

## **An Examination of the Effects of Nigerian Government Privatisation Policy on Tertiary Education in Nigeria**

I. I. Omoleke\*

*The study set out to examine the implications and effects of the Nigerian privatisation policy on tertiary education in Nigeria. It employed empirical investigation into circumstances that informed the policy formation. Primary and secondary sources of data were employed. The primary data were mainly sourced from questionnaire administration to stakeholders, who included Vice Chancellors, Registrars, parents and students. This was beefed up with secondary data from Universities' records. The findings of the study revealed that the policy created more opportunity to admit more undergraduate aspiring students and more job opportunities (64-3%). Furthermore, academic calendar in such private Universities are more stable than in public Universities (52.6%). On the negative side, only the few rich Nigerians can afford to send their wards to private Universities. Also, the private Universities are deficient of academic human resources. The study concluded that the privatisation policy's disadvantages override its benefit given the low per capita income of Nigerians.*

**Field:** Privatization

### **1. Introduction**

At various times since 1945, most countries of the world particularly developing world had attempted to use public enterprises to achieve their economic and social objectives. In most countries and Nigeria in particular, public goods and services, which include: water, electricity, telecommunication, law, education, transportation, postal services etc. are provided by the state. Thus State Owned Enterprises (SOEs) in developing countries became engine of socio-economic development and served as entrepreneurial public organizations established, funded and managed by the State.

In Nigeria, such public enterprises were, at Independence in 1960 considered necessary as the only means of achieving rapid and desired pattern of economic growth in the face of inadequate entrepreneurial skills, shortage of capital, weak capital market and fear of foreign control of the national economy. This philosophy gave rise to the establishment, funding, management and control of educational institutions in Nigeria. They were thus tagged as Government Educational Parastatals with minimal autonomy. Such tertiary institutions were not and are still not administratively regarded as part of the main stream of the Government bureaucracy. The objective of this work addresses the performance of the tertiary educational institutions in Nigeria, the call for their privatization and the implications or consequential effects of the Nigerian Privatisation policy in the educational sector.

---

\*Dr. OMOLEKE, I. I., Department of Public Administration, Obafemi Awolowo University, Ile-Ife  
e-mail: omoleke,2003@yahoo.com

## Omoleke

We will now consider a review of literature on the State Owned Enterprises and the Development of tertiary institutions in Nigeria. The issue of performance in Nigerian Universities has been a serious concern of the government and the public. This is so because the quality of graduates being turned out is said to be discriminated against in the international labour market and also by foreign Universities for those seeking higher degrees.

Despite the enormous human and material resources at the disposal of the Nigeria Government, the national Government's investment in education is abysmally very low when and if compared with UNESCO's mandate to all governments of developing nations to invest as much as 26% of their annual budgetary allocation to education sub-sector. See table 1

**Table 1: Federal Government Budgetary Allocation to Education**

Year	Total Budget	Nigerian Government Allocation to Education	Allocation to Education as % of Total Budget
1994	N110.5 billion	8.66 billion	7.83
1995	<del>N</del> 98.2 billion	12.73 billion	12.96
1996	<del>N</del> 124.2 billion	15.30 billion	12.32
1997	<del>N</del> 186 billion	21.8 billion	11.59
1998	<del>N</del> 260 billion	27.7 billion	10.27
1999	<del>N</del> 249 billion	27.7 billion	11.12
2000	<del>N</del> 277.5 billion	50.67 billion	8.36
2001	<del>N</del> 984.2 billion	62.6 billion	6.75
2002	<del>N</del> 844 billion	17.7 billion	6.8
2003	<del>N</del> 765.1 billion	13.9 billion	1.83

Source: Ikharehan, 2004

See also Table 2, the allocation of some African countries as compared to Nigeria.

**Table 2: Expenditure on Education (% GNP) for some African Countries as compared to Nigeria**

Country	% GNP
Angola	4.9
Cote d'Ivoire	5.0
Ghana	4.4
Kenya	6.5
Malawi	5.4
Mozambique	4.1
Nigeria	0.76
South Africa	7.9

Source: Dike, 2001.

Carefully looking at the two tables and relatively speaking, the above statistics show how inadequate Nigeria's allocation to the educational sector has been. Perhaps, this

## Omoleke

condition explains the level of performance of students in her tertiary institutions. One only reaps what he has sown. Obviously Nigeria Government has to set a right priority and change her value system by investing in Education which is the knowledge or rather intellectual laboratory of any nation and engine of socio-economic development. It is very doubtful if a nation whose intellectual base is weak can develop.

Unarguably, inadequate education and unemployment in Nigeria would contribute to many social ills, such as crime rate, prostitution and breach of laws and order. In essence, the Nigerian Government should invest more in education of youths as Rousseau noted (translated by Betts) (1994) "People are amenable only when they are young; in old age, they become incorrigible". It would be recalled that, there was a time when the University of Ibadan compared favourably with Oxford University. Today it cannot do so due to gross underfunding. Overwhelmed by thousands of young Africans scrambling for University education, overcrowded lecture rooms, crumbling campuses, congested hostels, depleted libraries and laboratories, Nigerian Universities are degenerating due to low investment, underfunding and poor maintenance culture of the facilities.

