



(RESEARCH ARTICLE)



## The Impact of Privatization and Commercialization on the Performance of Public Enterprises: A Case Study of PHCN, Eket

Udoyiu, Udoyiu Edem \* and Edward, Samuel Okposin

*Department of Business Administration, Heritage Polytechnic, Eket, Akwa Ibom State, Nigeria.*

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### Abstract

Privatization and commercialisation have been widely adopted as policy measures to improve the efficiency of public enterprises. In Nigeria, these reforms were implemented to address inefficiencies, financial losses, and poor service delivery in state-owned enterprises. This study examines the impact of privatisation and commercialisation on public enterprises, focusing on the Power Holding Company of Nigeria (PHCN), Eket. The primary objective of this study is to assess whether privatisation and commercialization enhance the efficiency and service delivery of public enterprises while identifying key challenges that may hinder their effectiveness. A descriptive survey research design was employed to collect primary data through structured questionnaires administered to PHCN employees. The study used a census sampling method due to the small population size of 41 employees, with 34 completed questionnaires retrieved and analyzed using percentage distributions and statistical tools. Findings reveal that while 67.65% of respondents agree that privatisation and commercialisation improve efficiency, 58.82% do not believe that privatized organizations necessarily perform better than public enterprises. Furthermore, 76.47% of respondents do not attribute poor performance in public enterprises solely to political interference and resource mismanagement. The study indicates that while privatization and commercialization can lead to increased efficiency, their effectiveness depends on regulatory frameworks, investment in infrastructure, and market competitiveness. Skepticism remains due to poor implementation, monopolistic tendencies, and pricing concerns. Privatization and commercialization have the potential to enhance public enterprise performance, but their success requires transparent governance, strong regulations, and institutional reforms. A holistic approach integrating market-driven policies with government oversight is necessary for sustainable improvements. This study provides empirical evidence on employee perceptions of privatization in Nigeria's power sector, highlighting the gap between policy intentions and practical outcomes, with recommendations for improving privatization strategies.

**Keywords:** Commercialization; Privatization; Public Enterprises; Regulatory Frameworks; Service Delivery

### 1. Introduction

The establishment of public enterprises and cooperatives gained significant prominence in the 19th century, mainly as European societies experienced upheavals driven by individualization and urbanization. Social issues such as unemployment and economic inequalities necessitated state intervention in economic affairs. Britain, often regarded as the "father of public enterprise," set the stage for widespread state involvement in industrial production, transport, social services, and communication (Sihombing & Sitorus, 2024). Many African countries adopted this model as a means of fostering economic and social development, leading to the expansion of state responsibilities beyond traditional functions such as justice and societal welfare. Despite various economic policy initiatives promoting agricultural industries and other sectors, Nigeria's economy relies heavily on a monoculture commodity—oil (Mondesir & Franck, 2024). This reliance has hindered capital investment and broader development due to technological deficiencies and inadequate managerial expertise. In response, the government established various enterprises, agencies, and

\* Corresponding author: Udoyiu, Udoyiu Edem

institutions to drive economic growth. The 1919 Constitution of Nigeria categorized officials managing these enterprises as public servants, entrusting them with responsibilities akin to those of private enterprise managers (Omokugbo & Imogiemhe, 2020). However, by 1967, a review of the Nigerian Railway Corporation's performance led to recommendations for an executive board with a chairman also serving as the chief executive officer to enhance efficiency.

Public enterprises in Nigeria require consistent financial support for their operations. However, challenges such as inadequate capital, lack of financial autonomy, government interference, technological limitations, and political disruptions have significantly hindered their performance (Akeem, 2019). Given the constraints of a monoculture economy in generating sufficient revenue, the government has explored alternative strategies to stabilize economic conditions. To address these challenges, privatization and commercialization policies were introduced to improve public enterprise efficiency and productivity. These policies aim to grant full autonomy to public enterprises, allowing them to operate without government subvention or interference. The expected outcome includes enhanced service provision, increased productivity, and overall contributions to national economic growth (Udoyiu & Uko, 2023). While privatization and commercialization share common objectives—such as ensuring efficiency, high productivity, and profitability—their structure and implementation differ.

In 1988, the Federal Government of Nigeria enacted Decree No. 25, establishing the Technical Committee on Privatization and Commercialization (TCPC). The TCPC oversaw the privatization and commercialization of selected underperforming government enterprises. The primary objective was to promote greater efficiency, reduce government expenditure, and enhance overall service delivery (Ac-Ogbonna, 2024). The establishment of public enterprises in Nigeria, particularly during the 1960s and early 1970s, was driven by the need to control resources, generate revenue, and provide essential infrastructure such as railways, electricity, and telecommunications. These enterprises were also seen as instruments for job creation and economic development. However, their inefficiencies necessitated policy reforms. Privatization and commercialization were subsequently introduced to address issues of mismanagement, inefficiency, and political interference, aiming to improve performance and service delivery.

