



Advancement of Telecommunications Industry in Nigeria: Challenges and Prospects



Omowunmi Akande*

Introduction

Communication has formed the basis of all human interaction within and across societies; our evolutionary progression has depended heavily on the way and manner in which we communicate. Communication networks thus define modern society. It encourages cooperation through the sharing of ideas and information, assists in the management of conflict, facilitate production and promotes trade amongst many other things. Telecommunication technology has, therefore, revolutionized the world.

Telecommunication in Nigeria: An Overview

The development of Nigeria's telecommunication has been tedious. The first set of telecommunication facilities were established in 1886 by British colonial masters. By 1960, Nigeria's telecommunication infrastructure consisted of only 18,724 phone line for a population of 40million people. "This translated to a teledensity of about 0.5 telephone lines per 100- people" (Akinyomi and Tasie, 2012). When Nigeria transitioned into a democracy in 1999, most of the country was connected by landlines. The telecommunication sector was managed by the government-owned Nigerian Telecommunications Company (NITEL), which was mandated to provide the country with efficient telecommunications services while connecting Nigeria with the rest of the world.

However, preference was given to the Economic Community of West African States (ECOWAS) and other countries with which it maintained strong economic and political ties. For Nigeria at the time, politics and communication were inextricably linked. NITEL was marred by problems of insufficient funding, improper coordination systems, inadequate technical expertise and organizational challenges.

* Ministry of Foreign Affairs, Nigeria

It was, therefore, unable to provide widespread, quality, affordable and efficient service to many Nigerians. According to Mould (2019), “prior to 1999, telecommunication services were expensive to acquire, difficult to obtain and expensive to use. Tele-density stood at 0.04 per cent (about 400,000 users) in a country with an estimated population of over 100 million people, which was one of the lowest in the world. Investment in the sector was below US\$50 million”. This has consequences for other sectors such as healthcare, which witnessed high rates of preventable deaths from accidents due to an inability to quickly communicate such situations and other life-threatening situations.

It is needless to say that democratic governance provided the right environment and necessary impetus for the telecommunications industry to thrive in Nigeria. The introduction of the Global System for Mobile Telecommunication (GSM) laid the foundation for outstanding successes made in the sector. This was furthered by the breakthrough in telephone infrastructure through liberalization of the sector in 2001 and the award of the Digital Mobile License (DML) to MTN and ECONET (now Airtel), both of whom “injected over a million lines into Nigeria within a year (Mould, 2019).

Indigenous Telecoms Company, Globacom was also created in the same year; together the three companies competitively dominated the Nigerian market. The emergence of Globacom was revolutionary as it was principally responsible for redirecting focus to economic opportunities in digitization and inclusiveness. Hitherto, users were billed on a per-minute basis and sim-cards were sold at exorbitant prices, thereby inadvertently excluding a large percentage of the population. The company introduced “per second billing system” and at a time when sim-cards were sold between N33,000 and N35,000, it drove the cost down to N100 (less than a dollar); this meant greater inclusion of citizens. “Today, there are over 150million active subscribers riding on GSM technology” for voice and data services (Akinyemi and Ramon, 2018).

The telecommunication industry in Nigeria has grown immensely in the last few years. The industry growth has been by and large in the voice segment. In the last five years, demand for data in Nigeria and

the world generally by professionals and researchers has grown tremendously. In Nigeria, this is driven by the availability of online services i.e. Facebook, Twitter, Online newspapers, Blogs, YouTube, etc.), device availability as well as infrastructure provision especially by mobile operators in Nigeria. Platforms like Twitter are increasingly being used as a means for political expression. The rapid developments of information and communications technology and the advent of new services over telecommunication networks have given rise to convergence in how services are delivered to customers.

Impact of Telecommunications

Telecommunication advancements have had a transformative effect on Nigeria. First, the telecommunications industry has had a tremendous impact on the Nigerian economy, in 2003, it was responsible for 53 per cent of the country’s GDP while in “2015 it contributed 1, 645, 82 billion nairas (8.8 per cent) to the GDP” (Nkoredeh et al, 2017).