Our empirical study revealed that lecture halls and theatres were filled to overflowing while the Professors were strained to be heard by a class of 2000 students crammed into lecture rooms designed to accommodate less than half of that number. Some students even sit on the lecturers' tables while lecturing. The epileptic power supply, the bane of so many energy starved sub-saharan African countries, often disrupt lectures and study. Worse still, delays in payments of grants and poor living conditions in hostel frequently led to numerous strikes and protests by students often turn campuses into battle grounds between the missile and stone throwing students and police return with firing gas. This condition as if it is not enough, was exacerbated by, for instance six months – strike in June – November 2009 by the Academic Staff of Nigerian Universities over breach of agreement between the Federal Government and (ASUU) in year 2001.

Again the content of the agreement is not unconnected with underfunding of Nigerian Universities and discrepancy in the remuneration of lecturers and that of the political functionaries.

Perhaps the constellation of the banes and inadequacies facing tertiary institutions in Nigeria informed the Federal government to allow private sector to intervene in the establishment and managing of Universities hence privatization policy of the Federal Government via decree No. 25 of 1988 was invoked. This empirical investigation therefore attempted to probe into the analytical effects of the policy in the education sector. It also attempted to highlight the problems arising from the implementation of the policy of intervention of the private sector in educational system which hitherto falls with the realm of publicisation. The principal objective of this empirical research is to examine the Nigerian Privatization policy – Degree No. 25 1988, now an Act on tertiary educational development in Nigeria.

## 2. A Review of Literature

In early 1960s, it was considered as a viable economic policy for government of Nigeria to establish and invest in corporations, boards and parastatals christened, the State Owned Enterprises (SOEs) or otherwise known as Public Enterprises. The popular thinking then was that the SOEs were better instruments for stimulating and accelerating national economic development than private capital. The consequential effects of the policy was the multiplicity of SOEs covering broad spectrum of economic and social activities ranging from steel plants, petro-chemical, banking, hotels, housing, education, and health to mass transit and abattoirs.

According to the National Council on Privatisation, successive Nigerian Governments had invested up to 800 billion Naira in State-Owned Enterprises. To this end, the SOEs became an increasing tool of government intervention in the economy especially from the early 70s. In like manner, the Second National Development Plan 1970 – 1975 also lends credence to the above assertion when it says:

*their primary purpose is to stimulate and accelerate national economic development under condition of capital scarcity and structural defects in private business organizations. There are also basic considerations arising from dangers of leaving vital sectors of the national economy to the whims and caprices of the private sector often under the direct and remote control of foreign large scale combines.*

In a resumè, the SOEs had played crucial roles in the past in the Nigeria's quest for national economic development and self reliance. Most of the SOEs established then were to operate as quasi-commercial organizations due to

- (a) the normal bureaucratic machine did not lend itself to the speedy decisions essential for commercial operations;
- (b) the Nigerian government system of account was designed to facilitate close expenditure control by the legislature and not necessarily to promote operational efficiency;
- (c) commercial undertakings tend to generate an atmosphere of initiatives which bureaucratic redtape and rigidity might not allow;
- (d) it was necessary to minimize political pressure and partisan influence in some sensitive social institution e.g. the Nigeria Television Authority, in order to sustain public confidence in their policies and programmes and
- (e) it is doubtful whether private enterprises can sustain the magnitude of investment as in Ports Authority, Rail way Corporation etc., which may not satisfy the canons of private profitability, Omoleke (2005).

The implication of (a-e) is that, in the absence of high cadre traditional entrepreneurs needed to propel economic development, the public sector of the economy served as the effective instrument of government intervention in the economy. Furthermore, Adamalekun (1983) justified the establishment of SOEs in Nigeria on the ground of attainment of economic objectives. He remarked:

## Omoleke

*To achieve economic objectives, it is obvious that governments in the Nigerian polity must assume the role of entrepreneur. Post independent governments in African states have articulated economic objectives that assign more or less critical economic roles to the states”*

In an attempt to legalise SOEs as a vehicle of economic and social development, the Nigerian government unambiguously enunciated the state policy on socio-economic development in section 16<sup>(1)</sup> of the 1999 (CFRN) Constitution of the Federal Republic of Nigeria when it states. The state shall, within the context of the ideals and objectives for which provisions are made in this constitution,

- (a) harness the resources of the nation and promote national prosperity and an efficient, dynamic and self reliant-economy.
- (b) Control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity, and
- (c) Without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage, and operate the major sectors of the economy.

The main question is, to what extent have the SOEs lived up to expectation? This important question leads us to examine in brief the performances of the SOEs in Nigeria.

### **Concept of Public Enterprises**

Public enterprises otherwise known as State-Owned Enterprises are businesses or entrepreneurial organisations set up by the national or state governments. These organisations are established, funded, managed and controlled by the government or managed by government-appointed agents. These organisations are found in all sectors of the economy – Nigerian National Petroleum Company (oil sector), Nigerian Universities Commission (education sector), Power Holding Company of Nigeria (power sector), Water Corporation (service delivery sector) and Federal Radio Corporation (communication sector) just to mention a few. The primary goals of the public enterprises into which university education falls are to provide essential services and to legitimise the government in power. These State Owned organisations go by various names such as Corporation, Authority, Commission and Board.