The challenges facing public enterprises raise critical questions:

- Is political interference and mismanagement of resources responsible for the poor performance of public enterprises in Nigeria?
- Can privatization and commercialization enhance the efficiency of public enterprises?
- Have these policies improved Nigeria's service delivery, productivity, and overall economic performance?

This study aims to investigate the effectiveness of privatization and commercialization in addressing the dysfunctions of public enterprises. Specifically, it seeks to determine whether political interference and resource mismanagement contribute to inefficiencies, assess the impact of privatization and commercialization on enterprise performance, and evaluate how these policies have improved service delivery. The findings of this study will contribute to a broader understanding of Nigeria's economic policies and provide insights for policymakers, economic planners, and researchers. By assessing the impact of privatization and commercialization on enterprises such as NITEL, this research will offer valuable knowledge on contemporary economic reforms and their implications for national development. Additionally, it will examine whether privatized organizations outperform state-owned enterprises and assess whether privatization has made essential services more accessible and affordable. Ultimately, this study aims to comprehensively analyze Nigeria's public enterprise sector and offer recommendations for enhancing efficiency and economic sustainability.

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## 2. Literature Review

### 2.1. Origin and Development of Public Enterprises in Nigeria

Public enterprises have played a significant role in the economic and social development of many nations, particularly in developing countries. Following World War II and throughout the 1960s and early 1970s, governments increasingly intervened in economic activities by establishing state-owned enterprises. These enterprises were designed to drive national development, especially in countries where the private sector was weak and unable to sustain large-scale industrialization (Baa & Chattoraj, 2022). In Nigeria, successive governments relied on public corporations and state-owned enterprises to stimulate economic growth. This strategy was formally articulated in Nigeria's Second National Development Plan, which emphasized the need for state intervention to accelerate economic progress in the face of capital scarcity (Harry & Madume, 2018). A key motivation for establishing public enterprises was to prevent essential

economic sectors from falling under the control of private entities, particularly foreign multinational corporations. As a result, public enterprises were created to operate in critical sectors such as manufacturing, construction, finance, transportation, utilities, agriculture, and natural resources.

The history of public enterprises in Nigeria dates back to 1897, when the Lagos Racecourse Management Board was established by colonial authorities to regulate and manage recreational activities. After independence, the number of public enterprises expanded rapidly, leading to the creation of major institutions such as the Nigerian Television Authority (NTA) in 1962, Nigeria Airways, and the Nigerian Marketing Company Limited (Erude et al., 2024). These enterprises were intended to address economic and infrastructural challenges while ensuring the provision of essential services to the public.

During the era of regional governments, state enterprises were established along geopolitical lines to control local economic resources. The Northern Region created the New Nigerian Development Company (NNDC) in 1962, with its headquarters in Kaduna, to manage economic activities in the north. Similarly, the Western Region established the Odu'a Investment Company, based in Ibadan, while the Eastern Region formed the Eastern Nigeria Development Corporation (ENDC) (Onileowo et al., 2022). These regional enterprises diversified into various sectors, including real estate, banking, agriculture, insurance, and transportation. However, political patronage heavily influenced their operations, and economic performance was often secondary to political considerations. Since regional governments viewed these enterprises as conduits for public funds and political patronage, they continued to receive financial subventions despite poor operational performance.

The oil industry became a symbol of national control in Nigeria, particularly in the early 1970s, when oil wealth was considered too strategic to be left in private hands. The civil war from 1967 to 1970 reinforced the importance of controlling oil resources, leading to the establishment of the Nigerian National Oil Corporation (NNOC), which later merged with the Federal Ministry of Petroleum under Decree No. 33 of 1976 (Ezirim, 2018). This merger created the Nigerian National Petroleum Corporation (NNPC), granting the federal government full ownership, management, and marketing authority over the country's oil industry.

The 1970s saw a significant expansion of public enterprises, driven by the oil boom. The government embarked on large-scale industrialization projects, leading to the establishment of over 8,000 public enterprises across various sectors. Major initiatives included the Ajaokuta Iron and Steel Plant, launched in 1975 with technical support from the Soviet Union, along with steel rolling mills in Aladja, Osogbo, Katsina, and Jos (Akinlo, 2022). Public enterprises also expanded into banking, telecommunications, and transportation, with the federal government managing more than 1,500 branches nationwide. This expansion also included the establishment of 32 federal ministries, 125 parastatals, 24 federal universities, and 68 research institutions.

Despite these ambitious developments, many public enterprises suffered from operational inefficiencies due to poor financial management, bureaucratic challenges, and political interference. By the late 1980s, concerns about the inefficiencies of public enterprises prompted the government to introduce privatization and commercialization policies. These reforms aimed to improve productivity and reduce government expenditure by transferring ownership or management of public enterprises to private entities while ensuring continued service delivery.

