

X-Raying the Benefits of Liberalisation on Subscribers in the Telecommunication Sector in South Western Part of Nigeria

¹K.O. Odunaike, ²O.A. Abimbola and ³O.O. Oyesiku

¹Department of Business Education, Tai Solarin University of Education, Ijagun, Ijebu-Ode, Ogun State, Nigeria

²NISER, Ibadan, Oyo State, Nigeria

³Department of Urban and Regional Planning, Olabisi Onabanjo University, Ago-Iwoye, Ogun State, Nigeria

Abstract: The research study focuses on the development witnessed as well as the benefits derived in the Southwest of Nigeria as regards telecommunication services after its liberalization in 2001. Having obtained that over 3 million subscribers now have access to telecommunication when compared to when the sector was being monopolized by the Nigerian Telecommunication (NITEL) with only just less than 500,000 subscribers in 1999. Studies revealed that among the benefits derived include, easy and quicker way of solving problems on phone which under normal circumstances could have warranted traveling long distances thereby reducing road traffic jam and reduction in accident victims. High rate of competition not only reduced the price of the starter pack but successful transactions of businesses on phone as well as creation of employment for sustenance living among the masses were generated. The questionnaire was used as an instrument of gathering data. The study however, concluded that the investment in this sector is competing favourably with that of the oil and gas sector. It recommended that the research could be extended to other parts of the country for careful collection of benefits and to also determine whether the revenue generated by the operators are re-invested back into the economy in another form.

Key words: Telecommunication, liberalisation, benefits, development, southwestern of Nigeria

INTRODUCTION

Prior to the liberalization of telecommunication services in Nigeria, Nigerian Telecommunications Limited (NITEL) was the only national operator and monopoly service provider for domestic and international services. Access to telephony then was mainly for certain category of class of people and highly privileged, coupled with the fact that there was high level of inefficiency and ineffectiveness in the sector which never contributed to Business transactions, industrialization, economy and meaningful development.

The National Policy on Telecommunications was first produced in 1995, but it was approved and published in 1998, launched in October 1999, then finally revised by presidential committee and re-launched in May 2000. However, a Telecommunications Act was not signed into law until July 2003, repealing Decree 75 of 1992 under which the Nigerian Communications Commission (NCC) was originally set up.

The primary mission of the Nigerian Communications Commission (NCC) is to regulate the supply of telecommunications services and facilities; to promote fair competition; to set performance standards for telephone services; as well as to encourage the development of other sectors of the economy through the development of the telephone industry.

The Decree 75 of 1992 also set forth the functions of the Nigerian Communication Commission (NCC) (Nigerian Communications Commission Decree, 1992).

The broad objective of the new Nigerian Telecommunications Act 2003 was explained by Kekere-Ekun (2004).

When the liberalization of the telecommunication sector was introduced, many people particularly the working class including the less privilege had access to telephony and affordable. Services became cheaper and more efficient and effective than before. The study sets out to investigate the impact of liberalization on access to telecommunication services in Nigeria, with particular

reference to South Western zone of the country where it is believed that the economic power of the country lies. This study would elucidate the benefits as well as the possibility of improvement. The demerits of the liberalization of the telecommunication sector had also been looked into and necessary recommendations cum corrective measures to maximum utilization and optimization have been proffered as discussed by Odunaike and Abimbola (2007).

The subscribers of the Telecommunication sector, with special reference to Mobile Cellular Telephony, in the South-Western zone of Nigeria were selected for the purpose of this study. The study set out to assess the benefits of liberalization on subscribers with emphasis on four major Mobile Cellular Telephony in Nigeria, namely MTN, Globacom, M-tel, and Vmobile, (now Celtel).

