



**EFFECT OF PRIVATIZATION OF POWER INDUSTRY ON NIGERIAN ECONOMY:
A CASE OF KADUNA DISTRIBUTION COMPANY**

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ABSTRACT

The study analysed the effect of privatization of the power industry on Nigeria's Economy. A case of Kaduna Distribution. A simple random technique was applied to select a sample size of one hundred and twenty (120) respondents. Data were collected using questionnaire. Descriptive statistics was applied for data analysis. The result show that 9% of the respondents had Ph.D./M.Sc., 43% of the respondents had B.Sc./HND and 27% of the respondents had SSCE. However, 69% of the respondents agreed with the quality of power supply after privatization. The result also shows that 48% of the respondents disagree that after privatization they hardly get supply in a day that is over twelve (12) hours in a day. Furthermore, 50% of the respondents disagreed that they frequently enjoy power supply of over two (2) weeks after privatization. The also reveals that 46% of the respondents agree that the Disco supplies efficient power supply. The result shows that 45% of the respondents agreed that Kaduna Electric is better than power holding company. The result of the study revealed that privatization of Kaduna Disco has led to improved quality of power supply, but it has neither positively affected the ease of payment nor resulted in friendly customer services. However, it appears that privatization of Nigeria's power sector may not be an end in its self. It is probably a means to reaching a desired end. Therefore, efficiency in power supply, ease of payment and customer friendly services lies at the heart of good governance, transparency and accountability, and overall national interest.

Keywords: Company, Distribution, Economy, Industry and Privatization

INTRODUCTION

Privatization has been a widely debated issue globally, particularly in Africa, where it remains controversial and politically sensitive. In Nigeria, the policy has faced heavy criticism from labour unions, academics, and the public, largely due to fears of job loss and skepticism about its effectiveness. While critics view privatization as a threat to employment, advocates consider it essential for efficient resource management, economic development, and poverty reduction. Historically, Nigeria's public enterprises thrived from the colonial era through the early 1980s, established to maintain government control over key economic sectors, correct market failures, promote regional development, and provide employment and social services. However, over time, these enterprises—such as the Nigeria Railway Corporation (NRC) and the Power Holding Company of Nigeria (PHCN)—became synonymous with corruption, mismanagement, and inefficiency. They depended heavily on government funding while offering poor services and accumulating debts (El-Rufai, 2000). Despite massive financial interventions, government efforts to revive these enterprises failed, prompting a policy shift towards privatization. This reform aimed to disengage the state from unproductive ventures and allow private investors with technical capacity and comparative advantage to enhance wealth creation and service delivery (Chika, 2012). Privatization involves transferring enterprise ownership from the government to private hands to promote competition and attract investment, management expertise, and technology. Globally, privatization has proven effective in developed economies like Britain and the United



States, where over 90% of economic activities are privately driven. Similarly, formerly communist countries in Eastern and Central Europe underwent widespread privatization in the 1990s as they transitioned to market economies (Peter, 1995). In Latin America, privatization emerged after years of nationalization that led to inefficiency and fiscal burdens, with governments later inviting foreign investors to revitalize their economies (Lois, 1997).

In Nigeria, power sector privatization began with the unbundling of PHCN into successor companies, marking a major step in the government's structural reform agenda (Abel, 2024). The goal was to promote competition and efficiency in electricity generation and supply (Udome & Belo-Osagie, 2013). Among the new companies, Kaduna Electricity Distribution Company Plc (Kaduna DISCO) was formed in 2014 to serve Kaduna, Kebbi, Sokoto, and Zamfara States (KAECO, 2024). The Federal Government sold 51% of its equity to private investors with the financial and technical capability to improve operations. Privatization remains a crucial tool for Nigeria's economic transformation. The inefficiency and poor performance of public enterprises, particularly PHCN, have highlighted the need for reform. Key research questions arise: Has privatization improved Nigeria's economy and the efficiency of its power sector?

MATERIALS AND METHODS

The Study Area

The study was carried out in Kaduna Electricity Distribution Company. Kaduna Electricity Distribution Company Plc (Kaduna DisCo) is one of the successor companies created following the unbundling of the power holding company of Nigeria plc (PHCN) Kaduna disco comprises of Kaduna, Kebbi, Sokoto and Zamfara states.

