

## Examination of Level of Poverty Alleviation and Economic Empowerment among Entrepreneurs Via Telecommunication Liberalization in South Western Part of Nigeria

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**Abstract:** The study examines the level of poverty alleviation and economic empowerment among small scale entrepreneurs in the telecommunication sector. Questionnaires were administered on entrepreneurs in the southwestern part of Nigeria in order to know how telecommunication was able to alleviate poverty. It was concluded that many investors are now engaged in one form of enterprises or the other, which is related to telecommunication. The study recommends that the public electricity supply needs urgent rehabilitation to enable Nigerians enjoy full benefits accruable from Information and Communication Technology (ICT) development.

**Key words:** Poverty alleviation, empowerment, small scale entrepreneurs, telecommunication, southwestern electricity, Nigeria

### INTRODUCTION

The domestic telecommunications infrastructure provides modern and efficient service to urban and rural areas including cellular and internet services. Telecommunication sector was liberalized during the administration of President Olusegun Obasanjo in 2001. Telecommunication assumed an obligation to facilitate network modernization and expansion into unserved areas.

This development came about as a result of the believe that government-run services is known for their capacity to serve as drain pipes for government funds which has created avoidable burden on the nation's economy. Therefore, necessary for nations to disengage the public sector from those areas where the private sector has comparative advantage to perform through a reform process (Ajai, 2005). The government can therefore, concentrate on their traditional functions of providing infrastructure and security through the maintenance of law and order as well as promotion of an enabling and conducive environment for investment and wealth creation (Onifade, 2001).

The telecommunication sector is one area that Nigeria appears to have made exceptional significant progress in the economy since independence. At independence,

Nigeria had only 18,724 telephone lines bequeathed to her by the colonial administration. The establishment of Post and Telecommunication (P and T) and Nigerian External Telecommunication (NET) did not even help matters, as not much appeared to have been done by these two organizations to meet telecommunication needs of Nigeria. This led to the formation of Nigerian Telecommunication Ltd. (NITEL) in 1985 but could not move the installed capacity beyond 700,000 lines by the end of 2000.

The Nigerian Communication Commission (NCC) was reconstituted in March 2000, after it was first set up by decree 7 of 1992 and constituted in 1993. This time around, the NCC was saddled with the responsibility of reviewing all licences awarded by the previous regime and come up with acceptable and progressive way of licensing operators (Osagie, 2004).

In August 2001, econet and MTN rolled out their services, followed later by Mtel, while Globacom joined in 2002.

Through, the award of these licences, the installed capacity has drastically increased from 700,000 lines in the year 2000 to 40 million lines in the year 2007 (Ogbonna, 2003).

With the Global System of Mobile Communication (GSM) revolution, GSM phones are available in even the

remote parts of the country. With as little as no 150, a SIM pack can be acquired, while the least handset can be bought for no 2,000 only.

Poverty is said to exist when a household or an individual is unable to meet what is considered as a minimum requirement to sustain livelihood in a given society (Ubom, 2006). The Nigerian paradox has continued to baffle the world because the poverty level in the country contradicts the country's immense wealth. Academic studies on ICTs and society show that there is a range of issues, which make it clear that the information society like any society will have winners and losers, beneficial consequences of ICT and harmful applications. ICTs are seen as a critical resource in promotion of socio-economic development, with a potency to alleviate poverty (Obayelu and Ogunlade, 2006).

Many people in developing countries like Nigeria especially the poor in rural areas who are still struggling to address their basic human needs, the endemic problem of poverty, illiteracy etc., believe that ICTs are making no difference to their lives (Obayelu and Ogunlade, 2006).

The main objective of this study is to examine the level of poverty alleviation and economic empowerment among entrepreneurs via telecommunication in southwestern part of Nigeria. The southwestern part comprises Oyo, Ondo, Ogun, Lagos, Osun and Ekiti states of Nigeria. The following specific objectives are therefore, important for its achievement.

- To examine level of acceptability of the telecommunication sector by subscribers.
- To determine the level of empowerment as a result of the liberalization of telecommunication sector.
- To examine the poverty level both before and after the liberalization of telecommunication sector.

**MATERIALS AND METHODS**

Questionnaires were administered in the Southwestern part of Nigeria which includes Ogun, Lagos, Ondo, Oyo, Osun and Ekiti states. In each state, 50 GSM call centers where calls can be made and recharge cards are sold were administered with the use of questionnaires on a random sampling basis. The questions drawn were close ended. While, the respondents were not selected on gender basis. A total of 250 questionnaires were sent out, in which 100% was recovered (Table 1).

Table 1: Assessment of level of poverty and economic empowerment via liberalization of telecommunication

Questions	Agreed (%)	Disagreed (%)	Undecided (%)
GSM business is a viable business	800 (80)	120 (12)	80 (08)
My business includes making calls, selling recharge cards	764 (76)	140 (14)	96 (10)
I have also included the sale of Telephone sets to my business	600 (60)	220 (22)	180 (18)
Liberalisation of telecommunication sector has a positive impact on empowerment of people	880 (88)	88 (09)	32 (03)
I am proud to be in the telephone business	928 (93)	40 (04)	32 (03)
I make enough profit to be able to sustain myself and my family.	860 (86)	120 (12)	20 (02)
Liberalisation of telecommunication sector has been able to create employment opportunities for so many people	848 (85)	140 (14)	12 (01)
Internet services are also viable business in Nigeria	860 (86)	100 (10)	40 (04)
Electricity is a hindrance to the smooth operation of the business.	928 (93)	40 (04)	32 (03)

Source: Field Survey (2008)

**RESULTS AND DISCUSSION**

The liberalization of telecommunication services was introduced during the administration of the immediate past President of Nigeria in 2001. With the liberalisation of this sector, it was easy for subscribers to own different networks.

Apart from this, the liberalization of this sector was able to alleviate poverty in the sense that many people became self employed. This was confirmed by 80% of the respondents agreed that the GSM business is a viable business. The respondents are those in the telephone business who confirmed that the telephone business is viable.

Most of the respondents are into making calls, selling recharge cards, while some include telephone sets as well as SIM packs. This shows that this business has empowered so many thereby alleviating poverty in the communities of the Southwestern part of Nigeria.

More than 80% of the respondents agreed that they are able to sustain their families with the business as well as creating employment opportunities for others in terms of recruiting few as assistants or cleaners.

This has also encouraged the internet services business which is also viable particularly among the students and elites.

However, many empowered individuals in the telecommunication business expressed dissatisfaction as a result of poor power supply from the Power Holding Company of Nigeria (PHCN). The situation adversely

affects their profits and eats deeply into the initial business capital as confirmed by 93% of the respondents.

### **CONCLUSION**

Many investors are now engaged in one form of enterprise or the other which is related to telecommunication. Internet services are now becoming available on even mobile phones, making it possible to transact a wide range of services hitherto available only by using a computer device.

The decision by investors to put in more investments to expand infrastructure is a demonstration of confidence in the nation's economy as well as eradication of poverty.

### **RECOMMENDATIONS**

The poor public electricity supply situation remains a challenge to both the investors and the general public and therefore, needs urgent rehabilitation to enable Nigerians enjoy the full benefits accruable from Information and Communication Technology (ICT) development.

It is also advisable for the operators as well as investors to show more commitment in order to convince subscribers that they are not only in business to generate revenue but also to satisfy the subscribers by offering better and acceptable services to their customers.

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