MATERIALS AND METHODS

Method of data collection: In this study, both primary and secondary data were used, although the bulk of the needed information was obtained from primary sources. The primary data were generated through the use of questionnaire and personal interview. The questionnaire was administered on the users of Global System for Mobile Communications (GSM) as well as some selected sub-dealers of each network. The selections were made on a purposive sampling basis. The questionnaire was the close-ended type in which a respondent was asked to select from a series of alternative answers that best approximates his situation. In these questions only certain designated responses are permitted. The close-end questions are also called restricted or the scored-choice questions or the fixed-alternative questions.

Method of data analysis: The data collected during the field survey were analysed using Frequency distribution table. This is used in order to bring order to the large body of data.

Sampling procedure: Sampling is the process of selecting a number of individuals for a study in such a way that the individuals represent the population from where they were selected (Lucey, 1992).

In this study, 1500 questionnaires were administered on the GSM subscribers in the South West, which were selected on a purposive sampling basis. Purposive sampling was selected because of the researcher’s purpose, usefulness or importance of the sample to the study. The four major operators of Global system for mobile communication in the South West were also interviewed orally in order to know their coverage area and what they have so far offered to the subscribers.

A purposive sampling scheme is the one in which each sampling unit or individual in the population has an equal chance of being selected and that all combinations must be equally probable (Onifade, 2004).

RESULTS

The data collected during the field survey were analysed below using the frequency distribution table.

The benefits of the liberalization on the subscribers: 682(66.5%) disagreed to having more than one GSM and 344(33.5%) agreed to having more than (Table 1). This is expected because among those who could conveniently maintain their GSMs, many would want to exploit the facilities belonging to other service providers that are not on their current line.

There are 553(54.2%) subscribers who disagreed to all their family members having GSMs against 468(45.8%) who agreed to every member of their family as having at least one GSM (Table 2). The proportion of subscribers whose family members has GSMs is significant enough to signify a universal benefit of the liberalization policy.

Among those subscribers who has both GSM and NITEL lines, while 537(53.3%) of them agreed to being capable of maintaining both lines, 471(46.7%) of them disagreed to being capable (Table 3). Thus, majority of these groups of subscribers find it so convenient to maintain both.

Table 1: The number of respondents who have more than one GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	344	32.4	33.5	33.5
Disagreed	2.0	682	64.3	66.5	100.0
		35	3.3	Missing	
		-----	-----	-----	
	Total	1061	100.0	100.0	
	Valid cases	1026		Missing cases	35

Source: Author’s field survey (December 2004)

Table 2: Whether every member of the respondents’ family have GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	468	44.1	45.8	45.8
Disagreed	2.0	553	52.1	54.2	100.0
		40	3.8	Missing	
		-----	-----	-----	
	Total	1061	100.0	100.0	
	Valid cases	1021		Missing cases	40

Source: Author’s field survey (December 2004)

Table 3: Ability to maintain both GSM and NITEL lines

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	537	50.6	53.3	53.3
Disagreed	2.0	471	44.4	46.7	100.0
		53	5.0	Missing	
		-----	-----	-----	
	Total	1061	100.0	100.0	
	Valid cases	1008		Missing cases	53

Source: Author’s field survey (December 2004)

Table 4: Possibility of finalizing most transactions on phone

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	785	74.0	77.0	77.0
Disagreed	2.0	234	22.1	23.0	100.0
		42	4.0	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1019		Missing cases	42

Source: Author's field survey (December 2004)

Table 5: Competition among operators have reduced the price of the starter pack

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	804	75.8	79.1	79.1
Disagreed	2.0	212	20.0	20.9	100.0
		45	4.2	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1016		Missing cases	45

Source: Author's field survey (December 2004)

Table 6: Many services are being rendered with the use of GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	916	86.3	90.2	90.2
Disagreed	2.0	99	9.3	9.8	100.0
		46	4.3	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1015		Missing cases	46

Source: Author's field survey (December 2004)

Seven hundred and eighty five (77.0%) subscribers agreed some of their transactions are completed on phone (Table 4). This shows that apart from the general benefit of contacting loved ones, subscribers are also able to transact business on their GSMs. This is an additional convenience among others.

