality rate of public enterprises whom after going through the crucible of the BPE at "80%. Curiously, within the period under review, privatization of the telecommunications sector had been inconclusive after a decade of its commencement. Interestingly, it is recorded that substantial portion of the financial returns from the entire process have not been creditably verified nor channeled into developmental projects as earlier anticipated by the protagonists of the policy (Dikki: 2013).

Several factors have been adduced for this policy plunge. Changes of leadership of the BPE amidst unsuccessful privatization attempts of NITEL as orchestrated by the federal government, puts a huge question mark over the autonomy and capacity as precondition for successful privatization. This is assumed to have an effect on its ability to meet up with the initial motives of privatization in the sector. This paper proceeds with the assumption that the capacity and autonomy of the BPE which is statutorily charged with the responsibility of implementing this exercise has a great role to play in the expected outcomes.

Also, the perceived weakness in institutional strength of the body (BPE) appears to leave it incapable of jump-starting the privatization process at a pace that enhances

development. This is because the BPE like other regulatory agencies in Nigeria seem to be ill-equipped with the necessary institutional wherewithal for long term success of its output. These problems become manifest in the form of deliberate tinkering with the process by the political class or sometimes a result of knowledge gap resulting in inappropriate choice of modalities by the BPE (Akalugo: 2011:1).

This paper analytically locates the general character of regulatory agencies in Nigeria within the precincts of findings by international organizations that have highlighted Nigeria's weak regulatory efficacy. The United states Agency for International Development (USAID) report rated Nigeria poorly on the regulatory efficiency Index (USAID: 2008), where it scored the country -1.28. This score is below average amongst sub-Saharan African states. The report also argues for an improvement in this area to encourage investments, both domestic and foreign, and to ensure long-term non-oil growth. A corollary here is the privatization of NITEL which remained inconclusive after a decade of the commencement obviously becomes worthy of logical interrogation.

Review of the Literature

The economic literature on privatization has advanced a number of theoretical opinions on the benefits of privatization as well as its inherent costs (Megginson and Guriev: 2005). To this end, four germane strands of argument are often advanced. The first argument borders on efficiency; this generally conceives privatization as an important vehicle for promoting organizational efficiency. The second strand of argument can be located in privatization's inherent capacity and capability to promote ownership and property rights. This argument is based on the classical notion that state owned enterprises' (SOEs) managers having no ownership stake in firms, have little motivation to improve their performance, while conversely, privately held firms' managers are often motivated to partake in the equity ownership of the firm as this gives them an incentive to work hard for the protection of the firm and the interests of its shareholders at large (Gupta: 2005).

It is further argued that privatization is required to reconfigure the displacement caused by widespread state ownership. The thinking here is that countries with a preponderance of state ownership and management of firms exhibit the tendency to

pander to the influence of bureaucrats, as such firms tend to aggravate red tape, slow decision-making etc. The fourth strand of argument is based on the need for privatization to address fiscal burdens which state ownership tends to promote. The argument here is that state owned firms' budgetary rules are often easily compromised; therefore, managers of such enterprises have no incentive to reduce the tendency of always going cap in hand for financial rescue. With privatization, firms become non dependent on the public treasury while devising machinery to boost their own internally generated funds. This, according to the proponents of the concept, will have a positive multiplier effect on the fiscal position of the state.

The argument of efficiency improvement as provided by the proponents of this concept is built on the neoclassical theory of privatization leading to economic growth where resource utilization is at the behest and mercy of the market forces of demand and supply. Extant literature on efficiency improvement proffers that; "market discipline" and efficient resource utilization is guaranteed in a privatized firm (Obadan: 2000). This open assumption has been challenged by Amali (2000) who opined that efficiency of firms is achieved not by a mere transfer or change in ownership. She went further to suggest a creation of an enabling environment where competition is guaranteed in order to fully maximize efficiency. According to this viewpoint, competition is a precursor to efficiency.