Public enterprises in Nigeria have faced several challenges that have hindered their ability to operate efficiently. Corruption and mismanagement have been widespread, with cases of financial embezzlement and weak governance structures leading to poor performance. Political interference has also been a major issue, as excessive government control and patronage appointments have resulted in inefficiencies (Nwali et al., 2019). Public enterprises often suffer from financial constraints, technological limitations, and poor infrastructure, which reduce their competitiveness and hinder their ability to modernize operations. Additionally, attracting and retaining skilled personnel has been difficult due to poor working conditions and inadequate salaries, with many professionals opting for private sector employment instead (Udoyiu & Edward, 2024).

To address these inefficiencies, the Nigerian government introduced privatization and commercialization policies aimed at reducing government involvement in business activities and promoting efficiency. These policies sought to encourage both domestic and foreign investments, reduce administrative burdens, and enhance economic efficiency through competition. Privatization in Nigeria has taken various forms, including deregulation, divestment, displacement, and decentralization. Deregulation involves reducing government control over state-owned enterprises, allowing private entities to participate in service provision (Awoyemi et al., 2022). Divestment entails the sale of government-owned assets to private investors, as seen in the privatization of Nigerian Telecommunications Limited (NITEL) and Nigeria Airways. Displacement allows the private sector to gradually take over functions previously

handled by public enterprises, often through public-private partnerships (PPP). Decentralization shifts decision-making authority to market-driven entities while maintaining some level of state ownership and regulatory oversight.

Public enterprises in Nigeria have played a crucial role in national development, yet their effectiveness has been significantly undermined by financial mismanagement, political interference, and bureaucratic inefficiencies. Privatization and commercialization have been introduced as solutions to improve performance, promote competition, and attract private sector investment. While privatization has yielded positive results in some sectors, its success depends on transparent implementation, effective regulatory oversight, and sustained stakeholder engagement (Madimutsa et al., 2021). Moving forward, it is essential for the Nigerian government to ensure that privatization efforts do not create monopolies but instead contribute to a more efficient, competitive, and sustainable economic environment. Strengthening public enterprises requires reducing political interference, enhancing corporate governance, and improving financial accountability to ensure that these enterprises contribute effectively to Nigeria's economic growth and development.

## **2.2. The Evolution and Impact of Privatization and Commercialization in Nigeria**

The emergence of privatization and commercialization as significant economic policies can be traced back to a global shift toward market-oriented economies. Many nations, particularly those in the developing world, faced challenges related to capital shortages and weak indigenous entrepreneurial capabilities. In response, governments adopted state-led industrialization strategies to stabilize economies and promote national development (Biygautane & Clegg, 2024). Historically, government ownership of enterprises in Nigeria was rooted in colonial policies aimed at regulating industries for administrative control and economic stability. Early government participation in business was driven by the need to maintain public order and provide essential infrastructure. However, over time, public enterprises in Nigeria became synonymous with inefficiencies, mismanagement, and financial instability. Despite sustained government efforts to support these enterprises, many of them persistently underperformed, prompting the need for alternative economic strategies (Olorunshola & Odeyemi, 2022).

To address these challenges, the concepts of commercialization and privatization emerged as alternative mechanisms to improve efficiency in state-owned enterprises. Commercialization involves restructuring public enterprises to operate with commercial objectives, ensuring financial self-sufficiency while reducing dependence on government subvention. Under Decree No. 25 of 1988, commercialization was officially defined as the reorganization of government-owned enterprises to function as profit-oriented ventures, allowing them to determine pricing, capitalize assets, borrow funds, and operate independently in the market. This policy was aimed at improving performance while retaining public ownership. Privatization, in contrast, refers to the complete or partial transfer of government-owned enterprises to the private sector. This process may take different forms, including management contracts, lease agreements, or outright sale of government stakes in enterprises (Brambilla & Lavista, 2019). The objective of privatization is to enhance efficiency, improve service delivery, and stimulate private sector-driven economic growth. Unlike commercialization, which retains government ownership, privatization involves a significant shift in control to private investors.

The global trend toward privatization gained momentum in the mid-20th century, with several nations pioneering market-driven economic reforms. The Federal Republic of Germany led the way by privatizing its majority stake in Volkswagen in 1957. This was followed by Chile's privatization program in 1974 and the notable privatization of British Telecom under Margaret Thatcher in the 1980s. France also embraced privatization, exemplified by Jacques Chirac's sale of state-owned banks. Japan, Mexico, and other countries later followed suit, resulting in widespread economic transformations (Parker, 2021). The shift towards privatization was further accelerated by the collapse of communist regimes in Eastern Europe and the Soviet Union, which led to extensive market liberalization. Even countries with historically state-controlled economies, such as China and Cuba, introduced privatization measures to drive economic growth. Between 1984 and 1994, approximately \$1.468 trillion worth of public assets were transferred to the private sector worldwide, underscoring the scale of the privatization movement.

