

# **EFFECTS OF ECONOMIC LIBERALISATION ON THE PERFORMANCE OF NIGERIA'S TELECOMMUNICATIONS INDUSTRY. (1986-2004)**

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## ABSTRACT

The study examined various aspects of the liberalisation programme that had been implemented in Nigeria's telecommunications industry, determined the effects of increased competition and analysed the influence of technological change on the performance of the telecommunications industry. This was with a view to examining the role of reforms on the telecommunications industry's performance in Nigeria.

The study used secondary data sourced from the World Telecommunication Indicators Database obtained from the International Telecommunications Union and the Nigerian Communications Commission for the period 1986-2004. The variables included Telephone Subscribers per 100 inhabitants, Employee per subscriber, number of operators in the telecommunications industry, real per capita income and population. Descriptive statistical techniques and econometric technique, specifically the Ordinary Least Squares were used to analyse the data.

The study found out that the telecommunications industry had undergone several transformations, beginning with the commercialisation of the Nigerian Telecommunications Limited (NITEL) in 1992. For example, the telephone subscribers per 100 inhabitants grew from 0.252 in 1986 to 8.004 in 2004. The number of operators, also within the same period grew from 1 to 26. It was also found out that increased competition was positively associated with performance in terms of telephone subscribers per 100, ( $t = 4.02$ ,  $p < 0.05$ ) but was negatively and insignificantly associated with performance in terms of employee per subscribers ( $t = -0.63$ ,  $p > 0.05$ ). The results also showed that technological change had significant positive effects on performance (only in terms of telephone subscribers per 100), ( $t = 4.60$ ,  $p < 0.05$ ).

The study concluded that economic liberalisation was effective in improving the performance of the telecommunications industry with technological change being more effective.