Empirical studies particularly in industrial and transition economies depict a scenario leading to privatization performance in divested enterprises. Moreover, privately owned enterprises perform better compared to state owned enterprises. Megginson *et al.* (1994) studied firm performance pre- and post privatization and found that private ownership increases efficiency particularly where markets are competitive.

The fiscal gain proponents are quick to adduce the benefits which can be deployed by the proceeds of privatization. These include funding budget deficits, and freeing up resources for important sectors with pressing needs. This is usually more discernible in developing economies where there is need to massively fund poverty alleviation schemes. Typical of these economies, is also the need to finance or pursue debt rescheduling (Chong and Lopez-de-Silanes: 2004). To achieve this, western development institutions have canvassed a scaling down of the influence of governments in the economy in order to

avoid fiscal deficits or aggravated external borrowings. In this direction, the private sector is seen as being better equipped with apparatus for ensuring good returns on investment in an efficient manner with better financial performance than the public sector.

While a sizeable amount of evidence as enunciated above has lent support to the credibility of privatization performance, evidence from quite a number of Western European, Latin American, South East Asian, Russian, and Sub Saharan African countries studies paints a gloomy picture. This informs the reservations of those scholars spread out along spatial divides about the much touted positive externalities derivable from privatization implementation (Kikeri and Nellis: 2004). The attendant disenchantment that has greeted the policy in countries like Nigeria has left some scholars with a conclusion that western donor agencies might have hood- winked these countries into accepting privatization as the only recipe for much anticipated growth and development (Kikeri and Nellis: 2004, Odukoya: 2007). The Nigerian experience is pertinent at this juncture. Lastly, Levine and Zervous (1996) argue that privatization accelerates the development of a vibrant capital market thereby accelerating economic growth and development. Objective conditions in countries like Nigeria have not supported this argument as it has been difficult for the government to provide the necessary impetus to get some privatized sectors of the economy listed on the stock exchange. This has caused a major mismatch in policy objective and impact on the citizenry.

A number of criticisms have been advanced against the policy. Such criticism centers on the tendency for such a policy imposition to erode the independence of the reforming country, as well as to aggravate unemployment problems, increase foreign domination of the economy and worsen the problem of corruption especially where privatization is unclear and involves large-scale sale of assets (Kikeri and Nellis: 2004). The Loopholes in the policy, commonly ignored by the Breton Woods institutions, have been exposed in many countries of Latin America, sub Saharan Africa, and India. Even in the United States, the partial privatization of water and electricity has generated serious controversies, thereby questioning the assumption of reduction of government involvement in the economy (Kikeri and Nellis: 2004).

Proponents of privatization argued that it leads to improved performance in divested enterprises. But improved performance is not a good measure of welfare. A

privatized company may achieve efficiency as a result of exploitation of the power of the market (Nellis; 2006). Even if privatization leads to improved performance, it has a negative effect on income distribution (Birdsall and Nellis; 2002). Some studies have shown that privatization programmes in some African countries have failed to prove the desired performance outcomes. This is attributable to obstacles encountered in implementation (Obadan: 2000). Moreover, some scholars argue that privatization has failed to address the major structural distortions in the economy. Okeke (1999) does not support the argument that privatization is good as it attracts foreign resources. For him, privatization, by promoting foreign investment, often leads to negative consequences, such as foreign domination of the economy.

A study by Kikeri and Nellis (2004) suggests that in both Russia and the Ukraine privatization has led to disappointing performance. The results revealed that private ownership does not always lead to restructuring, and that some state owned enterprises perform better than privately owned firms. Moreover, few differences exist in performances between state owned and privately owned firms. In addition, there are marked performance between state owned and privately owned firms. In addition, there are marked performance improvements in selected enterprises owned by foreign investors. In Russia in particular, powerful and rich groups have dominated the privatization process. A sizeable proportion of state assets was sold to well-connected segments of the society. The failed privatization of roads in Mexico, the cancelled infrastructure concessions in Bolivia, Costa Rica, Hungary, India, Indonesia Senegal and Ukraine are good examples of instances where undesired results were obtained (Kikeri and Nellis: 2004).

