

**PRIVATIZATION AND PERFORMANCE OF PRIVATIZED  
ENTERPRISES IN UGANDA**

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**Of Master of Business Administration**

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## DECLARATION A

"This Thesis Report is my original work and has not been presented for a degree or any other academic award in any university or institution of learning".

Emmanuel Ruzinza  
Name and Signature of Candidate

10/11/2014  
Date

## DECLARATION B

"We confirm that the work reported in this Thesis Report was carried out by the candidate under our supervision".

Dr. Soudagi Mohamad

Name and Signature of Supervisor

Name and Signature of Supervisor

11<sup>th</sup> / 11 / 2014

Date

Date

## **DEDICATION**

To the Almighty God whose love is incomparable and who blessed me, to Ndacyayisenga Francis and his wife Uwayezu Christine for their support and encouragement.

To Habimana Xavier for his incomparable support,

To dear friends, colleagues and relatives, for your contribution.

I dedicate this book.

## **Acknowledgement.**

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Importantly, I would like to thank all those respondents who provided their contribution to this research project by answering questionnaires and interviews. The information they provided contributed a lot in achieving the objectives of this research project.

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## **Abstract.**

The aim of this research project was the establishment of relationship between privatization and performance of privatized enterprises in Uganda.

Objectives of the study were to establish the perception of employees on methods of privatization and how they contribute to the performance of privatized enterprises, to determine the level of performance of privatized enterprises, and to establish the relationship between Privatization and performance of privatized enterprises.

The study employed the descriptive correlation design because it enabled the description of study findings and it help to determine the relationship between privatization and performance of privatized enterprises. Slovene's formula was used to compute the sample size. Under this study, a technique of stratified random sampling and purposive sampling method were also used to select the respondents.

Data were collected by means of interviews and questionnaires. The study has used a number of 114 respondents, from a total number of 120 respondents.

The findings showed that there is a significant relationship between the two variables. Privatization has a positive influence of 71.84 % on the performance of privatized enterprises.

The study recommends some actions that need to be taken to improve this sector for better performance of privatized enterprises.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter presents the background of the study; statement of the problem; purpose of the study, specific objectives, research questions, research hypotheses, scope of the study, significance of the study, and the operational definitions of the study.

#### **1.2 Background of the study**

##### **1.2.1 Historical Perspective**

In order to promote the sustainable development of the country, the government of Uganda has established the privatization strategy concerning the policy statement of PE (public enterprises) reform and Divestiture. As part of the country's Economic Recovery Program launched in 1987, Uganda has been preparing to privatize some of her public enterprises.

The Government has produced a policy statement on PE Reform and Divestiture (Uganda gazette November 1/1991) which outlines the country's privatization strategy.

It is in the responsibility of the public enterprises Reform and Divestiture Secretariat within the Ministry of Finance and Economic Planning, to implement this strategy. The strategy elements and its support programs are highlighted below against the background of appropriate strategy structure, effective privatization strategy characteristics and implementation constraints.

According to Ugandan government, the appropriate strategy must have three structural elements:

A statement of objectives to be achieved, a program of action, and a commitment of resources to implement the action program. Uganda's privatization strategy has two objectives which are fundamentally internal for the country. These are:

- To reduce the direct role of government in the economy.
- To develop a correspondingly greater role of the private sector.
- Reduce the fiscal drain on the treasury from unprofitable firms and generate revenue from privatization sales.
- Broaden share ownership among Ugandans.

These objectives were considered imperative because the government wanted to reduce its financial and administrative expenditures.

In 1991/92 financial year, Uganda had about 140 State-Owned Enterprises covering a diverse range of activities from trade and commerce, agricultural production and processing, manufacturing, hotel and tourism, banking, insurance and utility services. Over 85% of these State-Owned Enterprises were commercial in nature and were considered unlikely to survive in competition with the emerging private sector without significant continuing government subsidy (Adam Smith Institute, 2005).