In Nigeria, privatization and commercialization gained prominence in the 1980s as part of structural adjustment programs designed to address economic stagnation. Public enterprises had become riddled with financial losses, corruption, and bureaucratic inefficiency, prompting the government to shift towards market-driven policies. The Nigerian government formally initiated privatization through Decree No. 25 of 1988, which established the Technical Committee on Privatization and Commercialization (TCPC) (Itaman & Awopegba, 2021). The committee was tasked with identifying underperforming enterprises and implementing privatization reforms. This marked the beginning of systematic efforts to reduce government control over state-owned enterprises and promote private sector participation.

Subsequent administrations continued the privatization agenda, leading to the sale of several state-owned enterprises, including Nigerian Telecommunications Limited (NITEL) and the Power Holding Company of Nigeria (PHCN). While the privatization process has faced challenges such as political resistance, lack of transparency, and concerns about job losses, it has also contributed to increased private sector investment in key industries (Itaman & Awopegba, 2021). The transition from state-controlled enterprises to privately managed entities has facilitated economic diversification, encouraged foreign direct investment, and improved service delivery in sectors such as telecommunications and power distribution.

For privatization to be effective, certain conditions must be met to ensure transparency, efficiency, and public confidence in the process. Political commitment is essential, as strong leadership is required to implement privatization policies successfully (Tan et al., 2020). Weak political will can lead to policy reversals, ineffective implementation, and resistance from interest groups. The government must demonstrate a clear vision and dedication to ensuring the process is carried out effectively. Transparency in the privatization process is equally crucial, as public confidence depends on the perceived fairness of the exercise. Privatization programs that lack transparency often face public opposition due to concerns about corruption, favoritism, and insider deals. Ensuring clear communication, public participation, and strict regulatory oversight helps maintain credibility and public trust.

Institutional and economic readiness is another critical factor for successful privatization. A conducive macroeconomic environment, including deregulation, trade liberalization, and financial stability, ensures that privatized enterprises can function efficiently within a competitive market structure (Udoyiu & Okposin, 2024). Countries that encourage free-market principles, stable investment climates, and strong regulatory capacity are more likely to benefit from privatization. Public awareness and communication also play a key role in fostering acceptance of privatization policies. The general public must understand the rationale behind privatization, its benefits, and its long-term economic implications. Awareness campaigns help mitigate resistance and facilitate a smoother transition from public to private ownership (Levi & Zehavi, 2022). The Nigerian government's decision to privatize certain public enterprises was driven by the inefficiencies and inability of these enterprises to deliver essential services. By granting greater autonomy to enterprises, privatization seeks to improve service delivery, enhance productivity, and attract private investment. The restructuring of the economy through privatization reallocates resources to more efficient sectors, attracting both domestic and foreign investments while fostering a culture of self-sustaining economic growth. Given Nigeria's prolonged economic challenges, including high unemployment, food crises, and infrastructural deficits, privatization is seen as a means of eliminating waste and promoting efficiency.

Aligning with global economic trends, capitalism and market liberalization have become dominant economic models. Privatization aligns Nigeria's economy with international best practices, encouraging competitiveness and private sector innovation. Private sector management is often more effective in delivering high-quality services, ensuring customer satisfaction, and fostering innovation. Privatized enterprises tend to operate more efficiently, reduce operational costs, and compete effectively in domestic and international markets. Furthermore, privatization stimulates investment opportunities, leading to job creation and economic expansion (Essien et al., 2024). Despite its potential benefits, privatization remains a controversial policy in Nigeria. Concerns about job losses, unfair asset distribution, and monopolistic tendencies continue to spark debates. Critics argue that privatization may disproportionately benefit a few wealthy individuals while marginalizing the general population (Udoyiu et al., 2024). However, when implemented with strong institutional frameworks and transparent governance, privatization can serve as a powerful tool for economic transformation. The continued success of privatization in Nigeria will depend on sustained policy reforms, effective regulatory oversight, and the ability to balance economic efficiency with social welfare objectives. By fostering a competitive business environment, strengthening regulatory institutions, and promoting fair market practices, Nigeria can maximize the benefits of privatization while ensuring equitable economic development.

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### **3. Methodology**

#### **3.1. Area of Study**

The area of study for this research focuses on the Power Holding Company of Nigeria (PHCN) in Eket, Akwa Ibom State. PHCN, formerly known as the National Electric Power Authority (NEPA), is a government-owned entity responsible for electricity generation, transmission, and distribution across Nigeria. The choice of PHCN, Eket, as the study area is based on its significant role in power distribution within the region and its inclusion in the privatization and commercialization framework implemented by the Nigerian government. Given the persistent challenges faced by PHCN, including inefficiency, service delivery issues, and financial constraints, the study seeks to investigate the impact of privatization and commercialization on the company's operations, particularly in relation to efficiency, service delivery, and financial sustainability.