Sampling Technique

A simple random technique was applied to select a sample size of one hundred and twenty (120) respondents. Data were collected using structural questionnaires

Method of Data Analysis

The study uses descriptive statistics for data analysis result were presented in tables. The statistical analysis is structured along simple percentage error to enhance understanding and simplification of the research study.

RESULTS AND DISCUSSION

Socio-economic characteristics of the respondents

The result in Table I presents the distribution of respondent age and level of education. The result shows that 46% of the respondents were within age bracket of 18-25 years, 35% of the respondents were within age bracket of 26-35 years and only 19% of the respondents were within age bracket of 36-65. This indicted that the respondents were young and within their active age bracket. Amos (2013) observed that respondents within this age bracket are more innovative, motivated and adaptable; while Tomul and Polat (2013) found that personal characteristics such as age exert a lot of influence on the job performance of Kaduna Electricity Distribution Company staff. The result of analysis on sex revealed that majority (90%) staff of Kaduna Electricity Distribution Company were males, while only 10% of the staff were females. This revealed gender imbalance in sex distribution of staff composition in the organizations. The implication is that gender sensitive technologies may not be given necessary attention. Furthermore, results in Table 1 shows the educational qualifications of respondents. Staff with Ph.D./M.Sc. holders representing 9%, B.Sc./HND holders (43%), ND/NCE holders (27%) and SSCE holders (20%). This implies that the educational status attained by the staff possessed at least first-degree certificate, indication

that they were actually well-equipped educationally to be engaged. Education, especially higher education prepares people to more effectively obtain and utilize information to solve problems. It enables agencies and organizations cooperate with each other in shaving technical and other relevant information.

Table 1: Socio-economic characteristics of the respondents

Variable	Frequency	Percentage
Age		
18-25	46	46
26-35	35	35
36-65	19	19
Sex		
Male	90	90
Female	10	10
Level of Education		
Ph.D./M.Sc.	10	10
B.Sc./HND	43	43
ND/NCE	27	27
SSCE	20	20
TOTAL	100	100

Field Survey, (2024)

Privatization and Quality of Power Supply

The result presented in Table 2 indicates that 69% of the respondents agreed while 31% disagreed, with the quality of power supply after privatization. This suggests that the majority of respondents believe that the privatization of Kaduna Disco has led to an improvement in power supply quality. The reveals that that 40% of the respondents agreed while 60% disagreed with the daily electricity supply provided by the Disco. This implies that the majority of respondents disagree, indicating that even after privatization, they rarely receive electricity supply for more than twelve (12) hours per day. However, 39 % of the respondents agreed and 61% disagreed with availability of power supply for more than two (2) weeks in a month. This indicates that the majority of respondents (50%) disagreed, suggesting that they do not frequently experience continuous power supply lasting over two weeks, even after privatization.

The result also indicates that, 42% of the respondents agreed that Disco provides an efficient power supply, while 58% disagreed. This reflects a mixed perception among respondents regarding the efficiency of the Disco's power supply. The analysis reveals that 55% of the respondents agreed that Kaduna Electric performs better than the former Power Holding Company. This suggests a slight majority perception in favor of Kaduna Electric's performance compared to its predecessor.

Table 2 shows that, since privatization, majority (58%) of the respondents perceive an improvement in voltage stability, suggesting that their communities more frequently experience full or stable power supply. Furthermore, the result reveals that majority (75%) of the respondents agreed that improper installations, poor maintenance, and vandalism have adversely affected the performance of Kaduna Disco. This suggests that operational inefficiencies and external interferences are widely perceived as key challenges impacting the company's service delivery.

Table 2: Privatization and Quality of Power Supply

Statement	Agreed (%)	Disagreed (%)	Total
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1	Privatizing Kaduna Disco has led to efficiency in power supply	69	31	100
2	After privatization customer enjoy supply of over twelve (12) hours in a day.	40	60	100
3	After privatization customers frequently enjoy power supply of over two (2) weeks in a month.	39	61	100
4	Kaduna Disco currently supplies efficient power supply	42	58	100
5	Kaduna electric is better than Power Holding Company of Nigeria	55	45	100
6	Since privatization, we frequently have full voltages in our area that can power our electrical appliances.	68	32	100
7	Did improper provision of electrical installations and maintenance affect Kaduna Disco	75	25	100

Field Survey, (2024)

Privatization of the power sector and ease of payment:

The analysis reveals that 38% of the respondents agreed that the meter readings provided by Kaduna Disco staff are satisfactory, while majority (72%) of the respondents disagreed with this assessment. This indicates that a significant proportion of the respondents perceives meter reading practices by Disco staff as unsatisfactory. However, 46% of the respondents agreed that the customers in Kaduna Disco have access to meter, while 54% of the respondents disagreed with the statement that, all customers in the Disco, have access to meter.