In total, the 140 enterprises had an estimated annual installed capacity of US\$ 1.21 billion but their output was only US\$ 0.4 billion with a total operating profit of US\$ 9.3 million (World Bank, October 1991). Their debt stock was US\$ 0.968 billion compared to a total national debt stock of US\$ 3.5 billion. The State-Owned Enterprises jointly had an estimated employment of 78,000 out of a workforce in formal employment of 275,000, including 164,000 civil servants (Adam Smith Institute, 2005).

At the time (1991/92), the Public Enterprise sector was estimated to be operating at well below 30% of full capacity and contributed only 5% of GDP.

The State-Owned Enterprises were inefficient and were not able to generate enough resources to finance their operations and save for re-investment (Otweyo, June 2001). The Public Enterprises were adding to public expenditure and, consequently, debt through direct and indirect subsidies amounting to US\$ 0.208 billion in 1994. In addition, because the State-Owned Enterprises could not finance their operations and save for re-

investment, the State- Owned enterprises extensively relied on outside finance requirements that in turn kept increasing Uganda's debt stock. Although privatization enhances performance in terms of; efficiency, profitability, employment and revenue of privatized enterprises in Uganda, findings in Uganda have been mixed; "Uganda Privatization Impact Assessment Study" where 19 enterprises for which there is pre and post-privatization data, 13 enterprises were found to have experienced increases in profitability with the differences significant for eight of these enterprises, while 14 enterprises have experienced increases in labor productivity. Only 8 out of the 19 enterprises experienced efficiency improvements after privatization.

### **1.2.2 Theoretical perspective**

The study was guided by the theory of "Budget deficit-reducing "of Roland, 1994:1164. This theory says that when private firms rely purely on private finance, and control is left to the shareholders and creditors who bear all the risks, public enterprises are financed directly from the treasury and do not have access to private financial channels.

Hence, public enterprises do not close but are bailed out. Privatization, therefore, targets cutting the umbilical cord linking the state (treasury) from the enterprises and improving the budget deficits.

The study was also based on thoughts of GALAL et al (1994); he argue that in monopoly situations, privatization impact depends on whether the privatized sector remunerated workers better than the public sector. They further say that in order for privatization to influence firm performance, it depends on how the public firms were managed, how the private firms were regulated and the public firms were motivated.

These theories were taken into consideration for this study because they all support the sustainability of performance of privatized enterprises compared to the performance of public enterprises.

### **1.2.3 Conceptual Perspective**

The word privatization itself is an umbrella that has come to describe a multitude of government initiatives designed to increase the role of the private sector. In its most literal sense, it refers to the private sector. The objective of such exercises is to introduce greater competition into these industries, thereby improving efficiency and reducing the cost to the public.

Traditionally, privatization is defined as the transfer of assets held by public agents to the profit of private agents. In other words, it is a transfer of property rights (of ownership) to private sectors.

Privatization can be variously defined. Conceived in narrow terms, it entails a shift of productive activities or services being undertaken by the public sector to private ownership or control. Such transfers can be brought about in a number of ways, among these the direct sale of assets or the sale of part or all equity, leasing, management contracts, or the contracting out of functions.

Performance is measured in terms of; Profitability, Efficiency, Productivity, Employment and Revenue.

There are no magic formulas for measuring performance. It is only easy to measure business growth if one considers growth in market share and increase in revenue directly generated by the company operations.

Privatized enterprises refer to the enterprises which were owned by the government and sold to private individuals. These enterprises are under the economy that is not controlled by the state and they are run by people or groups for making profits.

### **1.2.4 Contextual Perspective**

In this study, the research was conducted in three privatized enterprises from all the sectors of economy. Uganda Fisheries Enterprises Ltd in primary sector, Tororo Cement Ltd in secondary sector, and Uganda Telecom Ltd in tertiary sector.

In June 2000, UTL was privatized when government divested 51% of its shares to Ucom, a consortium formed by Detecom, of Germany, Telecel International of Switzerland and Orascom telecom of Egypt. The Ugandan Government retained 49% ownership in UTL. Orascom sold their interest in Ucom to Telecel, sometime between 2002 and 2003. In March 2007, LAP Greencom, a subsidiary of Libya African Investment Portfolio, a company owned by the Government of Libya, bought into Ucom, while Detecom sold their interest in the consortium to Telecel International. The new shareholding structure in UTL, left the Ugandan government with a 31% ownership, while Ucom's shareholding increased to 69%.