### 3.2. Research Design

The research employs a descriptive survey design to systematically gather and analyze data related to privatization and commercialization in PHCN, Eket. This design allows the researcher to obtain both qualitative and quantitative data necessary for an in-depth evaluation of the subject matter. The research plan includes selecting appropriate methods for data collection, determining the sample size, and identifying relevant analytical techniques. The primary objective is to evaluate whether privatization and commercialization have enhanced the operational efficiency of PHCN.

A combination of primary and secondary data sources is utilized to provide a comprehensive analysis. The primary data is collected through structured questionnaires, oral interviews, and direct observations, while secondary data is obtained from books, journals, reports, government policies, newspapers, and other relevant academic materials.

### 3.3. Sample Determination and Sampling Technique

The population for this study comprises the entire workforce of PHCN, Eket, which consists of 41 staff members. The relatively small size of the population allows for an in-depth investigation of the subject matter without the need for further sampling techniques.

Given that the total population of PHCN staff in Eket is only 41, this study adopts a census sampling approach, meaning all employees are included in the research. This approach ensures that the responses and data collected are representative of the entire workforce, thereby improving the accuracy and reliability of the study.

According to Burns and Bush (1988), determining an appropriate sample size is often a compromise between what is theoretically ideal and what is practically feasible. In this study, due to the small population size, the entire workforce is surveyed, thereby eliminating the need for statistical sampling techniques such as Yamane's formula or Krejcie and Morgan's sample size determination table.

### 3.4. Sources of Data and Collection

This research relies on both primary and secondary data sources to ensure a well-rounded analysis of privatization and commercialization in PHCN.

**Primary Data Sources:** The primary data is gathered through field surveys, including questionnaires, oral interviews, and observations conducted among PHCN employees in Eket. The questionnaire consists of both closed-ended and open-ended questions to capture numerical data and subjective opinions on the impact of privatization and commercialization. Oral interviews with key officials provide additional insights into operational challenges and organizational changes post-privatization.

**Secondary Data Sources:** Secondary data is obtained from books, government reports, academic journals, newspapers, and relevant archival materials. Official records from PHCN, reports from the Bureau of Public Enterprises (BPE), and previous studies on privatization and commercialization are also reviewed to complement the primary data.

The researcher employs a mixed-method approach, integrating both qualitative and quantitative methods for data collection. Structured questionnaires serve as the primary tool for quantitative data collection, while oral interviews and direct observations provide qualitative insights into the research problem. The researcher personally distributes questionnaires to respondents to ensure clarity and completeness. Oral interviews are conducted with selected officials to gain further understanding of PHCN's privatization process and its impact on service delivery and operational efficiency.

### 3.5. Method of Data Analysis

The collected data is analyzed using descriptive and inferential statistical techniques. Descriptive statistics such as percentages, mean scores, and frequency distributions are used to summarize the data, while inferential statistics, specifically regression analysis, is applied to determine relationships between privatization, commercialization, and the efficiency of public enterprises.

The simple percentage formula is used to analyze questionnaire responses:

$$Percentage = \left( \frac{\text{Total Number of Responses for Each Category}}{\text{Total Number of Respondents}} \right) \times 100 \dots\dots\dots 1$$

For hypothesis testing, the linear regression model is employed to examine the impact of privatization and commercialization on public enterprise efficiency. The general form of the regression model is expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots\dots\dots 2$$

Where: Y represents the dependent variable (efficiency of public enterprises),  $X_1$  represents privatization,  $X_2$  represents commercialization,  $X_3$  represents political interference,  $\beta_0$  is the intercept,  $\beta_1, \beta_2, \beta_3$  are regression coefficients, and  $\varepsilon$  represents the error term.

### 3.6. Hypotheses Formulation

To guide the research, the following hypotheses are formulated and tested using statistical methods:

#### Hypothesis 1

- Null Hypothesis ( $H_0$ ): Political interference negatively impacts the efficiency and performance of public enterprises.
- Alternative Hypothesis ( $H_1$ ): Political interference does not significantly affect the efficiency and performance of public enterprises.

#### 3.6.1. Hypothesis 2

- Null Hypothesis ( $H_0$ ): Privatization and commercialization contribute to enhancing the efficiency of public enterprises.
- Alternative Hypothesis ( $H_1$ ): Privatization and commercialization do not lead to an improvement in the efficiency of public enterprises.

#### 3.6.2. Hypothesis 3

- Null Hypothesis ( $H_0$ ): Privatization and commercialization improve efficiency and service delivery in Nigeria by making business operations more accessible and affordable.
- Alternative Hypothesis ( $H_1$ ): Privatization and commercialization do not enhance efficiency or service delivery in Nigeria, nor do they make business operations more accessible and affordable.

#### 3.6.3. Hypothesis 4

- Null Hypothesis ( $H_0$ ): Privatized organizations outperform public enterprises in terms of efficiency and service delivery.
- Alternative Hypothesis ( $H_1$ ): Privatized organizations do not perform better than public enterprises in efficiency and service delivery.

