

Impact of Privatization on the Nigerian Economy: A Study of Benin Electricity Distribution Company in Delta State

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Abstract: The Benin Electricity Distribution Company (BEDC) is used as a case study to analyse how privatisation affected the Nigerian economy. This study aims to determine how privatisation affected GDP growth in Nigeria, how privatised businesses fared in comparison to their public sector counterparts, and what obstacles were encountered along the privatisation process. A total of 400 participants, comprising employees of BEDC and electricity users in Delta State, were surveyed using a structured questionnaire as the main data collection tool in this descriptive survey study. The statistical methods used for data analysis included multiple regression, descriptive statistics, and SPSS-based Pearson correlation and analysis. According to the results, privatisation in Nigeria has a major effect on GDP growth, but it hasn't altered the efficiency of state enterprises much, and it hasn't presented any major obstacles either. The study's recommendations include an increase in investment infrastructure, a stronger regulatory oversight by the Federal Government through the Nigerian Electricity Regulatory Commission (NERC), and a higher priority for private firms to upgrade power distribution facilities like transformers, meters, and lines. Finally, BEDC and similar companies should adopt transparent operational and financial practice and accountability.

Keywords: Privatisation, Nigerian Economy, Performance, and Economic Growth.

BACKGROUND TO THE STUDY

Over 600 publicly-owned businesses in Nigeria were first set up by the federal government (Ishaku *et al.*, 2024), as a result of the government's dominant role in the country's economic development. Utilities including water, electricity, and telephones are provided by these state-owned businesses. Because of the enormous stakes involved, private companies were hesitant to put money into massive infrastructure projects, therefore the government stepped in to fill the void (Casady *et al.*, 2024). Additionally, the urgency of economic transformation and societal development during the post-independence era meant that only the government had the capacity to undertake such massive financial commitments (Lee, 2023).

However, as Nigeria's population expanded and corruption became widespread within government institutions, the efficiency of state-owned enterprises began to decline. Despite massive financial investments by successive administrations, these enterprises failed to meet expectations. The United Nations Development Programme (1990) noted that state-owned enterprises struggled with poor investment decisions, political interference, inefficient use of public funds, and an increasing fiscal burden. Moreover, heavy government involvement in business led to misallocation of resources, diverting much-needed capital from the private sector, (Kararach *et al.*, 2022). In the late 1980s, the Structural Adjustment Programme (SAP) was implemented with the goal of increasing efficiency through privatisation, in response to growing calls for economic reform caused by these inefficiencies.

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Privatization in Nigeria has since played a critical role in shaping economic policies. It has contributed to better resource management, reduced corruption, and minimized public fund misappropriation. The expansion of the Nigerian Exchange Group's (NGX) list of listed firms is a noteworthy result. Public investment in the capital market has increased alongside privatisation and deregulation, which has helped to attract long-term capital and fuel economic development and growth (Zattler, 2024).

Despite these positive impacts, concerns persist regarding the negative effects of privatization on the average Nigerian. Many critics argue that private enterprises prioritize profit over social welfare, making essential services such as healthcare, education, and security less accessible to low-income earners. There is also apprehension that privatization could lead to higher costs of basic services, thereby worsening economic inequality.

Given the above scenarios, an important question arises thus; should Nigeria fully embrace a capitalist economic model through complete privatization, or should it maintain its current mixed-economy framework? The purpose of this research is to shed light on the efficacy of privatisation policies and their effects on economic growth in Nigeria by conducting an empirical assessment of the effect of privatisation on GDP growth.

Furthermore, most developing nations' inadequate capital bases and inability to fund large-scale public projects led to the implementation of Public Private Partnership (PPP) vehicles for the completion of projects and the provision of public services like transportation, healthcare, education, water, waste management, electricity, and more. Although public-private partnerships (PPPs) have been used to provide services in a number of nations, critics point out that public returns on investments in these projects are typically lower than private ones (Dao, 2023) and that there is a lot of secrecy and poor transparency surrounding these deals (Anaf *et al.*, 2024). The PPP vehicle's advocates, on the other hand, stress that it makes it easier to offer some of these services by bringing in private funding, dividing up risks, and encouraging innovation (Dao, 2023). Consequently, there is conflicting evidence regarding the value for money and efficiency of PPP vehicles.

