

## PRIVATIZATION OF PUBLIC ENTERPRISES AND ITS IMPLICATION ON ECONOMIC POLICY AMID SELECTED PRIVATIZED COMPANIES IN NIGERIA

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### ABSTRACT

*Corruption and political interference have been seen as the major issue for the poor performance of public enterprises in Nigeria. However, the use of privatization to improve the profitability, efficiency and service delivery of public enterprises to enhance economic transformation amid the selected privatized companies in Nigeria. The study employed the use of a survey research design. The study's population was 650 staff among the selected privatized companies in Nigeria. The researcher used a stratified sampling technique in selecting the sample. The Taro Yamane sample size formula was used to derive a sample size of 247. A primary source of data was utilized in generating the data needed for the successful collection of the study with the use of an administered open-ended questionnaire. Multiple linear regression was used to analyze the data. It was found that transparency and governance has a positive (0.302) and significant effect ( $p < .000$ ) on economic policy Nigeria. Findings indicated that ownership transfer has a positive (0.514) and significant effect ( $p < .000$ ) on economic policy of Nigeria. The study concluded that Privatization of public enterprises has positive and significant effect on economic policy amid selected privatized companies in Nigeria. The study recommended that efforts should be made to enhance institutional capacity and promote a culture of transparency and accountability within government agencies responsible for privatization. It was also recommended that the ownership structure of businesses that have been privatized ought to be set up to offer a good incentive system that benefits shareholders.*

**Keywords:** Economic development, economic policy, ownership transfer, privatization and public enterprises, transparency and governance

### INTRODUCTION

The primary objective of any transparent and efficient government is to consistently enhance the quality of life for its citizens. The concept of privatization and commercialization is not novel in either developed or developing nations. Privatization stands as a transformative innovation within the economic policies of both developed and developing countries (Chambers, 2019). In Nigeria, the privatization of public

enterprises commenced in 1988 as a fundamental aspect of the Structural Adjustment Programme (SAP) initiated in 1986 (Jerome, 2018).

Azih (2020) contends that following the oil boom of the 1970s, there was a significant influx of individuals, particularly youth, migrating to urban areas in pursuit of white-collar employment. However, the commercial exploitation of oil resources shifted the focus away from agriculture and its related industries throughout the late 1970s. The oil boom precipitated a period of deterioration and decline in agricultural output and its contribution to the economy, epitomized by the Dutch Disease phenomenon. Agriculture lost its capacity for foreign exchange earnings and domestic revenue significance, subsequently experiencing policy neglect. This neglect posed a threat to national food security, leading to extensive and persistent food imports, while undermining the value addition potential of the sector as raw agricultural commodities were exported, only to import finished goods (Azih, 2020).

By the late 1980s, public enterprises, having grown excessively large, began grappling with fundamental issues such as flawed capital structures, burdensome bureaucratic control and interference, inappropriate technologies, widespread incompetence, and rampant corruption (Jerome, 2018). Amidst deep internal crises marked by soaring inflation rates, escalating unemployment, mounting external debt obligations, and foreign exchange misalignments, Nigeria and numerous other African nations received strong recommendations from the World Bank and International Monetary Fund (IMF) to privatize their public enterprises as a means of economic relief (Nwoye, 2019). Similarly, the economic downturn in the early 1980s exacerbated the challenges of unemployment and inflation in Nigeria, leading to the introduction of the Structural Adjustment Programme (SAP). Since then, privatization has emerged as a widely embraced strategy for transitioning from a publicly dominated to a privately driven economy worldwide (Omoankhanlen et al., 2017).

Despite its official initiation in 1988, privatization has remained a contentious and heavily debated policy in Nigeria (Nwoye, 2011). Nevertheless, many view privatization and commercialization of public enterprises as crucial instruments for fostering economic growth and development. Subair and Oke (2020) anticipate that privatization will enhance the operational efficiency of inefficient state-owned enterprises (SOEs), reduce government expenditure, stimulate investment and employment, and ensure job security in Nigeria. Nwoye (2019) specifically argues that privatization and commercialization of public enterprises will not only facilitate the infusion of capital and technology into strategic sectors that the private sector may hesitate to invest in or cannot afford, but will also bolster capital formation, attract foreign direct investment, promote the production of essential goods at lower costs, generate employment, and contribute to overall economic development in the country.