### 3.7. Justification for Methodology

The choice of a descriptive survey design is justified by the need to collect detailed and structured data regarding privatization and commercialization in PHCN. The inclusion of both qualitative and quantitative methods ensures a robust analysis, capturing both numerical trends and subjective perspectives. The use of census sampling eliminates sampling bias and ensures that findings reflect the experiences of all employees within PHCN, Eket. Additionally, employing regression analysis allows for the identification of causal relationships between privatization, commercialization, and enterprise efficiency.

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## 4. Result

### 4.1. Data Presentation and Analysis

The data collected for this study were analyzed to determine the impact of privatization and commercialization on the efficiency and performance of public enterprises, with a focus on PHCN in Eket. Out of the 40 questionnaires distributed, only 34 were retrieved and fully completed, representing an 85% response rate. The responses were tabulated and analyzed using percentage distributions to provide clear insights into the findings.

4.1.1. Performance Comparison Between Privatized Organizations and Public Enterprises

The study sought to determine whether privatized organizations perform better than public enterprises. The responses are summarized in Table 1 below:

**Table 1** Perception of Privatized Organizations' Performance Compared to Public Enterprises

Response	Frequency (n)	Percentage (%)
Yes	14	41.18
No	20	58.82
Total	34	100

Source: Field Survey, 2024

The data in Table 1 reveal that 20 respondents, representing 58.82% of the total sample, do not believe that privatized organizations perform better than public enterprises, while 14 respondents, making up 41.18%, believe that privatized enterprises are more efficient. These results suggest that a significant portion of the workforce at PHCN remains skeptical about the effectiveness of privatization in improving enterprise performance.

4.1.2. Impact of Privatization and Commercialization on Public Enterprises' Efficiency

Another key aspect of the research was to examine whether privatization and commercialization enhance efficiency in public enterprises. The responses are detailed in Table 2 below:

**Table 2** Influence of Privatization and Commercialization on Public Enterprises' Efficiency

Response	Frequency (n)	Percentage (%)
Yes	23	67.65
No	11	32.35
Total	34	100

Source: Field Survey, 2024

The responses in Table 2 indicate that 23 respondents, amounting to 67.65%, agree that privatization and commercialization enhance the efficiency of public enterprises, while 11 respondents, or 32.35%, disagree. This suggests that a majority of PHCN employees recognize privatization and commercialization as useful tools in improving productivity, service delivery, and financial performance.

4.1.3. Political Interference and Resource Management as Causes of Public Enterprises' Poor Performance

The study further sought to investigate whether political interference and resource mismanagement are primary contributors to the poor performance of public enterprises in Nigeria. The responses are displayed in Table 3:

**Table 3** Effect of Political Interference and Resource Management on Public Enterprises' Performance

Response	Frequency (n)	Percentage (%)
Yes	8	23.53
No	26	76.47
Total	34	100

Source: Field Survey, 2024

From Table 3, 26 respondents, making up 76.47%, do not believe that political interference and resource mismanagement are the primary reasons for the inefficiency of public enterprises, whereas 8 respondents, representing 23.53%, agree that these factors play a significant role. This finding implies that while political interference and mismanagement contribute to inefficiencies, respondents see other structural and operational challenges as more significant obstacles to public enterprise performance.

#### 4.1.4. Influence of Privatization and Commercialization on Efficiency and Service Delivery

Another focus of the study was to determine whether privatization and commercialization improve efficiency and service delivery in Nigeria. The findings are summarized in Table 4:

**Table 4** Perceived Effect of Privatization and Commercialization on Efficiency and Service Delivery

Response	Frequency (n)	Percentage (%)
Yes	28	82.35
No	6	17.65
Total	34	100

Source: Field Survey, 2024

The results in **Table 4** indicate that 28 respondents, or 82.35%, believe that privatization and commercialization improve efficiency and service delivery, whereas only 6 respondents, accounting for 17.65%, do not share this view. This strong endorsement suggests that most employees recognize the potential benefits of privatization and commercialization in driving operational efficiency, reducing government expenditure, and enhancing customer satisfaction.

#### 4.2. Summary of Findings

The results of the study provide critical insights into the effectiveness of privatization and commercialization in improving public enterprise performance. The responses suggest that while there is skepticism about whether privatized enterprises outperform public ones, a majority of employees acknowledge the positive impact of privatization and commercialization on efficiency and service delivery.

The findings also highlight a divided perception of the role of political interference and resource mismanagement in public enterprise inefficiencies. While a minority of respondents believe these factors significantly contribute to poor performance, the majority indicate that other operational and structural challenges play a more prominent role.

A notable takeaway from the research is that a significant proportion of respondents believe privatization and commercialization have positively influenced efficiency and service delivery in Nigeria. This aligns with previous studies suggesting that market-driven enterprises tend to be more efficient than government-controlled entities due to competition, profit incentives, and reduced bureaucratic bottlenecks.