Eight hundred and four (79.1%) agreed that competition among operators has reduced to starter pack. The competition brought about by the liberalization must definitely bring down the subscription cost (Table 5).

Nine hundred and sixteen (90.2%) of the subscribers enjoyed many services being rendered with their GSMs which clearly demonstrate the level of affiliation subscribers have with their handsets (Table 6).

Eight hundred and eighty nine (87.2%) have been able to transact business successfully with their GSMs (Table 7). Transaction of business successfully with a GSM is comparatively convenient and could be very effective for a wider scope of customers at all times.

The network used by 809(79.3%) of the respondents provide better coverage than other network services (Table 8). This is a clear indication that most subscribers are satisfied with the type of services rendered by their network.

Table 7: Possibility of transacting business successfully with the introduction and use of GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	889	83.8	87.2	87.2
Disagreed	2.0	130	12.3	12.8	100.0
		42	4.0	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1019		Missing cases	42

Source: Author's field survey (December 2004)

Table 8: The respondents' present network provides more opportunities to send message at a cheaper rate than other network

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	809	76.2	79.3	79.3
Disagreed	2.0	211	19.9	20.7	100.0
		41	3.9	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1020		Missing cases	41

Source: Author's field survey (December 2004)

Table 9: Employment opportunities have been created to people with the introduction of GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	903	85.1	88.4	88.4
Disagreed	2.0	119	11.2	11.6	100.0
		39	3.7	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1022		Missing cases	39

Source: Author's field survey (December 2004)

Table 10: It is not necessary to be rich before owning a GSM

Value label	Value	Frequency	(%)	Valid percent	Cum percent
Agreed	1.0	886	83.5	86.6	86.6
Disagreed	2.0	137	12.9	13.4	100.0
		38	3.6	Missing	
		-----	-----	-----	
Total	1061		100.0	100.0	
	Valid cases	1023		Missing cases	38

Source: Author's field survey (December 2004)

Among the many benefits accruing to subscribers through the introduction of the GSM according to 903(88.4%) of them is an employment opportunity, particularly sustenance empowerment of families (Table 9).

This benefit cuts across different class of people by different types of GSM business they want to choose from.

Eight hundred and eighty six (86.6%) subscribers believed that being rich is not a prerequisite to owning a GSM (Table 10). Given the different brands of handset available in the market, every aspiring subscriber would, irrespective of their economic status should be able to afford one.

DISCUSSION

It is interesting to note that subscribers in the telecommunication sector now have easy access to international calls on their GSM unlike before when citizens would have to queue at NITEL in order to make international calls, wasting man-time coupled with unnecessary business fatigue.

The competition among the operators has also improved the operations of the network providers in terms of good signals and wider coverage. The competition has also reduced the price of the starter pack, which was attested to, by 79.1% of the respondents. This is in agreement with the publication in the Sunday Tribune (2004) where it was believed that the SIM pack war and other inducements being dangled before subscribers are signs of more good things to come, especially if events before now are taken into consideration. In this regard, MTN, Vmobile (now Celtel), Glomobile and M-tel have been blazing the trail in that order. For instance Vmobile increased validity period, rewarded subscribers on percentage basis, did free reconnection and now giving 12 free SMS monthly among others. Glo mobile also gave free SMS for recharge cards bought among others, while M-tel gave #150.00 on every #1,000 recharge card bought.

We also realize that access to telecommunication by subscribers has improved. This is as a result of the improvement in the interconnectivity of the network.

Hitherto, access to telecommunication services 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 (NigeriaBusinessInfo.com 2003). As at the time of this research, 33.5% of Nigerians in the area of study agreed that they have more than one network. This may be due to a general price reduction in the starter pack as well as the maintenance of the GSM. 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. This was attested to by 77% of the respondents who agreed to the fact that so many transactions were completed on phone rather than having to travel long distance before resolving their business transactions.