Uganda Fisheries enterprises Ltd is a parastatal venture based at Masese in Jinja. In terms of investment and operational sale, it is by far the most ambitious fish processing concern in Uganda.

A processing plant was constructed at Masese, Jinja in 1989 with the aim of producing a range of products, including cold smoked and vacuum- packed fillets of Nile perch and tilapia intended primarily for export and premium domestic products.

In December 1994, Uganda cement industries was privatized by the Ugandan government and divided into two companies, Tororo cement and Hima Cement Ltd. Tororo cement is located in the eastern part of Uganda about 230 km before the Ugandan/ Kenya border town of Malaba.

After an extensive feasibility study of Tororo carbonate Limestone was carried out by building research centers in UK, Russia, and Japan, it was decided that a cement factory be built in tororo area to utilize the carbonate limestone as raw materials.

The study outlined the steps to be taken to process the raw materials so that normal Portland cement could be produced.

Tororo' main areas of production are cement, iron sheets, wire products, and raw materials.

### 1.3 Statement of the Problem

According to Samuel Sejjaaka; *Uganda's Privatization Experience: The Role of Government in the Post-Privatization Era, 2008*, there was a total number of 156 Public Enterprises, and 136 were operational and 20 Dormant. Only one (New Vision Printing and Publishing Corp) was profitable others were loss making, with low capacity utilization and were generally illiquid. The losses incurred by Public Enterprises increased budget deficit.

Determinants such as anarchical state of public enterprises management, Political Interference, state over control and influence were among the characteristics of public enterprises failure.

Privatization was 'Fuzzy logic'; State was a 'poor at doing' business, state bureaucrats were 'self-interested'. This was the starting point of seeing how to reduce the role of the state in business, reducing corruption and abuse of office, increasing employment, and promoting private sector led growth, and creating a property owning middle class. This has opened the new government policy of public enterprises privatization.

The government of Uganda was wondering why privatized enterprises have not achieved all the objectives of privatization as it was expected.

Following privatization, Central Purchasing Company's profitability and efficiency progressively declined to a negative 77% in 2003 with a late rise in 2004 negative 42%. This fall in profitability was led by a fall in sales values from 13.5 billion in 2000 to 2.1 billion in 2003. Costs on the other hand increased and exceeded sales revenue from 2001, (Kamisho Percy Clive, 2007).

Privatization also accelerated UTL entry in to mobile and made its growth more rapid thereafter.

But UTL faced the problem of poor performance because sale was into a competitive market, MTN and Celtel would otherwise have served any consumers willing to pay the market price. And while that price could have been affected by the date and quality of UTL entry, analysis of price trends suggests that MTN and Celtel competition was sufficient to drive prices down.Jahya.J (2006).



#### **1.4 Purpose of the study.**

To establish the correlation between privatization and performance of privatized enterprises.

#### **1.5 Specific objectives.**

The following are objectives of this study.

1. To establish the perception of employees on methods of privatization in relation to performance of enterprises.
2. To determine the level of performance of privatized enterprises.
3. To establish the relationship between Privatization and performance of privatized enterprises.

#### **1.6 Research Questions**

This study tried to answer the following questions:

1. What is the perception of employees on methods of privatization in relation to performance of enterprises?
2. What is the level of performance of privatized enterprises?
3. What is the relationship between privatization and performance of privatized enterprises in Uganda?

#### **1.7 Research Hypothesis**

This study tested the hypothesis that there is no significant relationship between privatization and performance of privatized enterprises in Uganda.

## **1.8 Scope of the study**

### **1.8.1 Geographical scope**

The study of Privatization and performance of privatized enterprises in Uganda was conducted in three privatized enterprises located in three districts of Uganda, which are District of Kampala, District of Jinja and district of Tororo.