Government policies play a pivotal role in fostering business growth and ensuring survival within the business environment (Congregado et al., 2012). In Nigeria, businesses rely heavily on government-issued policies to create conducive market conditions, with the effectiveness of such policies contingent upon the quality and efficiency of the institutions responsible for their implementation and enforcement. Economic policies are primarily utilized to stabilize and sustain economic progress, particularly during periods of economic turmoil. Nigeria's economy has grappled with challenges such as excess liquidity, sluggish gross domestic product (GDP) growth, volatile inflation rates, fluctuating external reserves, inconsistent exchange rates, annual budget deficits, and underutilized revenue sources, apart from revenue generated from crude oil, prompting the evolution of various monetary and fiscal policy frameworks in the country (Musasa, 2012). While both contractionary and expansionary measures are commonly employed to stabilize prices, sustained economic growth has not been achieved, with poverty and underdevelopment persisting in the nation (Akinjare et al., 2016). The privatization of public

enterprises in Nigeria has prompted reforms in economic policies aimed at catalyzing economic growth and development within the nation (Akintunde, 2020).

Despite the inherent benefits of privatization for Nigeria's economy, one of the primary criticisms against the privatization policy revolves around its adverse impact on labor, particularly the impoverishment of the working class through mass layoffs, rising living costs, diminished industrial democracy, loss of benefits, often coupled with inadequate social safety nets, and a dysfunctional labor market (Chotten-Panda, 2020).

Prior to the 1960s and early 1970s, the Federal Government of Nigeria established public enterprises to oversee state-owned resources and generate funds for the provision of critical infrastructure, particularly in sectors requiring substantial financial investment such as railway, electricity, telecommunications, aviation, and others. These enterprises were tasked with generating revenue to support employment opportunities and infrastructural development in the country. However, challenges including corruption, undue political interference, nepotism, inconsistent government policies, infrastructure deterioration, labor issues, failure to attract foreign investors, undervaluation of assets, and various other impediments hindered the viability and productivity of these public enterprises, ultimately leading to their privatization.

These variables, along with others, have sparked ongoing debates, with some advocating for privatization and others opposing it. Critics of privatization in Nigeria contend that the economic reform is a scheme orchestrated by a select few elites to transfer public enterprises to themselves at the expense of the general populace. They argue that privatization alone cannot alleviate Nigeria's precarious economic situation. Conversely, proponents of privatization argue that it facilitates poverty reduction through efficient operations, enhances productivity, promotes employment, and ensures job security. Additionally, they assert that privatization contributes to a more equitable distribution of wealth in society (Jerome, 2019). This study endeavors to evaluate the impact of privatization of public enterprises and its implications on economic policy and development in Nigeria.

The following research questions were formulated:

- i. Does transparency and governance in privatization significantly affect the economic policy of Nigeria?
- ii. Does ownership transfer in privatization contribute to enhancing the economic policy of Nigeria?

The broad objective of the study is to investigate the effect of privatization of public enterprises and its implication on economic policy amid selected privatized companies in Nigeria. Other specific objectives is to:

- i. To assess the impact of transparency and governance in privatization on the economic policy of Nigeria.
- ii. To investigate the role of ownership transfer in privatization in improving the economic policy of Nigeria.

The study formulated the following hypotheses

(H<sub>0</sub>): There is no significant effect of transparency and governance in privatization on the economic policy of Nigeria.

(H0): Ownership transfer in privatization does not contribute to enhancing the economic policy of Nigeria.

## REVIEW OF RELATED LITERATURE

### Concept of Privatization

Scholars in Nigeria and abroad have offered various definitions of privatization. Despite the extensive literature on the subject, a distinct and universally accepted definition remains elusive. Privatization is commonly used as a broad term encompassing a variety of policy measures aimed at shifting ownership and management of enterprises from the government to the private sector. According to IHEME (2020), privatization is “any of a variety of measures adopted by the government to expose a public enterprise to competition or to bring in private ownership or control or management into a public enterprise and accordingly to reduce the usual weight of public ownership or control or management. However, in a strict sense, privatization means the transfer of the ownership (and all the incidence of ownership, including management) of a public enterprise to private investors. The latter meaning has the advantage of helping one to draw a line between privatization and other varieties of public enterprise reform. It is also the sense in which the term has been statutorily defined in Nigeria”.