Second, inadequate or ineffective dissemination and use of information are assumed to be responsible for the slow pace of industrial development in Nigeria. Telecommunications have created a link between government, business persons and the citizens, easing information dissemination and implementation of policies. For example, the e-wallet initiative that enables farmers to quickly access and purchase the best seeds and fertilizers by mobile phones, helped in eliminating middlemen, thereby addressing the stifling corruption in Nigeria’s agriculture industry. The scheme has also facilitated a connection between agricultural development agencies (seeking to educate farmers) and small farmers in the most rural parts of the country that were hitherto inaccessible. Before this, rural farmers experienced difficulty in obtaining farming products especially government-subsidised fertilizer, thereby fuelling disinterest in farming and deepening poverty and unemployment especially in Northern Nigeria where terrorism occasioned by socio-economic factors is prevalent. This model is currently being recreated across African countries and beyond. Similarly, mobile phones and platforms like WhatsApp are the principal means employed by NGOs in communicating with persons in the most remote parts of the country.

Third, the telecoms industry has been a major driver of Foreign Direct Investment (FDI) and job creation in Nigeria. It has contributed over 5 billion dollars in FDI and employs about 135,000 workers. The telecommunications industry alongside the ICT sector created about 2.5 million jobs over the last decade (Nkoredeh et al, 2017). The industry has become so important that it sustains other service sectors such as banking, shipping, and insurance to mention a few. Furthermore, telecommunication is a major source of revenue for the government with companies in the industry remitting over “two hundred billion naira in taxes and levies” (Nkoredeh et al, 2017).

Overall, business transactions and project implementation have witnessed great improvement in efficiency as speedy access and diverse communication methods (voice calls, emailing, video-conferencing, etc.) have reduced execution time. Thus improving productivity and reducing risk. This complex communication system has greatly reduced the rural-urban divide. This apparent success of the telecom industry has been attributed to Nigeria’s massive market and adaptable population, effective regulation and innovative CSR initiatives by service providers.

Yet, while impressive strides have been made, a lot more can be done. There is a need to create links with other countries in Africa and develop a competitive industry to support innovation, create jobs and enhance the export capabilities of the continent (a key role which African Regional Economic Communities can play). It is also imperative to leverage South-South cooperation as a means of building more robust partnerships and alliances to bridge existing technological and technical gaps.

Conclusion

Science and technology are critical factors for economic and social development. Through their application, it has become possible to harness the forces of nature and to transform the raw material resources abundant in nature, into goods and services for a better quality of life. Indeed, the extent to which a country is committed to this awareness and integrates science and technology practice into the socio-cultural activities of its people marks the difference between developed, developing and under-developed nations. The developed world has attained technological sophistry, by exploiting science and technology to create wealth, save human energy and provide technical services. A country like Japan which has very little natural resources but depends on importation of raw materials from other countries has, through the efficient application of science and technology transformed these materials into goods and services and now dominates world markets.

References

- Akinyemi, T.O. and Ramom, O. J. 2018. “Optimization Opportunities in Nigeria Telecoms Terrestrial Network’- A Review”. *JERS, European Journal of Engineering Research and Science*, 2(10), pp. 20-25.
- Akinyomi, O.J. and Chukwumerije, T. 2012. “Impact of Telecommunication Liberalization in Nigeria”. Retrieved on January 10, 2020 from https://www.researchgate.net/publication/236853780_Impact_of_Telecommunication_Liberalization_in_Nigeria.
- Alabi, G.A. 1996. “Telecommunications in Nigeria” Retrieved on January 10, 2020 from http://www.africa.upenn.edu/ECA/aisi_inftl.html.
- Nkordeh, N. I. Bob-Manuel and Olowononi, F. 2017. “The Nigerian Telecommunication Industry: Analysis of the First Fifteen Years of the Growths and Challenges in the GSM Market (2001-2016)”. *Proceedings of the World Congress on Engineering and Computer Science*, Vol 1, pp 25-27