When Public Enterprises are mentioned within the Nigerian context, it is greeted with condemnation due to poor performance (Omoleke, 2008). This implies that the organisations are not effectively and efficiently run, hence they no longer provide the services for which they were initially established. Examples are not far fetched. Academic staff of Universities went on strike in year 2009 for good six months and consequently the Nigerian education sector almost paralysed as undergraduate and postgraduate students were sent home. The issue of contention centred on inadequate funding of the Federal and State Owned Universities. In a similar vein, the Nigerian Medical Association (NMA) Oyo State branch is currently on strike action over non-payment of hazard allowances. (The Nation, Thursday, April 14, 2011) and its members

## Omoleke

are yet to resume duties. The various Federal parastatals too had given the Federal Government ultimatum to go on strike if government continues to foot drag in the payment of N18,000 per month minimum wage in the public service.

The implication of the above scenario boils down to non-performance of the objectives of service delivery or at best epileptic supply of services to Nigerian citizens. Apart from the epileptic supply of social services and unimpressive performance, the organisations thus become drainpipe on public fund and national embarrassment to the government.

Under such a state of poor performance, government intervention becomes inevitable in order to save the situation. One heavily canvassed instrument of intervention to save the moribund public enterprises is the privatisation option.

### **What is privatisation?**

According to Oxford Advanced Learners dictionary, sixth edition, privatisation refers to the sale of business or industry so that it is no longer owned by the government.

In the words of Omoleke and Bisiriyu (2005), privatisation was described as the transfer of the ownership and management of an asset or an investment from the government to the general public made up of the private individuals, cooperate bodies, communities with foreign technical partners and private agencies. In other words, privatisation is often referred to as liberalisation of the economy and absence of monopoly. The transfer of the ownership and control of state owned enterprises from public to private sector may be full or partial and may be fully indigenous or foreign or both. The government ownership shares in such corporations are usually sold partially or in full.

As earlier asserted, privatisation is generally seen as a key strategy that addresses important and critical elements in the promotion of competition and economic liberalisation that will help to move the private sector to participate in the sector of the economy hitherto monopolised by the government. This can be exemplified by the decree no 25 of 1998, which liberalised the establishment of private universities, areas hitherto monopolised by the Federal Government of Nigeria. It is therefore this lacuna that was created by the decree that allows free establishments of tertiary institutions in Nigeria that constitutes a gap in knowledge, which this paper intends to fill by examining the implications of privatising university education in Nigeria.

### **Privatisation as a State Policy**

In spite of the good intention that have motivated the establishment of state owned enterprises, the proponents of privatisation policy often see S.O.Es as being plagued with enormous problems. Among the problems commonly cited are

- frequent closure of tertiary institutions due to strike action;
- disharmony between the University workers and the Federal Government;
- inadequate funding of the Universities
- poor facilities; and
- poor motivation of lecturers and non-academic staff.

## Omoleke

To this extent, the belief of its proponents or forerunners is that privatisation is the only panacea to solving the identified problem militating against efficient University administration in Nigeria. But can this be true in all cases.

In Nigerian case, privatisation may not be the required antidote to the problem of inefficiency and other cognate ones enumerated above. This is so because of the inherent negative consequences arising from privatising university education. These are:

- (a) the fear of lopsided distribution and licensing of ownership. This is particularly important where the distribution of resources and entrepreneurial capacity are already skewed in favour of one or more ethnic or geo-political group in a plural society like Nigeria.
- (b) the possibility of transforming state monopoly into private hands, which may lead to serious political conflicts as a result of changes in the prevailing balance of power in the social and political milieu.
- (c) the possibility of profit motivated school fees in tertiary education, which the less privileged cannot afford to pay.
- (d) the possibility of compromising intellectual excellence in an attempt to maximise profit in line with private economy, and
- (e) the likelihood of providing substandard educational facilities in an attempt to minimise cost, which is also a characteristic of private management.

In spite of the factors on negative side of privatising tertiary institutions in Nigeria, it has been argued that liberalising the sector will reduce the heavy population of university aspirants, who are prima-facie qualified to enter but due to limited spaces available in Federal and State Universities, they had to stay at home for years.

Regarding academic standard, the fear has been allayed with establishment of Nigerian Universities Commission to regulate, set standard, control and withdraw license given to the private Universities and get them closed down if standard set in terms of provision and material resources is not met.

### 3. The Performance of the Soes In Nigeria

It has been estimated that successive Nigerian governments have invested up to 800 billion naira in public-owned enterprises but the annual returns on this huge investment have been well below 10 percent. These inefficiencies and in many cases huge losses are charged against the public treasury. With this declining revenue and escalating demand for effective and affordable social services, the general public has stepped up its yearning for the SOEs to become more efficient. SOEs suffer from fundamental problems of defective capital structure, excessive bureaucratic control, intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption and inevitably, these shortcomings take a heavy toll on the national economy. It has also been established that many of these enterprises gulp billions of Naira without yielding much positive results in terms of customers satisfaction.