Similarly, Starr (2019) delineates privatization as a transfer from the public to the private sector, emphasizing that it does not entail shifts within sectors. He clarifies that the transformation of a state agency into an autonomous public authority or state-owned enterprise, as well as the conversion of a private non-profit organization into a profit-making entity, do not constitute privatization. Rather, privatization primarily involves the transfer of ownership of businesses, enterprises, agencies, public services, or properties from the public sector (government) to the private sector, either to for-profit businesses or non-profit organizations. This process may also encompass government outsourcing of services or functions to private firms, such as revenue collection, law enforcement, and prison management, effectively transitioning services previously managed by the public sector to the private sector. Privatization has emerged as a significant tool for streamlining the public sector and fostering economic development worldwide. It serves as a strategy to reduce government expenditure, transferring assets and service functions from public to private ownership and control (Ilo, 2018).

For privatization to occur, several conditions must be met: the existence of public enterprises seeking conversion into private entities, the belief that private ownership, control, or management would outperform public ownership, and the acknowledgment of problems associated with public ownership of enterprises, necessitating privatization as part of a reform agenda to enhance efficiency and effectiveness in delivering goods and services (Alao & Kazeem, 2016).

Many nations have pursued privatization programs at different times throughout history. For example, the United Kingdom launched a massive privatization campaign in the 1980s under Margaret Thatcher, whereas Chile launched a privatization program in 1974. IHEME (2020) posits that the British government's decision to pursue privatization was primarily motivated by the need to reduce public spending, rather than improving efficiency and competitiveness. Subsequently, the 1990s witnessed the implementation of privatization programs in numerous developed and developing nations, including Russia, Romania, Czechoslovakia, among others.

### Transparency and Governance

Transparency and governance in privatization refer to the principles and practices aimed at ensuring openness, accountability, and effective management throughout the privatization process (Megginson

&Netter, 2001). Transparency involves making information accessible and understandable to stakeholders involved in the privatization process, including the public, investors, and policymakers (Rose-Ackerman, 1998). It encompasses disclosure of relevant data, decision-making procedures, and outcomes. Transparent privatization processes help build trust, reduce uncertainty, and mitigate corruption risks. Governance in privatization refers to the institutional frameworks, policies, and practices governing the conduct and outcomes of privatization activities (Shirley, 1999). It involves establishing clear rules, mechanisms for oversight, and accountability structures to ensure the integrity and fairness of the privatization process. Effective governance mechanisms promote efficiency, equity, and public welfare objectives (Djankov et al., 2002).

### **Ownership Transfer**

Ownership transfer in privatization refers to the process of transferring ownership and control of state-owned enterprises or assets to private entities (De Maria, 2003). This transfer typically involves the sale, auction, or transfer of shares, assets, or management rights from the government or public sector to private investors or entities. The objective of ownership transfer in privatization is to stimulate private sector participation, promote efficiency, improve management, and enhance economic performance in previously state-controlled sectors (Djankov et al., 2002).

In the context of privatization, ownership transfer can take various forms, including:

**Full or Partial Sales:** This involves selling all or a portion of state-owned enterprises to private investors or entities through public offerings, auctions, or negotiated sales.

**Asset Sales:** Asset sales entail transferring specific assets or business units of state-owned enterprises to private investors, either individually or as part of broader divestiture programs.

**Management Contracts and Concessions:** In some cases, ownership transfer may involve granting management contracts or concessions to private operators to manage and operate state-owned enterprises or infrastructure assets for a specified period.

**Joint Ventures and Partnerships:** Ownership transfer can also occur through joint ventures or partnerships between the government and private investors, where both parties share ownership and control of privatized entities or assets.

### **Public Enterprise**

There is no universally accepted definition of public enterprises, as scholars approach the concept by amalgamating key distinguishing features of organizations classified broadly as public enterprises. Felix (2021) defines public enterprise as a government institution established to manage certain activities necessitating business-like administration. These entities are legally constituted by an Act of Parliament or Decree to provide essential economic and social services to the populace. They operate as government-owned commercial enterprises with a monopolistic nature, aiming to promote the welfare of the citizens. Additionally, public enterprises are organizations established under a government charter, granting them specific privileges such as property transactions, contractual agreements, legal proceedings, and financial activities.

Nwoye (2019) defines a public enterprise as a legally created corporate firm in which the majority of the shares are held by public authorities, and/or they exercise control over managerial decisions. These

organizations are under the ownership and control of national or local governments; they are not entitled to private rights of profit exchange and are governed by government-appointed directors. According to Ayodele (2021), government-appointed directors and the lack of private profit rights are consistent with different types of public institutional structures.