Overall, these findings reinforce the importance of well-structured and transparent privatization and commercialization policies. While the implementation of these policies has had mixed results, the overwhelming perception among respondents is that they contribute positively to economic growth and enterprise efficiency. Future research should further investigate the long-term effects of privatization, particularly in relation to employment stability, pricing mechanisms, and service accessibility to consumers.

## 5. Discussion

The findings of this study provide valuable insights into the impact of privatization and commercialization on public enterprises, with a specific focus on PHCN in Eket. The results highlight employees' varying perceptions regarding the effectiveness of these economic policies in improving service delivery, operational efficiency, and financial sustainability. This chapter discusses the implications of the findings in relation to existing literature and theoretical perspectives on privatization and commercialization.

### 5.1. Performance of Privatized Organizations Compared to Public Enterprises

One of the key questions of this study was whether privatized organizations perform better than public enterprises. The results indicate that 58.82% of the respondents do not believe that privatized organizations perform better than public enterprises, while 41.18% think otherwise. This finding suggests a considerable level of skepticism regarding the superiority of privatization in enhancing operational efficiency.

This skepticism may be attributed to various factors, including concerns about privatization processes, inadequate regulatory frameworks, and instances where privatized enterprises failed to deliver on expected outcomes. In Nigeria,

some privatized companies have struggled due to mismanagement, corruption, and monopolistic practices, which have led to continued inefficiencies rather than improvements. The privatization of PHCN, for instance, was intended to resolve Nigeria's persistent power supply issues, yet many citizens and employees argue that the privatization process has not significantly improved electricity distribution. Despite the introduction of private sector involvement, issues such as power outages, poor infrastructure, and high electricity tariffs remain prevalent.

However, proponents of privatization argue that private enterprises, driven by profit motives, are generally more efficient than public enterprises due to their ability to innovate, reduce waste, and operate under competitive market conditions. According to economic theories, privatization fosters a culture of accountability, productivity, and cost-effectiveness that is often lacking in state-owned enterprises. The mixed response from PHCN employees suggests that while privatization has potential benefits, its effectiveness is highly dependent on the nature of the privatization process, the regulatory environment, and the level of government intervention.

#### *5.1.1. Impact of Privatization and Commercialization on Public Enterprise Efficiency*

A majority of the respondents (67.65%) believe that privatization and commercialization enhance the efficiency of public enterprises, while 32.35% disagree. This indicates that most employees recognize the role of privatization and commercialization in fostering efficiency and improving service delivery.

The primary rationale behind privatization and commercialization is to restructure inefficient public enterprises, making them more competitive and financially sustainable. When properly implemented, privatization reduces bureaucratic bottlenecks, minimizes waste, and promotes a business-oriented approach to operations. Many countries that have successfully privatized their public enterprises, such as the United Kingdom and Germany, have seen significant improvements in productivity and customer satisfaction.

In Nigeria, however, the success of privatization has been mixed. While some privatized enterprises, such as the telecommunications sector, have witnessed remarkable growth and improved service delivery, others, like the power sector, have not met expectations. The Nigerian telecommunications sector, which was deregulated and privatized in the early 2000s, has experienced substantial progress in infrastructure development, market competition, and affordability of services. On the other hand, the privatization of PHCN has been met with widespread criticism due to continued inefficiencies, high costs, and inadequate power supply.

The findings of this study align with existing literature, which suggests that privatization alone does not automatically lead to efficiency gains. The effectiveness of privatization largely depends on regulatory oversight, investment in infrastructure, and proper governance mechanisms. Without these supporting factors, privatized enterprises may face the same inefficiencies as state-owned enterprises, despite being privately managed.

#### *5.1.2. The Role of Political Interference and Resource Management in Public Enterprise Performance*

The results indicate that 76.47% of respondents do not believe that political interference and mismanagement of resources are the primary reasons for the poor performance of public enterprises, while 23.53% attribute inefficiencies to these factors. This finding contradicts the common perception that excessive government involvement and corruption are the main causes of inefficiency in public enterprises.

Although political interference is a significant issue in Nigeria, the responses suggest that other structural and operational challenges also contribute to inefficiencies. Poor funding, outdated infrastructure, lack of skilled personnel, and weak regulatory frameworks may have a more profound impact on public enterprise performance than direct political interference. While government influence can sometimes stifle operational independence, the absence of a well-defined business strategy, financial sustainability, and technological investment are often more critical determinants of enterprise success.

Previous studies have shown that political interference in public enterprises can lead to misallocation of resources, favoritism in employment, and lack of accountability. When appointments are made based on political considerations rather than merit, enterprises struggle to attract competent professionals capable of managing resources effectively. Additionally, public enterprises that rely on government funding often experience financial instability due to inconsistent budgetary allocations and policy fluctuations.

