

## Studies of Socio-Economic Characteristics of Global System of Mobile Communication (GSM) Subscribers

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**Abstract:** The study looked at the development of telecommunication in Nigeria since when it was established in 1886 up till the time NITEL monopolized the telecommunication sector and how the government broke the monopoly by liberalizing the sector. One thousand five hundred questionnaires were administered altogether in Ogun, Ondo, Oyo, Lagos, Ekiti and Osun states, the Southwestern geo-political zone in Nigeria to examine the socio-economic characteristics of Global System of Mobile communication (GSM). The findings revealed that liberalization of telecommunication services has significant effect on the efficient performance of the telecommunication sector. It also revealed that most transactions are solved on phone rather than traveling to solve the problem. The study however, recommended that the liberalization should be extended to NEPA to afford constant electric supply. It also recommended that government should ensure that the revenue generated by the operators be re-invested back into the economy. The study concluded that the most effective liberalization programme in Nigeria is undoubtedly that of the telecommunication sector.

**Key words:** Southwestern geo-political zone, socio-economic characteristics, telecommunication sector, liberalization, GSM operators

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### INTRODUCTION

Telecommunication facilities in Nigeria were first established in 1886 by the then colonial administration. These were geared towards discharging administrative functions rather than the provision of socio-economic development of the country.

Government had taken several steps in the past to restructure the telecommunication sector, with the hope of improving its efficiency and availability. One of such steps was the establishment of the Nigerian Telecommunications plc. (NITEL), from the merger of the telecommunication division of the defunct Post and Telecommunications (P and T) with the former Nigerian External Telecommunication (NET). However, their services had only satisfied few section of the Nation rather than the needs of the people.

In October 1999, the government issued a document on Telecommunications Development and Investment opportunities in Nigeria. This document contained a lot of investment opportunities in telecommunication sector. The overall target is a teledensity of 10 per 100

populations. With the envisaged effective participation of private investors, the country expects to achieve far more than the above plans.

In November 1999, the House of Representatives committee on communications organized a 4-day public hearing on the new National Policy on Telecommunications and published a preliminary report on the Review of National Policy on Telecommunications. One of the major objectives in the policy document is to ensure that government divests itself of the financial interests in state-owned telecommunications entities and also to encourage private sector participation in the telecommunication industry after NITEL had failed to meet the socio-economic needs of Nigerians and the nation. The deregulation or liberalization of the Telecommunication sector gave birth to the introduction of Global System of Mobile Communication, otherwise known as GSM and their customers using these lines are known as subscribers (Ajayi, 2002).

Before the advent of GSM, only notable Nigerians, business executives, highly placed individuals and privilege Nigerians were the rightful owners of phones or

cellular otherwise known as ‘090’. These categories of Nigerians were considered as oppressors, people born with silver spoons or treasure looters and/or other names or titles that distinguished them from other citizens.

This motivated the present research to understudy the socio-economic characterization of the GSM subscribers after the liberalization of the Telecommunication sector to ascertain whether or not the status-quo still remains or that it had revolutionalised the sector.

The authors are limited to only carry out the research studies in the Southern part of the nation as the area constitutes the economic power of the nation and their high level of education and information awareness in the region cannot be over-emphasized.

The studies would afford the authors to pass relevant commentaries on the liberalization or otherwise of the Telecommunication sector so that appropriate authorities or organizations could be counseled based on the findings.

**MATERIALS AND METHODS**

The samplings were done in Lagos, Ogun, Oyo, Osun, Ekiti and Ondo States (Fig. 1). In towns of each states emphasis was placed on many of the subscribers of GSM as well as the sub-dealers. The Instruments used was primarily the questionnaire while other information were generated from publications, journals and other relevant documents. On the whole, one thousand five hundred questionnaires were administered on subscribers of GSM while the major GSM operators in the South West were interviewed orally.

The data collected during the field survey were analyzed using simple percentage to calculate.

The impact of liberalization on access to telecommunication services in Nigeria was carried out in 6 southwest states, which include Ogun, Lagos, Oyo, Osun, Ondo and Ekiti with the following proportion of subscribers: 139 (13.1%), 222 (20.9%), 220 (20.7%), 116 (10.9%), 164 (15.5%) and 200 (18.9%), respectively. These respondents are either origins of the states or people from other states but residing there (Fig. 2).