Alao and Kazeem (2016) argue that many State-Owned Enterprises (SOEs) fail to adapt to the evolving demands of a growing and dynamic economy, lacking the requisite tools for successful commercial operations. This deficiency may stem from misaligned objectives, as enterprises designed to meet social needs may not prioritize profitability. In Nigeria, as in other developing nations, SOEs face criticism for economic inefficiency and resource mismanagement, burdening government resources and credit sources without demonstrating profitability or efficiency.

## **Economic Policy**

Economic policies refer to the set of actions and responses implemented and administered by the government aimed at influencing the performance of the economy. These policies are designed to directly impact market conditions (Buckley, 2018). In general, the goals of economic policies are to guarantee economic growth, increase economic security, boost economic efficiency, and promote economic stability (which includes full employment and low inflation). Typically, policies are geared towards achieving specific objectives, with monetary policies often complemented by fiscal and trade policies to steer the economy towards desired goals (Baker et al., 2016).

As previously mentioned, successive administrations in Nigeria have introduced and implemented various economic reforms and policies in efforts to revive the economy and attain long-term macroeconomic objectives. However, the literature has yet to establish the extent, procedures, and modalities of implementing these policies.

## **Theoretical Review**

### **The Agency Theory**

The theory, initially proposed by Jensen and Meckling (1976), elucidates the concept of agency theory in management. Within this framework, one individual, termed the agent, acts on behalf of another, known as the principal, with the goal of advancing the principal's objectives (Judge & Stahl, 2020). Consequently, the agent must balance the interests of both the principal and themselves within the organization to achieve the corporate objectives effectively, given their stewardship over the organization's extensive resources. Laffort and Martimost (2019) assert the criticality of agency theory in strategic management, as decisions made by the agent impact multiple stakeholders, not just the principal, highlighting the agent's pivotal role in strategic formulation and overall management processes.

The relationship between the agent and the principal is established when shareholders appoint the management team. It is imperative for there to be alignment between management and stakeholders to work collaboratively towards shared objectives. In the context of privatization, the government assumes the role of the principal, while privatized enterprises act as agents. The government, representing public interests, aims to maximize social welfare, foster economic growth, and sustain employment levels, whereas privatized entities primarily focus on maximizing profits and shareholder wealth. Principal-agent dilemmas arise when government and privatized firms harbor conflicting goals or divergent risk preferences (Eisenhardt, 2018).

Therefore, the relevance of agency theory to the present study lies in its superiority over alternative theories concerning strategy implementation hierarchy. According to Otungu et al. (2021), at each level of the strategic formulation hierarchy, an agent is designated with representing stakeholders at various levels. Hence, it is essential to emphasize synergy and mutual understanding between the principal and the agent utilizing agency theory to efficiently and effectively achieve organizational objectives.

### **Empirical Review**

A study on privatization and the effectiveness of particular Nigerian firms was carried out by Yusufu et al. in 2022. In order to achieve the research goal, the study used primary data collection techniques, distributing questionnaires to elicit responses. The heads of operations of seventy-four selected privatized hospitality companies in Nigeria were given questionnaires. Multiple linear regression was used to evaluate the responder data. The findings from the study reveal that ownership structure significantly impacts the efficiency of privatized firms. Consequently, the study concludes that privatization has indeed influenced the efficiencies of privatized enterprises in Nigeria, indicating a positive relationship between privatization and efficiency enhancement. In light of these conclusions, the study suggests that ownership structures should be designed to offer robust incentive mechanisms beneficial to shareholders. Additionally, the study recommends that privatized firms should encourage greater management involvement in the decision-making process. Such involvement is envisioned to foster a cross-fertilization of ideas, thereby contributing to improved operational efficiencies.

Boubakri et al. (2019) conducted a study on the dynamics of privatization and its impact on economic growth, utilizing a large panel dataset spanning fifty-six (56) developed and developing countries from 1980 to 2004. Employing GMM estimation techniques, the researchers examined the influence of privatization on economic growth, characterizing privatization along two dimensions: the extent of privatization efforts (proceeds), which served as a proxy for the size of the program, and the method of privatization, which acted as a proxy for government commitment. To address potential endogeneity issues and capture the dynamic nature of privatization, they employed a dynamic panel approach. Their findings indicate a robust and systematic positive effect of privatization on economic growth, even after controlling for traditional growth determinants and institutional variables. Additionally, they observed that privatization through share issues on the stock market was positively correlated with economic growth, suggesting that utilizing the stock market as a means to divest State-Owned Enterprises (SOEs) could be a beneficial channel for enhancing economic growth.