## Omoleke

In short, the actual performances of most of the SOEs in Nigeria have left much to be desired. Many of them were not responsive to challenges of dynamic economy and do not seem to possess the necessary tools for translating into reality the hope of successful commercial operatives. Perhaps, this charge can be explained on the ground that the objectives of establishing them are at variance with the expectation of the polity. In the words of Omoleke (2004) a State-Owned Enterprise whose purpose is to meet social needs cannot be expected to serve profitable commercial end. However, in exceptional cases, some SOEs have performed and are still performing well in terms of management, profitability and efficiency.

In general, they have performed below expectation and this is traceable to many factors as Paul (1985), and Samuel (1999) noted that the SOEs are confronted with the following problems:

- (i) economic inefficiency in the production of goods and services by public sector with high cost of production, inability to innovate and unnecessary delays in delivery of goods produced;
- (ii) ineffectiveness in the provision of goods and services such as failure to meet intended objectives; and
- (iii) rapid expansion of the government bureaucracy severely straining the public budget with huge deficit hence SOEs are becoming massive drain on government resources and poor financial performance of SOEs reflecting a history of huge financial losses, and burden of excessive debt.

In Nigeria like some other African, Caribbean and Pacific countries (ACP countries) such as Korea, Bulgaria, Guinea Bissau, and Niger Republic, SOEs have been criticised for being economically inefficient, and wasteful of resources. They make significant demands on government resources, as well as on domestic and foreign credits. Regrettably, the demands have been associated with low profit. Operating a deficit, SOEs have proved to be massive drains on government resources through transfers and subsidies. Thus in African countries, SOEs had steadily consumed a large share of public resources without corresponding beneficial results, either in terms of physical output/supply that match local demands.

We will now grope for a theoretical framework to explain the non-effective performance of the SOEs using input-output variables of the classical system theory of David Easton, (1965). David Easton asserts that a political system or any organisation is constantly subjected to challenges from its environment with which it is required to cope. In other words, the organisation's life processes may constantly be subjected in Easton's phrase, "to stress from the environment". The purpose of constructing a model of political system is precisely to assist us in understanding how political system or/and its units are able to persist in the face of this stress, in understanding the mechanism in terms of which the political system or its units respond.

Easton asserts that there are two kinds of stress to which an organisation may be subjected and that the system or the organisation is capable of various kinds of responses, by means of which the stress can be coped with response mechanisms at

## Omoleke

both cultural and structural levels. He said that the manner in which stress may affect a system can be described as follows (i) stress on a system from within or from (ii) its environment, may be such that those conversion processes which provide the system with a capacity for persistence may be affected, if as a result, those outputs of the system which relate to the making and executing of binding decisions are not forthcoming, the system has thus ceased to function.

Arising from Easton's theoretical exposition and by implication, the educational institutions, the Power Holding Company of Nigeria, the Water Corporation, the Airways Agency, Nigeria Airport Authority, Civil Aviation Authority, Nigerian National Petroleum Corporation to mention a few have become moribund or perhaps completely broken down e.g. refineries and PHCN installations. Easton further identified two main type of stress (a) demand stress and (b) support stress. Demand stress may result from either the failure of the system as it exists to cope successfully with the information from its original output, or from the system incapacity to deal with the particular range of demands made upon it. In otherwords, the system may be subjected to 'demand – input overload'.

This overload may take place in terms of the volume of demands, the content of the demands or it may be that the inflow of demands at some particular time is so great for the system to take. This condition is exemplified by Nigerian Educational system where for example in 1998, 35,000 new students were admitted to Nigeria Universities out of a demand of 400,000 University aspirants. This condition since then, has been worsening. ADEA (1999). Furthermore, in two decades, the number of University students has increased eight – folds from 55,000 in 1980 to more than 4,000,000 in 2002 (Bollag 2002).

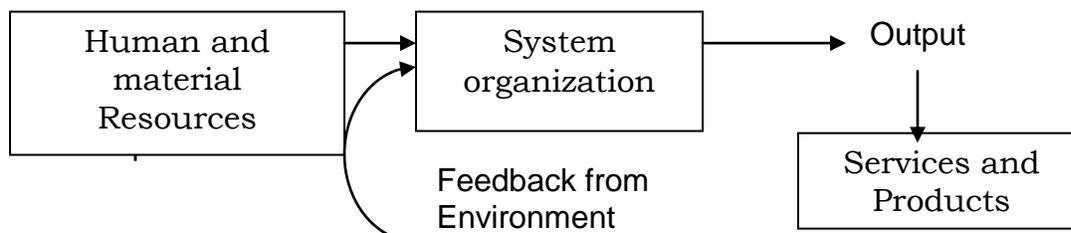
Now Nigeria has 60 Public Universities, 46 Polytechnics and 64 Colleges of Education. In addition, 34 Private Universities have been approved and duly registered while 36 Universities are operating illegally in the country (NUC 2009). Worse still, all Universities are being encouraged to steadily expand to a maximum of 30, 000 students. Again, this lends credence to our theoretical illustration of Eastons demand – input overload without commensurate facilities. The overload of the SOEs is not restricted to the educational sector but also affect the energy sector. Take for instance, the PHCN customers behaviours cause overloading of the system when they illegally tap or expand electricity cables to new areas unplanned for and without prior knowledge of the PHCN Authority thereby over loading the existing capacity.