The distribution by age showed that members of age group 18-25 years are the majority with 478 (46.0%) followed by members of age group 26-40 years with 377 (36.3%). There are 121 (11.6%) of members of age group 41-55 years then 42 (4.0%) of those within age group 10-17 years followed by those above 55years with 22 (2.1%) (Fig. 3).

There are almost equal representation of both sexes with 508(49.0%) male and 529(51.0%) female.



Fig. 1: The Extracted map of South Western part of Nigeria where the survey was conducted

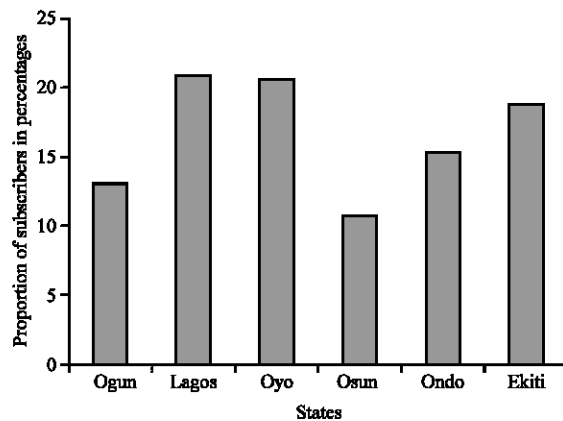


Fig 2: Bar chart showing the distribution of respondents

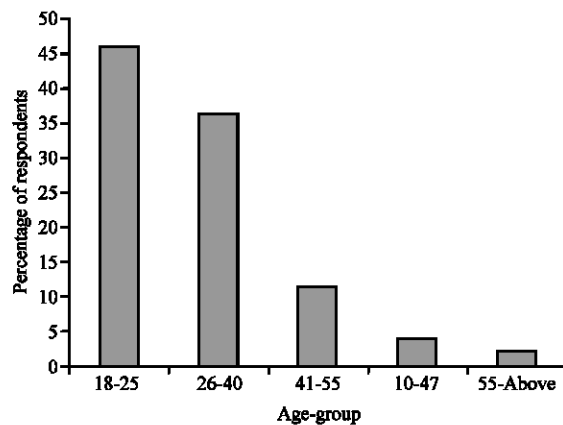


Fig 3: Bar chart showing age distribution of subscribers

Six hundred and fifty two (62.3%) of the respondents are simple with 351 (33.5%) married, 19 (1.8%) widowed and 25 (2.4%) being divorced.

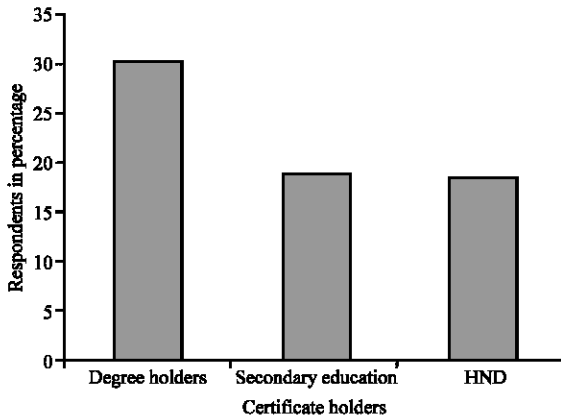


Fig 4: Bar chart showing the educational qualifications of subscribers

There are more degree holders of 313 (30.2%) than any other qualification holder among the respondents. Next are those with secondary education with 196 (18.9%) followed by those with HND of 190 (18.3%).

### RESULTS AND DISCUSSION

It was realized that the access to telecommunication services in the past was limited to the rich and the telephone penetration was poor to the extent of having a line to 440 inhabitants. This figure is well below the target of one telephone line to 100 inhabitants (Nigeria BusinessInfo.com, 2003). Presently, 42.2% of Nigerians in the area of study agreed that they have more than one network. This is also an improvement compared with when the access to telecommunication services was limited to only the rich or the privileged. This may be due to a general price reduction in the starter pack as well as the maintenance of the GSM. Despite the fact that most of the respondents own GSM, some have access to more than one network unlike before liberalization when the access was restricted to the privileged only. This has also made subscribers to wholeheartedly accept the liberalization of telecommunication services and consequently beneficial to the citizens of Nigeria especially in the area of study which is the South West.