Privatisation has been a hotly debated topic in Nigeria, but in some areas—like telecommunications it has improved efficiency, increased production, and satisfied consumers (Umezulike, 2021). In other areas, though, the results have been more mixed. Examining the regional components of this research: Power generation and distribution in Nigeria were privatised after the establishment of the Power Holding Company of Nigeria as a result of recent reforms in the power sector (Odiwo *et al.*, 2024). Therefore, in November 2013, the Nigerian government privatised the power sector, which was then split into generating, transmission, and distribution with eleven (11) distribution corporations (Taofeek, 2024).

Statement of the Problem

Given the public sector's dismal track record of performance, privatisation is often considered as an essential tool for emerging nations like Nigeria to spur economic growth and development. Government spending should go down, private investment should go up, and efficiency should go up. However, the actual impact of privatization on Nigeria's economy remains a subject of debate and concern. Irrespective of the potential benefits, many challenges continue to hinder the success of privatisation in Nigeria. These include lack of accountability, wherein many privatised enterprises operate with minimal oversight, leading to inefficiencies and exploitation.

Another Challenge is Corruption

The privatization process has been marred by allegations of favoritism, asset mismanagement, and the sales of public enterprises to politically connected individuals at undervalued prices. Again, is lack of transparency. The decision-making processes behind privatization are often unclear, raising concerns about fairness and public trust. Finally, is policy inconsistency. Frequent changes in government policies have led to uncertainty, discouraging long-term private sector investment.

In light of these differences, the purpose of this research is to analyse privatization's effect on GDP growth in Nigeria, find solutions to these problems, and ultimately help the country progress.

Objectives of the Study

The effect of privatisation on Nigeria's economy is the main focus of this research. The study's specific objectives are to:

- i. Assess privatization's effect on Nigeria's GDP growth.
- ii. Examine the performance of privatized enterprises compared to when they were public enterprises.
- iii. Investigate the challenges associated with privatization in Nigeria.

Research Questions

In order to answer the following research questions, this study aims to:

- i. How much of an effect did privatisation have on GDP growth in Nigeria?
- ii. How much does privatisation boost the efficiency of government-run businesses?

- iii. What difficulties does privatisation in Nigeria entail?

Research Hypotheses

In preparation for this investigation, we postulate the following:

- i. **H₀**: The effect of privatisation on GDP growth in Nigeria is negligible.
- ii. **H₀**: Privatization has not significantly improved the performance of public enterprise.
- iii. **H₀**: There are no significant challenges associated with privatization in Nigeria.

REVIEW OF RELATED LITERATURE

In order to lay a firm theoretical, conceptual, and empirical groundwork for the study, this part offers a critical evaluation of previous literature pertinent to the study's topic.

Conceptual Framework

A common definition of privatisation is the "transfer of ownership and management of public firms to the private sector" (Privatisation and Commercialisation Act of 1988 and its successor, the Bureau of Public Enterprises Act of 1993). Nevertheless, privatisation can be understood in a variety of ways. "As the Federal Government or any of its agencies giving up all or a portion of their equity and other interests in businesses that they own, Whether fully or partially," is the definition of privatisation in the 1998 and 1993 Privatisation and Commercialisation Acts and the 1993 Bureau of Public Enterprises Act, respectively. From the above, privatization may be partial or complete.

The process of privatisation is described by Radić, M., *et al.*, (2021) as the handover of state-owned organisations to private entities. A common goal in pursuing this economic strategy is to lessen the monetary load on the government while simultaneously raising efficiency, encouraging competition, and improving production. The push for privatisation in Nigeria started in the 1980s and has had a lasting impact on the country's economy ever since. Under the Structural Adjustment Program (SAP) that was put in place by the International Monetary Fund (IMF) and the World Bank, the Nigerian government began massive privatisation efforts in the 1980s. Amidst economic turmoil marked by falling oil prices, excessive inflation, and growing public sector deficits, the objectives were to cut the role of the state in the economy, attract investment from abroad, and boost growth.