Another leading issue of concern is the socio-economic consequences of privatization policy. Referring to the works of earlier scholars, Gusau (2000:119) argues that "profitability is not a suitable criterion to judge the efficiency of public sector enterprises since most of them were not established with that objective in mind in the first place". Another related issue of concern as argued by Toyo (2000) is that caution should be exercised in order not to create private oligopolies from public monopolies as this will lead to exploitation of the consumer in the form of price hikes and poor quality of goods and services. All these are capable of eroding public confidence in the exercise.

The proponents of privatization such as Bortolottiet *al.* (2001) are of the view that transfer of ownership is critical to economic performance. But the opponents attribute performance improvements to competition rather than change of ownership. Moreover, if privatization implies mere transfer of a public monopoly to the private sector without any change in the regulatory framework, the gains will be limited. Therefore, competition and regulation may be more important than ownership in determining performance (Bortolottiet *al.*: 2001).

Another major argument against privatization is lack of transparency. This breeds serious fundamental problem of corruption in the conduct of the exercise. All this creates serious problems among investors and stakeholders and can threaten the entire reform process (Kikeri and Nellis: 2004). Privatization as a controversial economic policy has political undertones. Regional and ethnic sentiments come into play. The political economy implications of the privatization policy cannot be ignored. The fear of domination by the economically advantaged groups may compound income distribution and distort resource distribution in an asymmetric manner. These deep-seated sentiments have compounded the already unsavoury state of state owned assets (Ariyo and Jerome: 2004). The problem is aggravated by lack of transparency and absence of an effective regulatory framework.

According to Stiglitz (2002), the idea that privatization will reduce rent seeking and corruption is baseless since the same corrupt government will also handle the privatization policy. He further argued that privatization should be integrated in a more comprehensive programme to generate employment opportunities. Theoretically, Gupta (2005) provides two views to explain why SOEs tend to be less efficient than privatized firms. The political view is that the state uses SOEs to achieve multiple objectives, some of which often conflict with the profit objective.

NITEL's Privatization and Re-privatization: A précis

The Cable and Wireless Act of 1962 established the Ministry of Communications (the Ministry) as the regulatory body for telecommunications in Nigeria. The Ministry regulated NITEL until a decree in 1992 established the Nigerian Communication Commission (NCC), which was charged with the duty of regulating the telecommunications sector. The NCC became operational in September, 1993. The NCC is responsible for the following:

- Licensing telecommunications operators;
- facilitating private sector participation and investment in the telecommunications sector;
- ensuring the improvement of Nigerian telecommunications penetration;
- establishing and supervising technical and operational standards and practices for network operators;
- overseeing the quality of service provided by operators;
- setting terms for the interconnection of carrier networks;
- ensuring that the interests of telecommunications consumers are protected by promoting competitive pricing and guarding against abuse of market power.

Since becoming operational, the NCC in concert with other government agencies like the BPE has taken aggressive steps to open the telecommunications sector to private investment and enterprise. (Ajayi*et al*: 2006). In 1999, the chairman of the National Council on Privatization gave impetus to the convention of an all stakeholders meeting within the telecommunications sector. This lead to the formation of the Telecommunications Sector Reform Implementation Committee (TSRIC) on 1st February 2000 under the chairmanship of Alhaji Mohammed Arzika, the Minister of Communications (Thisday: March 1, 2000).

The TSRIC's membership cut across different sectors, including organized labour, consumer protection and regulatory agencies. This was in realization that enhancing domestic and universal acceptability in the anticipated new environment of

privatization would require among other things the fine tuning of existing regulations. This move was championed by the National Council on Privatization. The TSRIC reviewed the national telecommunications policy and sought approval from the Federal Executive Council on the 14th of December, 2000. Specifically, the policy thrust was to promote competition through the creation of a private sector driven telecommunications sector, to establish a new legal and regulatory framework for the sector, and to create a level playing field that would encourage private investment in order to meet socio-economic goals. The policy also aims to strengthen the Nigerian Communications Commission (NCC) as an independent regulator, privatize NITEL and its mobile communications outfit, MTEL, and encourage sector players to invest massively in the privatization programme (The Guardian: December 15, 2000).