Furthermore Easton asserted that all systems are characterized by a critical range beyond which stresses upon them affect their functioning so as to cause their disinteragation or malfunctioning. Perhaps, this is exactly what happened to SOEs in Nigeria as exemplified by the Educational Institutions and PHCN. So, at this point, the essential variable of the organisation which is the allocation of values that is, (Products and Services) for a society are affected. So Nigerians are complaining and get fed up of the poor services and products the organizations supply.

## Omoleke

Finally, Easton holds that the authorities in the system are the group of individuals who over sometime assume the responsibility for making organisational decisions. He distinguishes between the authorities and the structure of authority or the roles which the authorities assume: he is concerned with the former, for his point of reference is what those in authority do rather than the structure or institutional framework within which they act. By implication, it is the authorities who in the system have to process the inputs from the internal and external environments into outputs i.e. decisions and actions. The Easton's "authorities could be likened to the Vice Chancellors and the Managers of SOEs who are incharge of processing inputs, that is human and material resources into outputs, that is, services and products. The above theoretical scenario could be diagrammatically expressed in fig. 1.

**Fig. 1: Input-Out System of David Easton**



Source: Models of Political System pp. 54-58.

Unarguably, it seems that the forgoing theoretical analysis explains the constellation of internal and external forces which account for or rather explain the allegedly low performance and substandard of products of the SOEs in Nigeria. By inference, the internal environment which consists of the authoritative policy makers and executors are incapacitated to process input (human and materials resources) into output in form of services and product which would satisfy the aspiration and demands of the society they are billed to serve.

It is the environmental hostility that precipitated poor returns on investment among other things that informed a clarion call from the owner of the SOEs i.e. the Federal Government of Nigeria to promulgate Decree No 25 of 1988 which initiated privatization policy with the hope that private management will yield a high return on investment as against poor return on investment under publicisation. Aside the poor return to investment regarding services and products, incessant strikes in the public Universities have also stimulated the growth of private Universities. It is in the opinion of some Nigerians that the Federal Government should be held responsible and blamed for these incessant strikes, Alaezi (2007).

For those Nigerians who can afford the costs, private Universities were licensed to operate and are better alternatives to public Universities replete with industrial strikes. While the academic calendar of the private Universities are relatively stable, that of public Universities is always unpredictable and can be punctuated at any given time. However, the challenge of private Universities is that the costs are far beyond the grassroots financial capacity. This speculation informs this scholar to sample opinion of

## Omoleke

stakeholders of both private and public Universities as an empirical investigation to find out the need for such privatization policy in Nigeria Educational sector. Before then, what is the basis for privatization policy?

### 4. Rationale for Privatization Policy

It has been alleged that the SOEs in Nigeria are drain pipes of public resources without corresponding effective services and products hence there is disaffection and disappointment in public ownership. Thus the government becomes more receptive to the superiority of private initiatives. Consequently, there arose advocacy for privatization and perhaps this situation informed the then Federal Military Government under Babangida Administration to promulgate Decree. No 25 of 1988 christened Privatisation and Commercialisation Decree 1988”

Section 1 of the Decree states:

*All enterprises specified in the first column of part I of schedule I to this Decree shall be privatized to the extent in the third column therein and in accordance with the provision of this Decree.*

Consequently, section 3 subsection I of the Decree established a Technical committee on privatization and commercialization while section 4 itemised its functions, among which are to

- (a) advise on capital restructuring needs of enterprises to be privatised or commercialised under this Decree in order to ensure a good reception in the Stock Exchange Market for those to be privatized as well as to facilitate good management and independent access to the capital market;
- (b) carry out all the activities required for successful public issues of the enterprises to be privatized including the appointment of the issuing houses, stockholders, solicitors, trustees, accountants and other experts to the issues
- (c) approach through the appointed issuing houses, the securities and exchange commission,
- (d) advise the Federal Military Government after consultation with the securities and Exchange commission (SEC) and the Nigerian Stock Exchange on the allotment pattern for the sale of the shares of the enterprise concerned in accordance with section 7 of this Decree;
- (e) oversee the actual sale of shares of the enterprise concerned by the issuing houses in accordance with the guidelines approved by the Federal Military Government;
- (f) submit to the Federal Military Government from time to time for the purpose of approval, proposals on sale of Government shares in designated enterprises with a view to ensuring a fair prices and even spread in the ownership of the shares;
- (g) ensure the success of privatization and commercialization exercises taking into account the need for balance and meaningful participation by Nigerians and foreign interests in accordance with the relevant laws of Nigeria and

## Omoleke

- (h) Ensure the updating of the accounts of all commercialized enterprises with a view to assuring financial discipline.