Tian (2019) presents a country-specific analysis focusing on 825 companies listed on the Shanghai Stock Exchange, comprising 513 mixed-ownership firms and 312 private firms. His study reveals that private firms exhibit superior performance compared to mixed-ownership firms. Furthermore, Tian explores the valuation of these companies and discovers that the corporate value of firms with minimal government shareholdings decreases as the fraction of state shareholding increases, while it increases when the government holds a substantial stake in the company.

A comparative study of state-owned and privatized companies' performance in Central European transition economies was carried out by Frydman et al. (2018). They used survey data collected from 506 midsize manufacturing enterprises in the Czech Republic, Hungary, and Poland in 1994 to specifically account for selection bias in an effort to lessen its effects. Sales revenues, employment levels, labor productivity (revenue per employee), and material expenses per unit of revenue were the four performance criteria that were assessed in the study. By employing panel data and accounting for potential pre-privatization disparities between the two groups, the researchers found that, on average,

privatization yields positive outcomes—privatized firms outperform state-owned counterparts. However, they observed that the performance enhancement primarily manifested in revenue improvement rather than cost reduction, particularly in firms privatized to external owners.

### 3.0 METHODOLOGY

The study employed the use of a survey research design. The study's population was 650 staff among the selected privatized companies in Nigeria which include the National Insurance Corporation of Nigeria (NICON), National Aviation Handling Company (NAHCO) and Nigeria Ports Authority (NPA). The researcher used a stratified sampling technique in selecting the sample, it was used since the population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample. The population of the study was 650 staff of the selected privatized companies. The Taro Yamane sample size formula was used to derive a sample size of 247. A primary source of data was utilized in generating the data needed for the successful collection of the study with the use of an administered open-ended questionnaire. Multiple linear regression was used to test the formulated hypotheses.

The formula goes thus (Yamane, 1965).

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

Where n = Sample size

N = Population

e = Level of significance

$$n = \frac{650}{1 + 650(0.05)^2}$$

$$n = \frac{650}{2.625}$$

$$n = 247$$

Note: 5% level of significance was used.

**Model Specification**

The dependent variable is economic policy (EP), while the independent variables privatization has the following proxies; Ownership transfer (OT), Transparency and governance (TG) .The model can be expressed econometrically below:

$$EP = f(PPE)$$

$$EP = \beta_0 + \beta_1OT + \beta_2TG + \mu_i \text{-----} (1)$$

Where: PPE = an indicator representing privatization of public enterprise (Independent Variable);

EP:= dependent variable representing Economic policy

$\beta_0$  = a constant and  $\beta_{1-2}$  = coefficients of independent variables;

OT= a predictor representing Independent Variable (Ownership transfer);

TG= a predictor representing Independent Variable (Transparency and governance);

$\mu$ = Stochastic error term;

$i$  = Cross sectional; and

$f$  = Functional relationship.

**DATA ANALYSIS AND DISCUSSION OF FINDINGS**

The data collected from the distributed questionnaires are presented and analyzed in accordance with the research questions. All distributed questionnaires were returned, totaling 247 in number.

Hypothesis 1:

(H0): There is no significant effect of transparency and governance in privatization on the economic policy of Nigeria.

Hypothesis 2:

(H0): Ownership transfer in privatization does not contribute to enhancing the economic policy of Nigeria.

**Table 1**

**Model Summary**

| Model | R                 | R Square | Adjusted Square | R | Std. Error of the Estimate |
|-------|-------------------|----------|-----------------|---|----------------------------|
| 1     | .890 <sup>a</sup> | .792     | .790            |   | .410                       |

a. Predictors: (Constant), OT, TG

The model summary provides an overview of the statistical relationship between the predictors (independent variables) and the outcome variable (dependent variable). In this case, the predictors are

denoted as "OT" and "TG," and the outcome variable is not explicitly mentioned. However, based on the provided information, it appears that the outcome variable is represented by "R" and "R Square," which are measures of the model's goodness of fit.