In Kampala District, one privatized enterprise was taken as case study; Uganda Telecoms Ltd in service sector. In Jinja District, Uganda Fisheries Enterprises Ltd was a case study in primary sector, and in Tororo District, Tororo Cement Works was taken in consideration as a case study in secondary sector.

### **1.8.2 Content scope**

This study intended to examine the reasons why the government of Uganda has introduced the privatization strategy, and the effects of privatization on the performance of privatized enterprises in Uganda.

It also focused on performance measures such as productivity, profitability, employment, efficiency and revenue of in order to determine the performance of privatized enterprises in Uganda.

### **1.8.3 Theoretical scope**

The study was guided by the theory of “Budget deficit-reducing “of Roland, 1994:1164. This theory says that when private firms rely purely on private finance, and control is left to the shareholders and creditors who bear all the risks, public enterprises are financed directly from the treasury and do not have access to private financial channels.

Hence, public enterprises do not close but are bailed out. Privatization, therefore, targets cutting the umbilical cord linking the state (treasury) from the enterprises and improving

the budget deficits. The study was based on GALAL et al (1994); he argues that in monopoly situations, privatization impact depends on whether the privatized sector remunerated workers better than the public sector.

He argued that in order for privatization to influence firm performance, it depends on how the public firms were managed, how the private firms were regulated and the public firms were motivated.

#### **1.8.4 Time scope**

The study was conducted to collect information on performance of privatized enterprises during the period between 2008 and 2013.

#### **1.9 Significance of the Study**

The findings of the study are expected to help many stake holders in the finance and management field, this includes:

- I. Management of the privatized enterprises will be able to have lessons on how they should improve the performance of their enterprises so that they stop making losses.
- II. Policy makers, such as government will be able to advice on issues regarding privatization and come up with appropriate policies for the good of the nation.
- iii. Future researchers, the -study will add the existing knowledge about privatization to the scholars and those who seek knowledge on privatization.
- iv. This study will enrich the debate by assessing the sources of performance improvements in privatized enterprises.
- v. Privatized enterprises will be able to develop programs that will meet the needs of current competitive global market and be able to improve their performance.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The following chapter elaborates the theoretical review; then illustrates the conceptual framework showing the interaction between the study variables. The literature review is divided in two parts. The first part presents concepts, opinions and ideas on privatization and performance of privatized enterprises and the second part reviews related studies.

#### **2.2 Theoretical Review**

The study was guided by the theory of “Budget deficit-reducing “of Roland, 1994:1164. This theory says that when private firms rely purely on private finance, and control is left to the shareholders and creditors who bear all the risks, public enterprises are financed directly from the treasury and do not have access to private financial channels.

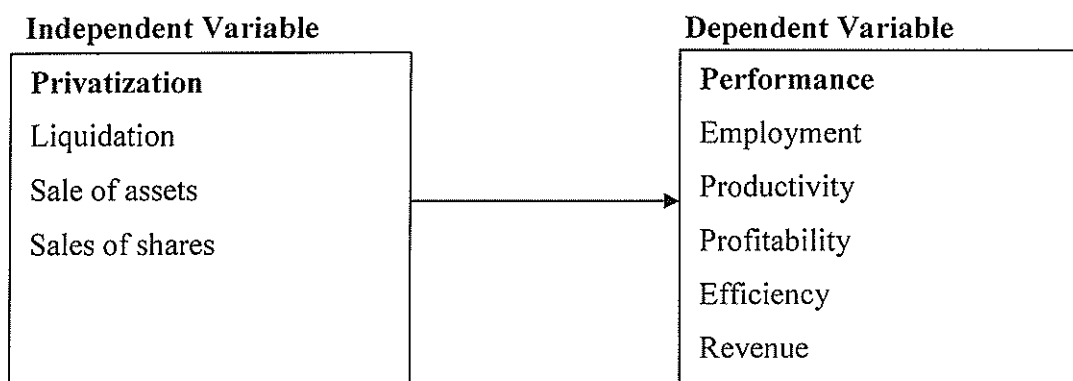
Hence, public enterprises do not close but are bailed out. Privatization, therefore, targets cutting the umbilical cord linking the state (treasury) from the enterprises and improving the budget deficits.