Going by the review of literature, it is evident that the allegation of ineffective performance leveled against the SOEs is substantially true. The charge has also been expressed by Akinola and Nassar (1999) when they remarked that the most widely given reasons for privatization are inefficiency and indiscipline which characterize most SOEs. And this translated into poor performance in their delivery of services.

In Nigeria, privatization is also seen as a part of the process of structural adjustment. It involves redefining the role of the state by disengaging the state from those activities which are presumed best carried out by the private sector with the overall objective of achieving economic efficiency and socio economic development. It looks like a political process that is carried out as an economic exercise. Other argument for privatization arose in the 80<sup>s</sup> partly, due to the collapse of the oil market which led to a serious economic recession. So, the subsequent need to cut public expenditure in view of the financial burden of most of the SOEs arose. Further arguments have also been advanced by President of the Federal Republic of Nigeria during the inauguration of the National Council on Privatization and Commercialisation. He remarked:

*It is estimated that successive Governments have invested up to 800 billion naira in public-owned enterprises. Annual returns on this huge investment have been well below 10percent. These inefficiencies and in many cases, huge losses are charged against the public treasury.*

It was also submitted that SOES suffer from fundamental problems of defective capital structure, excessive bureaucratic control and intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption and crippling complacency which a monopoly engenders. Inevitably, it was submitted that these shortcomings take a heavy toll on the national economy. Another case made in Federal Government circle is that there is absolute necessity to realign Nigeria economy with the global trend.

Finally, Omotosho (2000) posited that “the new thinking in the global investment is that the private sector drives the economic processes hence it is not the business of government to be in business” we will now examine objectives of the privatization policy.

### **5. Objectives of the Privatization Policy**

In a bid to privatize its SOEs, the Federal Government set out the following objectives:

- i. To restructure and rationalize the public sector in order to lesson the dominance of unproductive investments in the sector;
- ii. To re-orientate and rationalise the public sector for privatization and commercialization towards a new horizon of performance, improvement, viability and overall efficiency;

## Omoleke

- iii. To raise fund for financing socio- economic developments in such areas as health, education and infrastructure;
- iv. To ensure positive returns on public sector investment in commercialized enterprises, through more efficient management;
- v. To check the present absolute dependence on the treasury for funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigerian Capital Market to meet their funding requirements,
- vi. To initiate the process of gradual cession to the private sector of such SOEs which are better operated by the private sector and
- vii. To create more jobs, acquire new knowledge, technology and expose the country to international competition (National Council on Privatisation Hand Book PP 46 & 47)

Arising from the objectives of Federal Government Privatization Policy, it would appear that the policy of the Federal Government to privatize the SOEs is almost irreversible. However, there are certain pertinent questions the policy is silent on. These are:

1. Who stands to gain from the policy the political elite, the Government or the grassroots?
2. What are the economic, political and social implications of going into privatization exercise?
3. What is the hope of the grassroots in this policy?
4. Is the policy going to enhance the welfare and standard of living of the poor or enhance the political and economic hegemony of the few political elite who have been using political power to enrich themselves since independence?
5. Will the grassroots, and the poor be able to send their children to privatized Universities/Tertiary Institution given low per capita income of Nigerian citizens?
6. Should Nigeria join a global train without knowing its destination?
7. Will privatization policy remove the shady dealings and corruption inherent in the Nigerian Society in which the SOEs are microcosm of the larger society?
8. Are the other arms of governments insulated from inefficiency?
9. Is private sector incorruptible? and
10. Is privatization the only antidote to the ailing SOEs?

The above yet unanswered questions informed this scholar to go to town and carry out an empirical investigation on the consequential implications of the Nigerian Federal Government Privatisation Decree No 25, 1988 on tertiary educational institutions in the South Western Nigeria. The choice of South Western Nigeria was informed by the fact that more private Universities are found in the South Western Nigeria.

To this end, we randomly selected four privately established Universities and one public University. Thus

- i. Fountain University, Osogbo
- ii. Ajayi Crowther University, Oyo
- iii. Joseph Ayo Babalola University, Ikeji Arakeji

## Omoleke

- iv. Lead City University, Ibadan and
- v. Obafemi Awolowo University, Ile-Ife representing the Federal Government established University.

Two hundred questionnaires were distributed to the stakeholders comprising the students, the managers and the parents while indepth interviews were conducted with the Vice Chancellors, the registrars, the Bursar, as well as the lecturers of the randomly selected Universities (public and private). Substantial Questionnaire were retrieved, above 70%. The Questionnaire distributed were analyzed using inferential statistics and beefed up with descriptive analysis while the interview schedule were analysed in the same manner like the Questionnaire.

The findings of the empirical study revealed the following:

### 6. Discussion

When asked to comment on the services i.e. management of University Education in the early 70s and 80s, (70) that is, 50.7% of the respondents asserted that the management of University Education was good while (55) i.e 39.9% said it was excellent. The respondents added that the facilities on ground then were good (56.9%). On the University products, the respondents held that the products were excellent, 54.7%. Furthermore, the opinion of the respondents were sought on why the establishment of Universities was monopolized by the Federal Government. They reacted that inadequate capital for private ownership and that education was a social/public service and then was not for profit making (50.8%).