Method of Privatisation

Several respected sources including The Free Online Library article, the IMF's publication, and a relevant JSTOR article have identified and elaborated on key methods of privatization. These methods provide governments with various strategies to transfer ownership or control, and the commonly recognised methods include:

a). Public Offer for sale of Shares

This is a method in which the company are either offered for partially or wholly. As a result, the public sector may acquire some or all of the companies' shares. However, when corporations make changes to their financial structures public through subscription offers, such as through stock financing, the public gains access to these changes and can see how the money from sales is now being invested.

b). Private Placement of Share

This is the method in which individual or institutional investors are specially invited by management of the companies and pay for the cost such a method is usually resorted to when the cost of the business is so small that it becomes uneconomical to sell the shares of the business by public issues.

This fact no understanding, the companies under such arrangement of private placement may have got all the requirement needed for listening a company in the capital market (i.e. Stock Exchange).

c). Sales of Assets

This happened when the affected businesses were unable to be sold through public or private share offerings. The method involves outright liquidation of a company which has been huge nonviable, such companies might have been making losses and operating unconditionally in the past. Hence the need to liquidate and gradually sell their assets through public tender.

Privatization in Nigeria

Igbuzor states that the privatisation and commercialisation Decree of 1988, which was part of the Structural Adjustment Programme (SAP) of the Ibrahim Badamosi Babaginda administration, officially established privatisation in Nigeria (2003:4). Starr according Igbuzor (2003) also notes that, many have ventured into privatization programmes at different times. Specifically, before the introduction of privatization in Nigeria, countries like Chile and the United Kingdom, have long implemented privatization. Other countries include Russia, Romania, and Czechoslovakia etc.

Eke and Chiazor (2017:6) contend that:

The widespread corruption in government-owned firms has long been a source of public dissatisfaction with the sector's stagnant performance. Its privatisation is being pushed by the same individuals who have been instrumental in creating and maintaining these evils.

Objectives of Privatization in Nigeria

The goals of Nigeria's privatisation initiative are outlined below by Abdulrahman and Isaac (2025:32):

1. To curtail the dominance of wasteful spending by reorganizing and streamlining the public sector;
2. To set the privatization and commercialization enterprise on a course that will improve performance, make it more viable, and increase overall efficiency;
3. In order for the public sector's investment in commercialization enterprises to yield a favourable return.
4. To the current situation where commercially oriented parastatals are completely dependent on government funding and to promote their entry into the Nigerian capital market;
5. To set in motion the process of gradually turning over certain state firms to the private sector, taking into account their operations and other socio-economic aspects; to foster an environment that is attractive to investors from both domestic and international sources;
6. Decrease the amount of both domestic and foreign debt; and 7. Establish institutional frameworks and operational standards to guarantee the permanence of privatization and commercialization's benefits.

Public Enterprise and its Privatization in Nigeria

A number of academics have attempted to provide a brief description of the topic at hand. To illustrate the point, privatization is described by Radić *et al.*, (2021) as "the act of reducing the role of the government or increasing the role of the private sector in an activity or in ownership of assets." The same opinion is held by Benn *et al.*, (2024). But he did provide a critical definition of "public" and "private" nevertheless. In his perspective "... Public implies an elaborate structure of rules limiting the exercise of state power... where that of the private is believed to be the concern of individuals, thus how the entity is run or ruled will be determined by the individuals concerned whether large or far."

Privatization, according to all of the above definitions, is when the government sells its stake in an entity it previously controlled. Privatization is defined by Abioye *et al.*, (2022) as the planned and deliberate separation of public and private sectors in areas where the former may be more effectively and efficiently served by the latter. "The act of reducing the role of the government, or increasing the role of the private sector in an activity or in ownership of assets" is how privatization is defined by Radić, *et al.*, (2021:1596).

Economic Growth

As per Bahmani (2024), economic growth is defined by Devine *et al.*, as the percentage increase in the value of goods and services produced inside a nation's borders, as measured by the Gross Domestic Product (GDP). Put simply, economic growth is all about the rise in a country's production of products and services. Whereas, output is directly proportional to productivity and is thus amenable to quantitative measurement. Economic growth is often seen as a basic indicator of economic health and vitality, that reflect increased productivity, investment, and technological advancement. Bahmani (2024).