The analysis reveals that 34% of the respondents agreed that customers are paying bills with estimated units, without any hassle, while 6% of the respondents disagreed with the statement. Similarly, 42% of the respondents agreed that current method of payment of electric bills by the Disco is conducive, while 58% of the respondents disagreed that the current method of payment is conducive.

Table 3: Privatization of the power sector and ease of payment

SN	Statement	Agreed (%)	Disagreed (%)	Total
1	The meter reading posted for billing by the staff of the Disco is satisfactory.	38	72	100
2	All customers of the Disco have access to meters.	46	54	100
3	Customers are paying bills with estimated units without any hassle.	42	58	100
4	The current method of payment of electricity bills of the Disco are conducive	57	43	100

Field Survey, (2024)

Kaduna Disco and Customer Friendly Services:

The result shows that, 57% of the respondents agreed that customers are harassed by staff of the Disco when making payment, while 43% of the respondents disagreed with the statement as presented in Table 4. Additionally, the result shows that 24% of the respondents agreed that Kaduna Disco respond to customer complaint immediately. While majority (76%) of the respondents disagreed. This implies that majority of the complaint are not treated immediately. Similarly, 36% of the respondents agreed that Kaduna Disco is effective in its customer's services while on the order hand 64% of the respondents disagreed that Kaduna Disco is effective in its customer services. This show that majority of the respondents do not think that the Kaduna Disco is effective customer services.

The analysis shows that 41% of the respondents agreed that Kaduna Disco has customer friendly environment across it zones. While 59% disagreed with the statement. Similarly, 32% of the respondents agreed that Kaduna Disco have good publicity in their community while 68% of



the respondents in the other hand disagreed that Kaduna Disco have good publicity in their community. However, 31% of the respondents agreed that Kaduna Disco staff normally visits their community for the advocacy on the usage of power supply. The result reveals that 40% of the respondents agree that Kaduna Disco informs her customers on the possible reasons for power outage and 55% of the respondents agree that privatization had positive impact on her citizens. While 41% of the respondents agreed that privatization of the power sector had negatives impact on her citizens.

Table 4: Kaduna Disco and Customer Friendly Services:

Statement	Agreed (%)	Disagreed (%)	Total
1 Customers are harassed by staff of the Disco when making payment.	57	43	100
2 The Disco responds to customer complaint immediately.	24	76	100
3 The Disco is effective in its customer's services.	36	64	100
4 Kaduna Disco have good publicity in your community.	41	59	100
5 The Disco staff normally visits your community for advocacy on the usage of power supply.	31	69	100
6 Disco always informs customers on the possible reasons for power outage.	40	60	100
7 Privatization of Nigeria's power sector has positive impact on her citizen.	55	45	100
8 Privatization of Nigeria's power sector have negative impact on her citizens	41	59	100

Field Survey, (2024)

CONCLUSION AND RECOMMENDATIONS

The study concluded that privatization of Kaduna Disco has some positive elements on the quality of power supply to its franchise. However, privatization of Kaduna Disco has no positively effect on the ease of payment. Kaduna Disco has good customer friendly services. Finally, privatization of Kaduna Disco has led to improvement of the quality of power supply. The study therefore recommends the following:

- Through appropriate, recurring maintenance of distribution facilities and installations, Kaduna Disco should enhance the quality and hours of power supply it provides across its franchise.
- To prevent overcharging and estimate, the disco should upgrade its payment system by giving all patrons precise metering equipment.
- By empowering and training its employees to immediately address consumer complaints, the disco can enhance its customer service.
- For independent power producers and other sincere investors in the power industry, the government should guarantee fair competition.
- Energy consumers ought to receive quality instruction on how to utilise energy most efficiently.
- It is best to discourage the estimation charging approach.

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