Liberalisation of telecommunication services also has significant effect on the efficient performance of the telecommunication sector in the sense that in the pre-liberalisation era, people were not able to send text messages to their friends and loved ones but presently some of the operators brought so many innovations which include the text-to-email, the prepaid premium, the multimedia message service, magic plus, profit max for commercial telephone operators. This was agreed by 93.7% of the respondents. This is in line with Oparah 2005

who agreed that the use of GSM has actually improved the lifestyle of the people. He believes that it has not only improved communication among the people, it has also boosted the security of lives and properties. He referred to the former Econet Crisis centre which had defined the concept of corporate social responsibility and given a new meaning to emergency response management in Nigeria. The Econet's news on demand, the innovative dial-up news service, which brings three-minute broadcast of the famous BBC and our own Ray Power and Cool FM to the mobile phones of subscribers, has turned the mobile phone into a tool for empowerment. He also added that the highly innovative executive briefing is an added value, which takes breaking news, headline news, sports and stock market reports to Econet's subscribers now Celtel, wherever they are within the network's coverage area (Oparah, 2005).

It was realized from the field survey that subscribers in some cases solve their problems and business transactions on telephone which under normal circumstances could have attracted traveling. This view goes along with Oparah (2003) who believes that generally GSM has made business transactions a whole lot easier than those dreary days of spending hours in traffic and missing appointments without any means of communicating while on the go. This is contrary to the views of Oyesiku (2003) who believes that access to telecommunications would possibly lead to generation of more trips. From his survey, he realized that out of 74% of his respondents, non GSM users made an average of 25 trips per month, while the GSM users fall into the category of 40 trips per month. The implication according to Oyesiku is that on the average, GSM users still make more trips than non-GSM users. He believes that additional trips are made as a result of frequent interaction made possible by telecommunication and that this in turn necessarily increases travel demand as a result of enhancement of telecommunication and business empowerment.

Olanrewaju (2006) affirmed the privatization of Telecommunication as a solution to infrastructure problem. It however agreed that about five years ago when the telecom was liberalized, tariff initially went up but eventually as services improved and subscribers increase, there was reduction in tariff thus it is best to turn to privatization for quality services and to ensure the Millennium Development Goals (MDG).

### CONCLUSION

The primary goal of liberalization is to make the private sector the leading engine of growth for the Nigerian economy. The Public Enterprises were infested

with many problems which became an avoidable drag on the economy such as -abuse of monopoly powers defective capital structures resulting in heavy dependence on the treasury for funding, bureaucratic bottlenecks, mismanagement, corruption and nepotism.

The gross failure of these enterprises to live up to expectations and of the Nigerian State to effectively manage them and provide an environment conducive for their growth is primarily responsible for the current move towards economic liberalization, competition and privatization.

Liberalisation was also expected to open up the economy by allowing the provision of a wide range of productive services by the private sector, thus enabling government to concentrate on its fundamental responsibilities.

Liberalisation encompasses a wide array of economic activities-Telecommunications, Aviation, Banking, Financial markets, Oil and Gas etc. It also includes trade liberalization and the process by which countries reduce and/or remove taxes, tariffs or other barriers on the country's imports and exports to permit more foreign competition and foreign investment in economy. Liberalisation is premised upon a belief that the Government is not a good business or business manager and therefore ought to concentrate its resources on areas in which it has competence for example, security, provision of social services etc.

Liberalisation is a concept that is barely 20 years old in Nigeria and it can only be said to have taken a foothold in the economy from 1988 onwards.

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

#### **RECOMMENDATIONS**

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

The South-South and South-East zones depend much on oil and its derivatives but the current research if extended to these areas would determine how it affects the citizenry and it is recommended that this also be looked into.

To determine whether the revenue generated by the operators are re-invested back into the economy in another form or probably the accrued money are being siphoned to foreign lands, the research could be extended to evaluate the level of commitment of the operators to national economic development.

Liberalisation could also be extended to cement production in order to afford housing for all by year 2010, It should also be extended to Water in order to reduce disease like cholera, guinea worm and other water born diseases. So also is Food and Agriculture so that the dependence on oil can be drastically reduced to the minimum such that poverty alleviation can easily be tackled through employment generation.

The network providers should find a way of enlightening and training subscribers on the appropriate use of the services.

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