The beneficial effects of privatization on Nigeria's economy have been the subject of debate due to the country's pervasive corruption. Many people think it's pointless and a waste of time and money. In their privatization theory, Maxim Boyco, Andrei Shleifer, and Robert W. Vishny contend that, "...public enterprises around the world have proved to be highly inefficient, primarily because they pursue strategies, such as excess employment, that satisfy the political objectives of politicians who control them" (Abdulrahman and Isaac 2025:34). Furthermore, they add:

When public companies are privatised, politicians may find it more difficult to exert influence over them since it is politically more difficult to maintain subsidies to private companies that make them inefficient, as opposed to squandering the earnings of state firms. Privatisation facilitates effective company reorganisation in this manner.

Theoretical Framework

The foundations of this research are on public choice theory and the theory of property rights, thus:

Theory of Property Right

Everyone ought to be considerate of the distribution of resources in both social and business contexts, as stated in the theory of property rights. Profits should not be prioritised over the harm that business owners do to others (Diamantis *et al.*, 2021). The truth is that private companies' assets can be claimed by individual owners through property rights. Managers in publicly traded companies may be less invested in the success of the business and so less effective at their

jobs than their private sector counterparts (Gartenberg, 2023). Public companies, argues Ishaku (2024), are inherently inefficient since their scattered shareholders don't have a vested interest in keeping tabs on how their managers are doing.

People are more likely to put effort into and invest in their property since they may see a clear return on their investment, which is particularly true considering the breadth of property rights. More investment will follow privatisation because of this very reason (Poole,). Government ownership also tends to drive out private sector investment. In order to preserve their monopoly in a specific industry, state-owned corporations prevent private companies from obtaining financing (Castañeda, 2020). Foreign direct investment (FDI) rises after privatisation, which can be a game-changer in the expansion drive. Investing abroad is linked to "positive spillovers of improved technology, better management skills, and access to international production networks" (World Bank, 2020).

Public Choice Theory

Hodge (2020) states that the Public Choice Theory posits that, in both markets and policies, individuals are intrinsically motivated to seek rational desirability maximisation. Managers at these companies are characterised, in part, by their adherence to the rules and regulations that govern publicly traded companies. The efficacy of these companies could be undermined by this. So, politicians basically interfere with how publicly listed companies run their business. To win over voters, they focus on making those companies more efficient (Bohnen, 2020).

A major goal of privatisation in many countries is to shrink the size of the existing government. This is due to the fact that a lot of governments are seen as being overly large and complicated, with multiple layers of bureaucracy. That "those who are seeking benefit or interest from the government join to get favourable legislation" is supported by Starr, according to Eke and Chiazor (2017:6).

Empirical Review

In the paper titled "Privatisation of the Power Sector and Economic Well-Being in Nigeria" (John 2021: 89), the author empirically surveys the effects of privatisation on Nigeria's economy from 2005 to 2020. Examining the correlation between access to electricity and economic well-being, the study uses Gross National Income (GNI) per capita as a surrogate and applies a Non-Linear Auto Regressive Distributed Lag (NARDL) model, along with descriptive statistics, unit root tests, and bounds co-integration tests. The results indicate that rural and urban electricity access negatively impacted GNI per capital during the study period, suggesting that the anticipated benefits of privatization such as improved, affordable, and reliable electricity have not materialized. The study recommends that the government collaborate with the private sector through long-term funding, capital investment, and adequate regulation to address the challenges hindering the power sector's effectiveness.

A comprehensive qualitative literature analysis is undertaken by Okafor *et al.*, (2024) in their work "The Privatisation of Public Services: A Review of Economic Efficiency and Political Consequences in Africa" to investigate the monetary and governmental effects of privatising public services throughout the African continent. The study finds that while privatization has attracted investment and improved efficiency in certain sectors, such as telecommunications, it has also resulted in job losses and mixed economic growth. The success of privatization largely depends on strong regulatory institutions and a sector-specific approach. Politically, factors such as corruption, elite capture, and international pressure have led to rushed and inefficient privatization processes. Furthermore, the privatization of essential services has caused price hikes and the neglect of low-income areas, exacerbating social inequalities. The study concludes that careful policy design and impact assessments are necessary to mitigate these risks. It recommends establishing robust regulatory frameworks to enhance transparency, competition, and consumer protection, ensuring that privatization benefits the broader population rather than just political or economic elites.