Privatizations lead to the emergence of medium sized and large companies which provide a wide range of telecoms and value added services for the emergent Nigerian regulated market. These services are in three major categories – the Global Satellite for Mobil Communication (GSM), Code Division Multiple Access (CDMA) and fixed lines and internet/broadband services.

In the first attempt to privatize NITEL in 2001, Investors International (London) Limited (IILL) came out tops in the bidding process that leading to its emergence as the preferred bidder with a bid price of \$1.317 billion, while Telnet emerged the reserved bidder with a bid price of \$1.310 billion. Unfortunately, IILL was unable to provide the necessary cash back up for the bid after payment of the initial 10% deposit (Balancing Act: 2004).

Realizing the level of decay in NITEL could make it unattractive to would-be investors, the Federal Government resolved to contract a neutral body which was deemed not to be party to the previous rot, and engaged Pentascope, a management consultant with a mandate to manage the organization for a period of three years before another round of bidding and privatization. As lofty as this goal may have been, the decision to engage Pentascope backfired and thus did not meet the aspiration intended as the fortunes of NITEL declined woefully despite the arrangement that placed the Director General of the BPE, Nasir El-Rufai as a share holder and board member. The

resultant effect of this was the cancellation of the contract after 18 months.

In 2005, another attempt was made to privatize NITEL. This time, Orascom won the bidding process with a bid of \$260 million. This offer was rejected by the Federal Government as being too low and not reflective of NITEL's assets and market potentials. The Orascom transaction was thus rejected as the company was not ready to increase its bid. In November 2006, the Federal Government of Nigeria handed over NITEL to Trans National Corporation of Nigeria (TRANSCORP)Plc which emerged as the new investor through a negotiated bidding modality. This was a departure from the past transactions where competitive bids were invited. TRANSCORP being a local conglomerate explains the several extensions of time granted to it for payments to be made, the ultimate of which caused government to revoke the transaction, and the company's ownership reverted to the government. To get out of this logjam in the privatization process, the federal government in January 2008 ordered an investigation of the NITEL/MTEL transactions. This led to the emergence of another investor, the New Age consortium, as the preferred bidder with bid sum of US\$2.5billion. However, the investor could not pay for the company. The Reserve bidder, OMEN consortium too could not pay the over US\$900million.

After a review of the checkered history of the privatisation transactions of NITEL, the National Council on Privatisation (NCP), at its meeting in February, 2012, approved the privatisation of Nigerian Telecommunications Plc (NITEL) and its subsidiaries through “guided liquidation.” This strategy was adopted by the Council after due consideration of other options and in the light of the previous failed attempts to privatise NITEL through Strategic Core Investor Sale and negotiated sale modalities and the huge liabilities of creditors of valued at over N300 billion(Vanguard : December 14, 2014). Under the “guided liquidation” strategy, it was decided that all the core assets and business undertaking of NITEL would be sold as single or multiple lots to a qualified bidder the general guidance of the National Council on Privatisation (NCP). To this effect, the Bureau of Public Enterprises (BPE) received expressions of Interest from 17 organizations/consortia at the closing date of receipt of Expression of Interest (EOIs) in June 2014 (Thisday: July 2, 2014).