Another benefit of liberalization of telecommunication services is the creation of employment opportunities to the citizens as agreed by 88.4% of the respondents.

People were also self-employed through the profit max for commercial telephone operators.

CONCLUSION

The most effective liberalization programme in Nigeria is undoubtedly that in the telecommunication sector based on the current research studies where both the poor and the rich are enjoying unlimited facilities and services based on needs and wants (Odusanya, 2004).

It could be recalled that international attention shifted to the nation's telecoms sector after the GSM market proved the abundance of investment potential in 2002. Following this growth, the International Telecommunication Unit (ITU) was quick to identify the Nigerian telecommunications sector as one of the fastest growing in the global market, especially since the introduction of the Global System of Mobile Communications (GSM) in 2002. The local assessment of the sector also indicates that the telecommunications sector is leading other economic sectors in the volume of local and foreign investments (Kekere-Ekun, 2004). The studies affirmed that investment in the sector is competing favourably with that of the oil and gas sector as explained in the write up.

Operators like the MTN, Globalcom, Vmobile, and M-tel have continued to jostle for the market, a development that is greatly encouraged by the high level of demand in the country.

The industry regulator, Nigerian Communications Commission (NCC) has continued to strive to create an enabling environment to business in the sector to thrive. The major thrust of these policies is the assurance to investors of the market potential of Nigeria and of the safety of their investment in a deregulated economic environment.

Notable among the principal developments in the sector is the roll out of the GSM networks and the connection of over 6.5million new lines within the last three and a half years. It is easy to forget that up till 2001, Nigeria had barely 550,000 operational phone subscribers. The industry has therefore witnessed not only the proliferation of new services, but also a new wave of creativity and innovation in service delivery and improvements in quality of service accompanied by price reductions. It has also reduced poverty greatly as the small scale industries, for example, business centers sprang up to complement the revenue sources of individuals, families, artisans and masses whereby improved the standard of living.

RECOMMENDATIONS

The research is presently limited to the South-West, it could however be extended to the Northern part of Nigeria to test and examine the acceptability of liberalization in the core North.

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.

The network providers should find a way of enlightening and training subscribers on the appropriate use of the services. For example most subscribers do not know how to operate the Internet from their telephones.

There is need for re-enlightenment in the sense that some subscribers constitute themselves as nuisance while making calls. They disturb the public peace with their telephone sets in places where silence is expected like, churches, mosques, classrooms etc.

The Federal and State Governments should subsidize the expenses on telephone by paying telephone allowance to workers This would enhance the policy on Information and Communication Technology (ICT) asides from motivating the workers for maximum productivity.

Finally, a device is suggested to be made for SIM cards to be duplicated in cars, so that when subscribers are driving their cars they can make use of their phones without picking handsets.

REFERENCES

- Kekere-Ekun, A., 2004. Privatisation, Liberalisation who Benefits. This day opinion, Lagos, pp: 20.
- Lucey, T., 1992. Quantitative Techniques, DP Publications. (4th Edn.), pp: 10.
- Nigeria Business Info. com, 2003. Revisiting Nigeria's Telecommunications Industry, pp: 20.
- Nigerian Communications Commission Decree, 1992. Nigerian Communication Commission website. <http://www.ncc.gov.ng/>.
- Oduaanya, R.O., 2004. Industry perspective of an equipment vendor mobile week with GSM.
- Odunaike, K.O. and O.A. Abimbola, 2007. Evaluation of the negative effects on Subscribers due to deregulation of Telecommunication sector, submitted to the Journal of the Social Sciences, for Publication.
- Onifade, A., 2004. Population, Sampling and Data Gathering. Handbook in Res. Stat. Anal., pp: 45.
- Sunday Tribune, 2004. The price war ranges on, pp: 26.
- World Telecommunication Development Report, 2002. Reinvesting telecoms, Geneva: ITU.