"Privatisation and the Efficiency of Selected Enterprises in Nigeria" (Yusufu *et al.*, 2022: 20-25) examines how privatisation has affected the operational efficiency of Nigerian hospitality businesses. The authors use multiple linear regression to measure the correlation between privatisation and firm efficiency, based on primary data collected from 74 operations managers through structured questionnaires. Their analysis reveals a statistically significant positive coefficient on the privatization variable, indicating that enterprises perform more efficiently under private ownership than when they were state-run. Based on these findings, the study concludes that privatization substantially enhances organizational performance and recommends that ownership structures be designed to align shareholder incentives with firm goals, while also encouraging greater management involvement in decision-making to promote innovation and sustained efficiency gains.

METHODOLOGY

The researchers in this study used a descriptive survey approach to gather data from 322,795 customers and 650 workers of the Benin Electricity Distribution Company (BEDC) in Delta State. Because of this, the sample size was determined to be 323,445 people, which is the entire population of the research when included both consumers and workers

in Delta State. Primary and secondary data were both incorporated into the study. Respondents were given standardised questionnaires to fill out in order to gather primary data. Literature, government publications, prior studies, distribution company reports, and regulatory bodies like NERC were the primary sources of secondary data.

We used the Taro Yamane method (1967) to figure out how many people to survey for this investigation. If you know the population size, you may use this formula to determine the sample size in social science research:

$$n = \frac{N}{(1 + N(e)^2)}$$

Where:

n = sample size

N = total population

e = margin of error (assumed to be 5% or 0.05 for this study)

Given that,

N = 323,445 (Total population = 322,795 consumers + 650 staff)

e = 0.05

$$n = \frac{323,445}{(1 + 323,445(0.05)^2)}$$

$$n = \frac{323,445}{(1 + 323,445 \times 0.0025)}$$

$$n = \frac{323,445}{(1 + 323,445 \times 0.0025)}$$

$$n = \frac{323,445}{(1 + 808.6125)}$$

$$n = \frac{323,445}{809.6125}$$

n ≈ 399.5. The calculated sample size is approximately 400 respondents.

The cluster sampling method was employed in selecting respondents. The study area was divided into distinct zones or service areas, and from these, clusters of customers and staff were randomly selected. This approach ensured fair representation across the geographical and operational spectrum of the distribution company's activities.

Data Analysis

This section adopted descriptive statistics to measure the impact of Privatization (IP), Challenges of Privatization (CP), as well as the dependent variable (Performance of Privatization [PP]).

Descriptive Statistics

	IP	PP	CP
Mean	3.355833	3.181667	3.022500
Maximum	5.00	5.00	5.00
Minimum	1.00	1.00	1.00
Std. Deviation	1.320023	1.369313	1.303464
Variance	1.742461	1.875018	1.699019
Observation	400	400	400

Source: Researcher's computation from SPSS 27.0

Based on responses from 400 people, the table above shows descriptive statistics for our three main constructs: Impact of Privatisation (IP), Performance of Privatised Enterprises (PP), and Challenges of Privatisation (CP). A Likert scale from 1 to 5 was used to measure each item. On average, respondents rated the Impact of Privatization slightly above the neutral midpoint (Mean = 3.36, SD = 1.32), suggesting a modestly positive perception of privatization's overall economic effects. The Performance of Privatized Enterprises also hovers just above neutral (Mean = 3.18, SD = 1.37), indicating that, on average, respondents believe performance has improved since privatization began. Meanwhile, perceptions of Challenges associated with privatization sit very close to the midpoint (Mean = 3.02, SD = 1.30), implying that respondents are nearly equally split between seeing more or fewer obstacles.