By September 2014, the two successful applicants, NATCOM consortium and NETTAG

consortium, that met the minimum pass mark of 75 per cent were pre-qualified and issued the Request for Proposals (RFP) and allowed to proceed to data room and physical due diligence stage prior to preparation and submission of their technical and financial proposals. This culminated in the emergence of NATCOM in December, 2014 as the preferred bidder with \$252 million. In other words, NITEL was bought for the sum of \$252 million. This definitely is a far cry from the true worth of the enterprise. However, experience from other botched sales of the organization has shown that the amount agreed upon has never been the problem rather the ability to muster the financial wherewithal to effectively meet the payment agreement. Expectedly, the new owners have chosen to rebrand thus paving the way for the fifth and newest licensed telecommunications operator NTEL with plans already announced for a phased nationwide commercial rollout (Thisday: October 30, 2015).

Quantitative Test of Relationship among Variables (Autonomy, Capacity and Performance of the BPE in Telecommunications Privatization)

This section explains the results of hypothesized in relations to the variables using the Spearman's Correlation coefficient. Here, correlation between Autonomy, Capacity and Performance of the BPE are established based on data obtained from major stakeholder that have been involved in the privatisation of NITEL within and outside the BPE. It is on this basis that tentative statements which serve as hypothesis for this paper were either accepted or rejected. They are once again stated as follows:

- **H₀1.** Autonomy of the BPE has no relationship with Capacity in ensuring success of NITEL privatisation.
- **H₀2.** Capacity of the BPE to deliver on NITEL privatisation is not related to its level of Autonomy
- **H₀3.** Performance of the BPE on NITEL privatisation is not correlated to its Autonomy and Capacity.

Literature suggests that the importance of correlation analysis is to explain strength of the relationship between two variables (Pallant: 2011:128). Thereby, the strength of the relationship between Autonomy of the privatization implementing body and its Capacity is tested. Hence, in this paper bivariate Spearman correlation is used. It has been asserted by Pallant (2011) that, Spearman correlation coefficient (r) takes values from -1 to 1 into consideration. There are two correlation signs namely positive and negative signs. On one hand, the positive correlation indicates that as one variable increases drastically, at the same time the other variable also increases. On the other hand, negative correlation shows that, as one variable increases drastically, the other variable

decreases. Likewise, some fundamental analyses was performed to ensure that there is no assumption violated in running correlation in SPSS such as normality, homoscedasticity, linearity etc. Additionally, it is essentially important that the researcher investigates and explore the relationship among the items measuring the relationship between Autonomy, Capacity and Performance. In doing so, researcher ensures that there is no case of missing data; this means that there are 41 cases which present the score of all variables used in the correlation analysis in this part. Tables 1 and 2 give a further explanation below:

Table 1

Spearman's Correlations of Autonomy, Capacity and Performance of BPE's Privatisation of NITEL

			Capacity	Autonomy	Performance
Spearman's rho	Capacity	Correlation Coefficient	1.000	.156	.227
		Sig. (2-tailed)	.	.330	.153
		N	41	41	41
	Autonomy	Correlation Coefficient	.156	1.000	.344*
		Sig. (2-tailed)	.330	.	.027
		N	41	41	41
	Performance	Correlation Coefficient	.227	.344*	1.000
		Sig. (2-tailed)	.153	.027	.
		N	41	41	41

*, ***, Correlation is significant at the 0.01, 0.05 and 0.10 level (2-tailed).

Table 2
Hypothesis Testing Results

Hypothesis	Spearman's rho	Significance(P)	Decision
H1	.156	.330	Accept H ₀
H2	.227	.153	Reject H ₀
H3	.344	.027	Reject H ₀

Based on the output of correlation, it has been lucidly indicated that there is no significant relationship between Autonomy and Capacity of the BPE. Thus ($P=.330$, $p<0.01$). ($r^2=0.1089$) shows that there is a low-positive relationship between the Capacity of the BPE but not significant even at 5 percent significant level, we therefore **accept** the null Hypothesis that says “Autonomy of the BPE has no relationship with Capacity in ensuring success of NITEL privatisation”. Similarly, the second null hypothesis that says “Capacity of the BPE to deliver on NITEL privatisation is not related to its level of Autonomy”, is **rejected** based on the output presented above where Capacity exerts a moderate and positive relationship on Performance at r value ($P=.227$, $p<0.01$) ($r^2=0.051529$) with a significant level of 10 percent.