In the late 80s, the Federal Government opened the gate for private establishment and ownership of University and so the study groped for the rationale behind the Federal Government policy of extending privatization policy to education sector. The respondents adduced some reasons among which are (1) inadequate funding of State-Owned Institutions (29.2%) and incessant strike in the Universities (38.3%). When asked to express opinion on the effects of the policy, they listed the following:

- (i) There is more return to investment (30%) and
- (ii) More jobs created (28.3%)

When asked to comment on whether or not intellectual excellence will be compromised for profit maximization which is a characteristic of private ownership, 53.8% of the respondent said no while 46.2% said, it may forgo intellectual excellence for profit making. On whether the private and "privatized Universities would" be able to attract, employ and pay lecturers adequately. The respondents believed that they could. 64.3% confirmed the statement while 34.9% said they may not be able to do so.

The study also sampled the opinion of the stakeholders and parents whether or not they would like to send their children to privately owned Universities. 57.8% said they will while 42.2% said no and when asked to justify why they wouldn't, 62.5% said that the programme is more expensive. And to those who said yes, claimed that there is no

## Omoleke

strike hence the programme is fast (56.2%). When asked to comment on the advantages the Public Universities have over the Private Universities, 88.2% of the respondents affirmed that Public Universities have made names hence they are more recognised by International Community.

Conversely, the study asked the respondents to comment on the advantages the Private Universities have over the Public Universities. 98.9% of them asserted that the Private Universities academic sessions are more stable as there is no strike by the Unions that can disrupt academic calendar unlike what obtains in the Public Universities.

The empirical study findings also established that the poor parents may not be able to send their wards to private universities given the poverty level in Nigeria – 63.4% confirmed this assertion while only 4.6% of the respondents said that the poor may be able to do so. Given the low per capita income in Nigeria, the research findings asserted that the poor majority may find it very difficult to send their wards to University (68) respondents, that is 52.71 confirmed this assertion, (40) respondents, that is 31.0% said the poor are hopeless while (21) respondents, 16.3% said the poor may never be able to finance University education for their wards. See table I.

**Table I: The Poor and University Education**

Variable	Frequency	Valid percentage
Hopeless	40	31.0
Not certain	68	52.7
Never	21	16.3
<b>Total</b>	<b>129</b>	<b>100</b>

Source: Field Survey May, 2010

**Table II: Effects of Liberalisation of University Education**

Variable	Frequency	Valid percentage
Yes	52	43.3
No	68	56.7
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field Survey May, 2010

When asked to comment whether mushrooming of private Universities will not lower the standards of University education. The study found out that it may not lower the standards as (68) respondents, that is, 56.7% confirmed this. On the other side of the coin, 52 respondents that is, 43.3% said that the standards may be affected. See Table II.

## Omoleke

**Table III: Reduction of Admission Problems**

Variable	Frequency	Valid percentage
Yes	83	65.9
No	16	12.7
Not likely	27	21.4
<b>Total</b>	<b>126</b>	<b>100</b>

Source: Field Survey May, 2010

The study also found out that the privatization policy has tendency to reduce problems of aspiring students who are yearning to get admission into Universities. 83 respondents, i.e 65.9% admitted this assertion while (16) (9.1%) respondents did not support and (27) respondents, 15.3% said it is not likely.

**Table IV: NUC Control of University Operations**

Variable	Frequency	Valid percentage
Yes	110	85.3
No	19	14.7
<b>Total</b>	<b>129</b>	<b>100</b>

Source: Field Survey May, 2010

The study established an important fact that the Nigerian Universities Commission (NUC) will be able to control the operation of private Universities as (110) respondents, 85.3% i.e confirmed this position while only 19 respondents, that is, 14.7 said no.

**Table V: Should Federal and State Governments Privatise their Universities?**

Variable	Frequency	Valid percentage
Yes	19	15.1
No	107	84.9
<b>Total</b>	<b>126</b>	<b>100</b>

When asked to comment on whether or not the Federal and State Governments should privatize State Owned Enterprises (SOEs) in the Educational sector like Universities and the Polytechnics, 107 respondents constituting 84.9% did not agree while only 19 agreed that the Governments should privatize their Universities. The respondents added that the effects of doing so amounts to less opportunities for the poor to access to education as 66 of them confirmed this assertion.

**Table VI: School Fees per Session – Private University**

Variable	Frequency	Valid percentage
N25,0000 – N400,000	85	66.4%
N350,000 – N400,000	42	32.8%
Above N400,000	1	8%
<b>Total</b>	<b>128</b>	<b>100</b>

Source: Field Survey May, 2010

## Omoleke

Some of the respondents who are students opined that their school fees ranged between N250,000 – N4000,000 per session (85) respondents, 66.4% confirmed this while (42) respondents, 32.8% said that their school fees range between N350,000 – N4000,000 per session. When asked whether they are able to pay the fees as at when due, 98 respondents, 77.8, said they pay as at when due while 28, that is 22.2% said they are incapable. They further stated that it was not convenient for their parents to pay without going into loan (34.5%). When asked how many of them are being sponsored in private Universities, 68 of the respondents said only 1 (51.9%) while 38 said only 2 are being sponsored (27.5%).