Each of the three variables spans the full possible range (Minimum = 1.00, Maximum = 5.00), reflecting substantial variability in individual opinions. The standard deviations approximately 1.30 for CP, 1.32 for IP, and 1.37 for

PP are fairly large relative to the 4-point range of the scale (1–5), indicating considerable heterogeneity in how respondents view both the benefits and drawbacks of privatization. This spread suggests that, although mean scores cluster around or just above neutral, there is a wide diversity of perspectives regarding privatization's impact, enterprise performance, and associated challenges.

Correlation Matrix

The linear relationships between the dependent and independent variables were examined using correlation analysis to determine their strength and direction. A Pearson correlation coefficient close to 1.00 indicates a strong negative association (one variable increases while the other decreases), whereas values close to +1.00 indicate a strong positive association (both variables increase together). The resulting Pearson correlation coefficients range from -1.00 to +1.00. Coefficients near zero suggest little to no linear relationship. This procedure allowed us to determine not only whether the variables are related, but also the magnitude of those relationships whether weak, moderate, or strong.

H₀₁: Privatization does not have significant impact on economic growth in Nigeria.

Correlation Analysis between PP and Independent Variables

		IP	PP	CP
IP	Pearson Correlation	1	.454**	.315**
	Sig. (2-tailed)		.000	.000
PP	Pearson Correlation	.454**	1	.346**
	Sig. (2-tailed)	.000		.000
CP	Pearson Correlation	.315**	.346**	1
	Sig. (2-tailed)	.000	.000	

Note: **. Significant at the 0.01 level (2-tailed)

*. Significant at the 0.05 level (2-tailed)

The Pearson correlation matrix in the above table demonstrates that each of the two independent variables Impact of Privatized Enterprises (IP) and Challenges of Privatization (CP) is positively and significantly associated with the dependent variable, Performance of Privatized Enterprises (PP). Specifically:

Performance of Privatized Enterprises (PP) and Impact of Privatization (IP):

The correlation coefficient is $r = 0.454$ ($p < .001$). This moderate, positive, and highly significant correlation indicates that respondents who perceive a stronger positive impact of privatization on Nigeria's economy also tend to rate the performance of privatized enterprises more favorably. In practical terms, as respondents observe or believe they are seeing better enterprise performance after privatization, they likewise perceive a greater macroeconomic benefit from the reform.

Challenges of Privatization (CP) and Impact of Privatization (IP):

Here, $r = 0.315$ ($p < .001$), another statistically significant positive association. Although smaller than the PP–IP link, this correlation shows that respondents who recognize more challenges associated with privatization nonetheless also report a higher perceived economic impact. In other words, greater awareness of privatization's obstacles does not preclude acknowledging its overall positive effect; rather, they appear to go hand-in-hand.

Performance of Privatized Enterprises (PP) and Challenges of Privatization (CP):

Finally, $r = 0.346$ ($p < .001$) indicates a moderate positive relationship between how respondents rate enterprise performance and how strongly they perceive challenges. Respondents who believe privatized firms are performing well are also moderately likely to report that significant challenges remain suggesting that improved performance and recognition of difficulties coexist rather than one crowding out the other.

Because all p-values are well below .01, we can reject the null hypothesis that these correlations are zero in the population. Contrary to the proposition "Privatization does not have a significant impact on economic growth in Nigeria," the positive, significant association between PP and IP ($r = 0.454$, $p < .001$) provides direct evidence that, at least in the perceptions captured by our survey, privatization's effects on firm performance go hand-in-hand with perceiving a significant macroeconomic impact. Furthermore, the fact that both performance and challenge variables correlate positively with perceived impact (and with each other) underscores the complexity of respondents' views: they simultaneously recognize privatization's economic benefits, observe enterprise-level improvements, and remain aware of its attendant challenges.

Regression Analysis between PP and Independent Variables

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.206	.161		7.488	.000
	IP	.414	.049	.407	8.441	.000
	CP	.117	.049	.116	2.406	.017

Dependent Variable: PP

Predictors: (Constant), IP, CP,

Source: Researcher's computation from SPSS 27.0

Ho₂: Privatization has not Significantly Improved the Performance of Public Enterprise.

Table above shows the regression results, which strongly suggest that privatisation improves the public's opinion of public firms' performance. Perceived privatisation impacts (IP) and perceived privatisation problems (CP) were the two main factors studied. Both factors were found to be strong indicators of how people rate the efficiency of privatised companies.