Also, the basis for the **rejection** of the third null hypothesis which states that “Performance of the BPE on NITEL privatisation is not correlated to its Autonomy and Capacity” is as a result of a glaring moderate/medium and positive correlation between Autonomy and Performance of the BPE with ($P=.344$, $p<0.01$) ($r^2=0.118336$). Undoubtedly, this is very significant amount of output rarely obtained in the previous studies. Literature suggests that the statistical significance of r value is mostly influenced by the sample, and it is noted that, Spearman's rho equally caters for uniquely small data in this paper ($N=41$) with statistical significance of $p<.05$. (Pallant: 2011).

The position above to a large extent has affirmed a varying proportion of relationship within the hypothesized construct. While it is strongest between Autonomy and Performance, it is small between Autonomy and Capacity, In between, Capacity wields a moderate and significant relationship. This is an indication that Autonomy and Capacity levels of the BPE to perform must be held sacrosanct. While the two variables might not be strongly correlated, both exert positive relationship on Performance. Based

on the scenario above, it is apt to affirm that the higher the Autonomy and Capacity of the BPE, the higher its Performance.

Conclusion

One of the prime objectives of this paper is to evaluate the level of relationship between the variables of Autonomy and Capacity of the privatization regulatory body (BPE) in the discharge of its privatization mandate. Findings of this paper have revealed that the BPE enjoys a considerable level of autonomy in the discharge of its statutory responsibilities. In the same vein, the paper has revealed that the BPE has the capacity to deliver on its various mandates across different sectors, including the telecommunications sector. Consequently, the seemingly unending privatisation of the telecommunications sector as handled by the BPE cannot be attributed to its lack of autonomy or capacity. It is believed that other under currents within the general framework of policy implementation in Nigeria are responsible for this lackluster privatisation of government owned NITEL.

Closely related to the above is the finding that indicates a moderate positive significant relationship between Autonomy and the Performance of the BPE in the telecommunications sector. The paper shows that the performance of the BPE at an optimal level can be guaranteed by increase in its level of autonomy. While it is desirable for the BPE to ensure adequate stakeholder involvement and management by carrying along the executive and legislative arms of government, privatisation as a mandate of the BPE requires and entails swift decision making, timeliness, and steering clear of the tendency to be bogged down with the red-tape of the public service. The continuous loss of value and the present unfortunate proposal for liquidating the state-owned NITEL which is meant to save the enterprise from being sold as scraps after three botched attempts at privatisation aptly summarize the need to boost the Autonomy of the BPE to take initiatives devoid of the usual red tape that characterize governance and government in Nigeria.

A further breakdown of the Critical Success Factor component of autonomy in this paper in the area of sufficiency of laws and adequacy of the regulatory framework for the BPE depicts a state of agreement. Strategic decision makers of the organization who are the major users and operators of these laws and regulations have not expressed a feeling of

being hamstrung on this count. It is further affirmed that the challenges encountered in telecommunications sector privatisation are not an indication of paucity of laws.

In the same vein, the paper has revealed that the achievement of the national objective of privatisation to a large extent is attributed to the regulatory framework. One of such instances is in the telecommunication sector where the BPE had to spear-head the revamping of the enabling laws governing the sector for it to be investor friendly, while concurrently, strengthening the framework for competition by collaborating with the NCC who is the main sector regulator.

The paper further revealed that the Bureau of Public Enterprises in making its operational choices, objectives and modalities for telecommunications sector privatization was not dictated to by external influence. This indicates a belief that the BPE enjoys operational autonomy in choosing modalities for achieving its objectives, including making the strategic decisions of the choice of the methods to be adopted in transferring state owned enterprises without recourse to external influence.

The paper has revealed that the modicum of success which the BPE claims in the telecommunications sector could be attributed to its institutional autonomy. BPE's organizational autonomy plays a positive role in the success of some aspects of the privatization policy as implemented by the BPE. Its success in some areas of privatization (telecommunications inclusive) can be reliably attributed to the level of autonomy it enjoys.