"R" represents the correlation coefficient, indicating the strength and direction of the linear relationship between the predictors and the outcome variable. It ranges from -1 to 1, where 1 indicates a perfect positive relationship, -1 indicates a perfect negative relationship, and 0 indicates no linear relationship. "R Square" ( $R^2$ ) represents the coefficient of determination, which measures the proportion of the variance in the outcome variable that is explained by the predictors. It ranges from 0 to 1, with higher values indicating that a greater proportion of the variance in the outcome variable is accounted for by the predictors. In this model summary,

the value of "R" is .890, indicating a strong positive correlation between the predictors ownership transfer (OT), transparency and governance (TG) and the outcome variable. The value of "R Square" is .792, indicating that approximately 79.2% of the variance in the outcome variable is explained by the predictors.

Overall, these statistics suggest that the model with the predictors OT and TG provides a good fit to the data and effectively explains a substantial proportion of the variability in the outcome variable.

**Table 2**

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 156.045        | 2   | 78.023      | 463.605 | .000 <sup>b</sup> |
|       | Residual   | 41.064         | 244 | .168        |         |                   |
|       | Total      | 197.109        | 246 |             |         |                   |

a. Dependent Variable: EP

b. Predictors: (Constant), OT, TG

The ANOVA table provides a statistical test of the overall significance of the regression model in predicting the dependent variable economic policy (EP) based on the predictors (OT and TG). The regression model is highly significant ( $p < .000$ ), with an F-value of 463.605, indicating that the predictors ownership transfer, transparency and governance collectively have a significant effect on economic policy. The regression model explains a substantial amount of the variability in the dependent variable, as indicated by the large F-value and the small significance level.

Overall, these results suggest that the regression model is a good fit for predicting the dependent variable economic policy (EP) based on the predictors ownership transfer (OT) and transparency and governance (TG).

**Table 3****Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized | t     | Sig. |
|-------|------------|-----------------------------|------------|--------------|-------|------|
|       |            | B                           | Std. Error | Coefficients |       |      |
| 1     | (Constant) | .576                        | .135       |              | 4.261 | .000 |
|       | TG         | .302                        | .070       | .307         | 4.318 | .000 |
|       | OT         | .514                        | .061       | .601         | 8.444 | .000 |

a. Dependent Variable: EP

The "Coefficients" table presents the estimated coefficients of the predictors in the regression model and their associated statistics.

**Discussion of Finding**

Table 3 present the first predictor, transparency and governance (TG). It shows that transparency and governance has an unstandardized coefficient of 0.302, a standard error of 0.070, and a highly significant t-value of 4.318 ( $p < .000$ ). This indicates that this predictor also significantly influences the dependent variable economic policy (EP). The result signifies the rejection of the null hypothesis which states that there is no significant effect of transparency and governance in privatization on the economic policy of Nigeria. The result proved that transparency and governance has positive and significant effect on the economic policy of Nigeria. The result also indicates the expected change in the economic policy (EP) for a one-unit change in the transparency and governance, holding other predictors constant. This findings supports the views of Frydman et al. (2018) , Megginson and Netter (2001), who also arrived at similar conclusions.

Table 3 present the second predictor, ownership transfer (OT). It shows an unstandardized coefficient of 0.514, a standard error of 0.061, and a highly significant t-value of 8.444 ( $p < .000$ ). This suggests that this predictor has a particularly strong influence on the dependent variable economic policy (EP). The result further signifies the rejection of the null hypothesis which states that ownership transfer in privatization does not contribute to enhancing the economic policy of Nigeria. It is evident that ownership transfer has a positive and significant effect in the economic policy of Nigeria. The result also indicates the expected change in the economic policy (EP) for a one-unit change in the ownership transfer, holding other predictors constant. This result is consistent with the perspectives of Yusufu et al. (2022), Boubakri et al. (2019), and Djankov et al. (2002), who similarly observed that ownership transfer significantly contributes to economic policy.

**CONCLUSION AND RECOMMENDATION**

This study investigated the effect of privatization of public enterprises and its implication on economic policy amid selected privatized companies in Nigeria. The study concluded that privatization improves a firm's efficiency through an effective ownership structure with effective transparent and governance system. This is essential because it would ensure a positive economic policy implementation in the

country. Privatization of public enterprises has positive and significant effect on economic policy amid selected privatized companies in Nigeria.

The study recommended that:

- i. Efforts should be made to enhance institutional capacity and promote a culture of transparency and accountability within government agencies responsible for privatization.
- ii. The ownership structure of businesses that have been privatized ought to be set up to offer a good incentive system that benefits shareholders. Encouragement should be given to privatized companies to permit increased management participation in the decision-making process.

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