When the students were asked whether they would accept the offer to study in a Public University if they had a chance; 103 respondents that is 77.4% said yes, while (30) i.e 22.6 per cent said No. When further asked to state why they would accept the offer from a Public University, they argued that there are more facilities there than what obtain in the private universities (87.3%).

When the students were asked if they have adequate academic staff for all the courses, 89 respondents said yes (71.8%) while 35, 28.2% said no. The study established that, facilities like water, electricity, well equipped library, good hostels and lecture rooms are not adequate in Private Universities. This was confirmed by 65 respondents, i.e 53.3% while 57 respondents that is 46.7% said the facilities are well provided. See table VII below.

**Table VII: Facilities in Private Universities**

Variable	Frequency	Valid percentage
Yes	57	46.7
No	65	53.3
<b>Total</b>	<b>122</b>	<b>100</b>

Source: Field Survey May, 2010

Finally, the study asked the respondents to rate the Public Universities. Their rating confirmed that the Universities are good as (87), i.e 71.3% while (25) respondents 20.5%, rated them excellent. Only 8.2% of the respondents said the Public Universities are poor.

On the other hand, the respondents were also asked to rate the Private Universities. Their assessments are statistically represented in the table below.

**Table VIII: Rating of Private Universities**

Variable	Frequency	Valid percentage
Excellent	43	36.1
Good	68	57.1
Poor	08	6.7
<b>Total</b>	<b>119</b>	<b>100</b>

Source: Field Survey May, 2010

## Omoleke

**Table IX: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Dev.
Year	10	1994	2003	1998.50	3.028
Total Budget	10	98.20	984.20	389.8700	337.45121
Govt. Allocation to Education	10	8.66	62.60	25.8760	17.56889
Allocation to Education as Percentage of Total budger	10	1.83	12.96	8.9830	3.37649

**Table X: Correlation**

Total Budget	Pearson Correlation	Total Budget	Govt. Allocation
		1	.424
	Sig (2-tailed)		.222
	N	10	10

The descriptive statistics of table ix further shows lack of government's commitment towards education. In the ten-year period under review, the mean total budget stood at N389.8700 billion with a standard deviation of 337.45121. The mean allocation to education in the same period was N25.8760 billion with a standard deviation of 17.568. The mean allocation to education as percentage of total budget was 8.9% and a standard deviation of 3.37. Correlation of the variables indicates a non-significant value of 0.222 (i.e.  $P > 0.05$  confidence interval).

## 7. Conclusion

Arising from the analysis and discussion of data gathered from the field, the following major findings were noted in relation to the major objective of the study;

- i) Privatisation policy of the Federal Government has positively and negatively impacted on educational sector. On the positive side, more opportunities are available for University aspiring students as private Universities came on board through privatization policy. This is unlike pre-privatisation policy era of publicisation where limited places were available in Federal Universities for endless number of aspirants.
- ii) Furthermore, more job opportunities were available in private Universities thereby reducing to some extent, the degree of unemployment in Nigeria (64.3%).
- iii) Academic calendars are more stable in Private Universities than in the Public Universities (98.9%), owing to absence of industrial strikes in private Universities (56.2%).
- iv) The fear of the nature of private ownership of organisation was also mitigated when it was established by this study that intellectual excellence is not likely to be compromised with profit maximization which seem to be the motives of private organizations (53.8%). This finding was informed by the control of the N.U.C on Private Universities especially in the areas of standardization and uniformity. The disaccreditation of seven Private Universities by N.U.C lends credence to the result findings of this study. See the Punch 1<sup>st</sup> July 2010 page 2.

## Omoleke

On the negative side, the research established that only the few rich Nigerians can afford to send their wards to Private Universities as the school fees in private Universities is on the high side compared to the public Universities. Corollary to this fact is that the poor would have no opportunity to enjoy University Education. Furthermore, the Private Universities are deficient of staff and facilities (53.3%) and they rely mostly on the Associate Lecturers from Public Universities.

### References

- ADEA. 1999, (Association for the Development of Education in Africa) working Group on Higher Education (W.G.H.E) Report.
- Bollage, B 2002, 'Nigerian Universities Start to recover from years of violence, corruption and Neglect', *The Chronicle of Higher Education* (February, A40-A42).
- Dike, V 2000, 'The Universal Basic Education Programme: Educating the Educators in Nigeria', <http://www.nigeriaworld.com>.
- Dike, V 2001, 'The state of Education in Nigeria and the Health Of the nation', *African Economic Analysis*.
- Ikharehan, JI 2007, 'Capacity Building for national Sustainable Development: The Nigerian Experience', *Journal of Social Sciences*, vol.15,no. 1, pp; 25-29.
- Rousseau, JJ 1994, (trans by Betts) *the Social Contract*, Oxford University Press, London,