With a t-value of 8.441 and a standard error of 0.049, the unstandardised coefficient for IP is 0.414, indicating statistical significance ($p < 0.001$). Assuming all other factors remain unchanged, this means that, for every one unit increase in the perceived impact of privatisation, there is a 0.414 unit increase in perceived performance. According to the standardised beta value ($\beta = 0.407$), respondents' perception of impact is the most significant factor in determining their performance evaluations.

The perceived difficulties of privatisation (CP) similarly significantly impact performance scores, with a t-value of 2.406, $p = 0.017$, an unstandardised coefficient of 0.117 (SE = 0.049), and a similar pattern. Though smaller in magnitude, this relationship indicates that even when respondents acknowledge the difficulties associated with privatization, they still associate it with improved enterprise performance.

Since privatisation has enhanced the performance of public firms, we can conclude that this is the case, and so reject the null hypothesis. On the contrary, the data suggests that respondents who perceive a greater economic and operational impact from privatization tend to evaluate performance more positively. Interestingly, even those who recognize more challenges do not necessarily rate performance lower; instead, they may see these challenges as part of a broader reform process that ultimately leads to improved outcomes.

Perceived difficulties provide complexity rather than disprove this idea, but overall, the research shows a favourable correlation between the perceived effect of privatisation and the performance of privatised businesses. This indicates that privatization, despite its challenges, is largely seen by respondents as a driver of improved public enterprise performance.

Ho₃: There are no Significant Challenges Associated with Privatization in Nigeria Perceived Challenges (CP) and Performance (PP):

Notably, CP has a statistically significant coefficient of 0.117 ($p = .017$) as well. The results demonstrate that privatised firm performance is still generally rated higher, but to a lesser extent than IP, even when more difficulties associated with privatisation are acknowledged.

The beta ($\beta = 0.116$) indicates a weaker, but still positive, relationship.

Even those who recognize more challenges don't necessarily view performance negatively. Instead, they seem to understand that while privatization may be difficult or problematic in some ways, it still leads to better outcomes in terms of performance.

This means that challenges are not seen as obstacles to success, but possibly as part of the process of achieving better performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465 ^a	.216	.212	1.19913

Note:

a. Predictors: (Constant), IP, CP,

Source: Researcher's computation from SPSS 27

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	157.460	2	78.780	54.753	.001 ^b
	Residual	570.851	397	1.438		
	Total	728.311	399			

Note:

a. Dependent Variable: PP

b. Predictors: (Constant), IP, CP

Source: Researcher's computation from SPSS 27.0

Table above shows that the combination of predictors (IP and CP) yields a moderate overall fit to the data: the multiple correlation coefficient (R) is 0.465, indicating that, taken together, IP and CP have a moderate linear relationship with the dependent variable. With a R Squared value of 0.216, we may deduce that IP and CP together account for around 21.6% of the variation in the dependent variable. The Adjusted R Square, which takes into account the sample size and the number of predictors, is 0.212, which shows a small reduction from the raw R Square. The mean distance between the data points in the observations and the regression line is represented by the standard error of the estimate (1.19913).

This regression model's ANOVA table is up there. A Sum of Squares of 157.460 with 2 degrees of freedom is reported in the "Regression" row, but a Sum of Squares of 570.851 with 397 degrees of freedom is shown in the "Residual" row. The Mean Square error is 1.438 when the residual Sum of Squares is divided by its df, and 78.780 when the regression Sum of Squares is divided by its df. The overall statistical significance of the model is indicated by the p-value of .001 ($p < .01$) and the resulting F-statistic of 54.753. Put simply, the results are not due to chance, but rather to the predictors (IP and CP) consistently explaining a non-trivial amount of the dependent measure's variance.

DISCUSSION OF FINDINGS

Our regression analysis shows that variations in respondents' judgements of privatised firms' performance (PP) are mostly explained by their perceptions of the economic impact (IP) and the obstacles (CP) of privatisation. More specifically, 21.6% of the variation in PP can be explained by the interaction of IP and CP ($R = .465$, $R^2 = .216$, $F(2, 397) = 54.753$, $p < .001$). While this level of explained variance is moderate, it nonetheless indicates that respondents' overall judgments of privatized firms' performance are meaningfully linked to how they perceive both benefits and obstacles associated with the privatization process.