Moreover, the paper has revealed that the critical factor of funding is a major challenge for the BPE. It shows a defective mechanism through which the operations of the Bureau are funded. This is further exacerbated by dwindling fortunes in the form of local and international financial support for its operations. A further probe also revealed that public service red-tape might have contributed to the inadequacy of funds bedeviling the BPE. It thus implies that the finances of the BPE locally and internationally do not on its own guarantee its autonomy. Also, the critical success factor of effective stakeholder management by the BPE has been revealed in this paper to be strong and reliable. It revealed the various in-built mechanisms to garner effective feedback for all stakeholders concerned.

On the other hand, the critical success factor items for capacity of the leadership

recruitment as a determining factor of BPE success revealed a strong agreement. This affirms that the process of choice leadership of the BPE within the time frame of this paper has played a vital role in determining the capacity of the BPE for performance. It was further revealed that while the President of the Federal Republic of Nigeria's prerogative of appointing the Director General of the BPE cannot be questioned, such appointment, according to respondents should be made from within the BPE to boost the morale and confidence of the staff. This does not imply an absence of personalities that have a good grasp of the mandate of the BPE outside of the system; however, it was revealed that opportunity of reaching the zenith of one's career is better assured when the president exercises his prerogative of appointment from the BPE hierarchy.

Consequently, it was revealed that the modicum of success the BPE claims in the telecommunications sector can be attributed to the quality of leadership in the BPE. This is because successive Director Generals both from within and outside of the BPE hierarchy have passionately pursued the privatisation of the telecommunications sector from the point of view of their belief, training and professional background in the sector. This has informed the achievement of a worst case scenario of at least opening up the sector for competition pending NITEL's final privatisation.

Recommendation

The paper recommends increased in Autonomy quotients with deliberate corresponding increases in the mediating effect of Capacity factors, as the two critical factors under the two variables cannot be said to be mutually exclusive. Performance of the BPE in the NITEL privatisation was largely driven by capacity of the BPE but as revealed by the paper, Autonomy related matters to a large extent almost held the process hostage for more than a decade.

It is also recommended that the entire regulatory framework for the operations of the BPE requires a review to incorporate amendments in some cogent areas. Firstly, the Privatization Act 1999 should be amended by the national assembly, to bring the President into the approval loop of all privatisation transactions. This will complement the political support which the Vice- President as Chairman of the National Council on Privatisation brings on board. Having the president's personal approval will enable him to reconcile the

activities of the BPE with the general vision of his administration. It will also mitigate the mutual suspicion of the political class regarding the integrity of the Vice-President who currently holds sway as the final arbiter on privatisation.

Also, it is recommended that the Chairmen of the Senate and House of Representatives committees on privatisation should be appointed as members of the National Council on Privatisation to better appreciate the challenges and inner workings of the BPE with the aim of reducing the frequent collisions with the legislature. Moreover, there is need to appoint the Foreign Affairs Minister as a member of the NCP; this is to ensure a better synergy between the BPE and the respective foreign envoys that are expected to provide objective and value-free evaluation reports on foreign investors who aspire to participate in the operations of the BPE from their respective country of service.

Similarly, the statutory removal of the president from the privatisation approval loop should be reviewed. The frequent altercations between the BPE and the Bicameral legislature coupled with distorted evaluation reports by Nigeria's foreign envoys about prospective participants in BPE operations have all proportionately contributed to frustrating telecommunications privatisation and particularly the NITEL privatisation. Finally, a review of regulations is needed in privatisation Act which empowers the BPE to only pay the net proceeds of privatisation after defraying the associated costs of each transaction. A situation where the BPE discretionarily performs this function without an enabling legislation has been revealed as a factor responsible for the suspension of privatization transactions midway by the legislature as a punitive measure against the BPE. This among others infractions constituted to the convulsion of the NITEL privatization.

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