The results from PHCN employees suggest that while political interference is a concern, addressing inefficiencies requires a holistic approach that includes strengthening governance structures, improving financial management, and

ensuring transparency in enterprise operations. These findings emphasize the need for public enterprise reforms that extend beyond privatization to include institutional strengthening and performance-based management systems.

### *5.1.3. Effect of Privatization and Commercialization on Efficiency and Service Delivery*

An overwhelming majority of respondents (82.35%) agree that privatization and commercialization improve efficiency and service delivery, while 17.65% disagree. This finding supports the argument that a market-driven approach to enterprise management enhances operational effectiveness and customer satisfaction.

The success of privatization and commercialization in improving efficiency is evident in various sectors where private sector involvement has led to better resource allocation, improved service standards, and increased competition. In Nigeria, industries such as telecommunications, banking, and aviation have benefited significantly from privatization, resulting in better services and expanded market access.

However, in cases where privatization has failed to achieve desired results, the primary issues have been inadequate regulatory frameworks, lack of competition, and insufficient capital investment. For instance, in the power sector, while privatization was expected to improve electricity distribution, the continued dependence on outdated infrastructure and the absence of a competitive market structure have hindered progress. Many privatized electricity distribution companies struggle with inefficiencies because of poor revenue collection, lack of metering systems, and financial mismanagement.

The results of this study align with broader economic theories that support privatization as a means of enhancing efficiency. The theory of market liberalization posits that reducing government intervention encourages competition and fosters economic growth. By allowing private sector participation, enterprises are incentivized to adopt cost-effective measures, streamline operations, and focus on customer satisfaction.

Nonetheless, for privatization to be effective, governments must establish strong regulatory institutions that ensure fair pricing, prevent monopolies, and promote consumer welfare. Without proper oversight, privatization can lead to exploitative practices, where essential services become inaccessible or unaffordable to the general population.

## **5.2. Implications and Recommendations**

The findings of this study provide several implications for policymakers and stakeholders in public enterprise management. First, privatization and commercialization should not be seen as a universal solution to inefficiencies in public enterprises. While they offer opportunities for improving efficiency, they must be complemented by institutional reforms, infrastructure investments, and regulatory enhancements.

Second, the skepticism regarding the performance of privatized organizations suggests that privatization policies need to be carefully designed to ensure transparency and accountability. The government should conduct comprehensive impact assessments before privatizing critical sectors, ensuring that privatized enterprises are capable of delivering quality services without imposing excessive costs on consumers.

Third, while political interference is a concern, broader structural and managerial challenges must also be addressed. Strengthening corporate governance, adopting performance-based management, and promoting financial independence are key strategies for improving public enterprise efficiency.

Finally, regulatory frameworks must be reinforced to ensure that privatized enterprises operate in a competitive environment. Anti-monopoly laws, consumer protection policies, and investment incentives should be developed to create a balance between profitability and social responsibility.

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## **6. Conclusion**

This study examined the impact of privatization and commercialization on public enterprises, using the Power Holding Company of Nigeria (PHCN), Eket, as a case study. The research aimed to assess whether privatization and commercialization enhance efficiency, improve service delivery, and address the inefficiencies commonly associated with public enterprises. The findings from the study provide valuable insights into how these policies influence enterprise performance and highlight key challenges that need to be addressed. The results revealed a mixed perception regarding the performance of privatized organizations compared to public enterprises. While 41.18% of respondents believed that privatized organizations perform better, a larger percentage (58.82%) did not share this view. This suggests that privatization is not universally perceived as a superior alternative to state ownership. The skepticism

surrounding privatization may stem from concerns about poor regulatory oversight, lack of competition, and instances where privatized enterprises have failed to meet public expectations. However, respondents generally agreed that privatization and commercialization could enhance efficiency in public enterprises, with 67.65% affirming that these policies contribute to improved performance. A critical aspect of the study was to evaluate whether political interference and poor resource management were the primary causes of inefficiencies in public enterprises. Contrary to common assumptions, 76.47% of respondents did not attribute poor performance to these factors, suggesting that structural and operational challenges, rather than direct political influence, may play a more significant role. This finding emphasizes the need for comprehensive reforms beyond privatization, including strengthening corporate governance, improving financial management, and investing in infrastructure. The study also found that a majority of respondents (82.35%) believed privatization and commercialization improve efficiency and service delivery. This supports the argument that market-driven approaches, when properly implemented, lead to more effective operations, better customer service, and enhanced productivity. However, for privatization to yield optimal benefits, the government must ensure strong regulatory mechanisms, transparency in the privatization process, and adequate investment in infrastructure. In conclusion, while privatization and commercialization offer potential benefits for improving the efficiency of public enterprises, their success depends on well-structured implementation and ongoing regulatory oversight. The study suggests that policymakers should adopt a balanced approach that integrates privatization with broader economic and institutional reforms. Ensuring a competitive market environment, strengthening governance structures, and addressing infrastructural challenges will be crucial in maximizing the benefits of privatization while safeguarding public interest and economic stability.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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