Examining the individual predictors, perceived impact emerges as the stronger driver of performance ratings. A one-unit increase in IP (on a 1–5 scale) corresponds to a 0.414-unit rise in PP ($B = 0.414$, $SE = 0.049$, $\beta = .407$, $t = 8.441$, $p < .001$). Perceived challenges, on the other hand, have a modest but favourable impact on performance as well ($B = 0.117$, $SE = 0.049$, $\beta = .116$, $t = 2.406$, $p = .017$). The finding that respondents who acknowledge greater challenges nonetheless rate performance more highly may seem counterintuitive, but it likely reflects an understanding that even amid regulatory and operational hurdles privatized enterprises can still deliver improved service reliability, customer satisfaction, and cost efficiency. In other words, awareness of difficulties does not dampen recognition of tangible performance gains; instead, both perceptions often rise in tandem.

"Privatisation has not significantly improved the performance of public enterprises." is rejected out of hand by these results. Rather, our data show a robust positive link between how strongly respondents perceive privatization's economic payoff and how favorably they judge enterprise-level performance. Because the standardized beta for IP ($\beta = .407$) is substantially larger than that for CP ($\beta = .116$), it appears that, in the eyes of survey participants, macroeconomic benefits are the primary lens through which enterprise improvements are evaluated even as they remain cognizant of ongoing implementation challenges.

Nonetheless, the fact that $R^2 = .216$ also underscores that nearly 78 % of the variation in PP remains unexplained by IP and CP alone. This suggests that other variables such as organizational leadership quality, regulatory environment, market competition, and management practices likely play critical roles in shaping perceptions of privatized-enterprise

performance. Future research would benefit from incorporating such factors to build a more comprehensive predictive model.

In summary, our multivariate findings reveal that, although privatization generates both benefits and challenges, respondents who see a strong economic impact tend to give privatized enterprises higher performance ratings and even those who recognize more challenges still report better performance. This indicates a nuanced public perception: privatization is viewed as producing measurable firm-level gains, despite the presence of obstacles. Thus, while the null hypothesis of no performance improvement must be rejected, it remains clear that a fuller understanding of performance outcomes will require examining factors beyond impact and challenges alone.

CONCLUSION

Using power distribution firms in Nigeria, specifically BEDC, as a case study, this study aimed to analyse the effects of privatisation on the country's economy. The core objective was to determine whether privatization has led to significant improvements in economic growth, service delivery, and performance within the power sector.

The study's results show that privatisation has improved service delivery and economic growth in Nigeria, albeit only somewhat. The correlation and regression analyses revealed a statistically significant relationship between privatization and economic performance, with respondents acknowledging improvements in efficiency and responsiveness post-privatization. However, challenges such as poor infrastructure, inadequate investment, regulatory bottlenecks, and billing inefficiencies continue to hinder optimal performance in the sector.

Furthermore, the research showed that while privatization has created opportunities for increased private sector participation, the expected benefits have not been fully realized, largely due to systemic issues within the Nigerian electricity supply chain. The analysis suggests that privatization alone is not a panacea; it must be accompanied by strong regulatory frameworks, transparency, and long-term investment in infrastructure and human capital.

In conclusion, while privatization represents a strategic step towards improving the Nigerian economy and public service delivery, particularly in the power sector, its success depends on effective implementation, stakeholder accountability, and consistent policy support. Addressing the identified challenges will be critical to unlocking the full potential of privatized entities and achieving sustainable economic growth.

Recommendations

In order to make privatisation in Nigeria, and especially in the power distribution industry, more effective, this report suggests the following measures:

- i. The Government should strengthen regulatory oversight through the Nigerian Electricity Regulatory Commission (NERC) by intensifying its regulatory functions.
- ii. Increase in investment infrastructure. This implies that, private firms must prioritize in infrastructure upgrade, especially in power distribution facilities such as transformers, meters, and lines.
- iii. BEDC and similar companies should adopt transparent operational and financial practice and accountability.

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