The study was also based on thoughts of GALAL et al. (1994); who argue that in monopoly situations, privatization impact depends on whether the privatized sector remunerated workers better than the public sector. They further say that in order for privatization to influence firm performance, it depends on how the public firms were managed, how the private firms were regulated and the public firms were motivated.

These theories were taken into consideration for this study because they all support the sustainability of performance of privatized enterprises compared to the performance of public enterprises.

## 2.3 Conceptual Framework

**Figure 1: Conceptual Framework**



**Source:** Ndahimana Emmanuel, 2009.

The figure above shows the influences of privatization on performance of privatized enterprises. It determines the measures that can be based on to evaluate the performance of privatized enterprises. In the figure, privatization represents independent variable and performance of privatized enterprises represent dependent variable. On one hand, the factors like liquidation, sale of assets, and sale of shares, can explain the extent to which privatization was successful. On the other hand, factors like employment, productivity, profitability, revenue, and efficiency explain the performance of privatized enterprises after privatization.

## 2.4 Privatization

According to Osborne and Gaebler 1992, privatization is the shift of functions, activities and responsibilities from the public (government) sector to the private sector.

It involves a process where the government gradually and progressively eliminates their involvement in direct service provision while maintaining responsibility and authority over key functions such as standardization, certification and accreditation.

According to Megginson and Netter 2001, Privatization is the deliberate sale by a government of state-owned enterprises or assets to private economic agents.

According to Andrews and Dowling, 1998, Privatization is a process by which state owned enterprises are sold to the private sector

The concept of privatization is integrated within the framework of partnership and complementarities' vision between the public sector and the private sector and contributes, therefore, to the realization of the disengagement policy of the state of the competitive activities.

The word "privatization", almost unknown a decade ago, is here to stay, where as the necessary first step on the long road toward a competitive market economy in socialist countries, or as the key to unlocking private sector- led growth in Latin America, Asia, and elsewhere. It is possible for a privatization program to cover the entire economy, or to be confined to certain sectors or types of enterprise. For the most part, too, countries will not immediately privatize the main public utilities.

Otherwise, the announced programs cover virtually the whole of the enterprise sector. However, some countries have suggested that certain other branches might initially be excluded, such as the banks or branches considered being strategically important like schools, education and health.

The word privatization itself is an umbrella that has come to describe a multitude of government initiatives designed to increase the role of the private sector. In its most literal sense, it refers to the private sector.

The objective of such exercises is to introduce greater competition into these industries, thereby improving efficiency and reducing the cost to the public.

Traditionally, privatization is defined as the transfer of assets held by public agents to the profit of private agents. In other words, it is a transfer of property rights (of ownership) to private actors.

Privatization is characterized by the total or partial transfer of the responsibility of assets' offers to the private companies according to various methods.

Therefore, Adam Smith has said that privatization is not a method but an approach. It is an approach which sees no substitute for the market to the reality itself, and which seeks to have done in the private sector huge sections of what has hitherto been done by the state. Since each part of the public sector generates different interest groups and different political problems, each distinct program requires a distinct approach.

The public sector of any country can be greeted by a determination to transfer elements of it into the private sector by whatever means can be found.

The means will vary from case to case and from country to country, but the approach itself is sufficiently basic to be applicable anywhere.

The case by case approach is an essential feature of privatization; it means that every attempt has been designed to fit the operation it is tried upon.

Each attempt has unique features focused on the particular interest groups involved in that operation.

Hemming and Mansoor, (1988), said that: Privatization can be variously defined. Conceived in narrow terms, it entails a shift of productive activities or services being undertaken by the public sector to private ownership or control.

Such transfers can be brought about in a number of ways, among these the direct sale of assets or the sale of part or all equity, leasing, management contracts, or the contracting out of functions.

But privatization can also be understood in broader terms as referring to a process by which the state's role within the economy is circumscribed while at the same time the scope for the operation of private capital is deliberately extended. Such a shift in the balance between the state and capital might be affected, for example, through the relaxation of state monopolies where these exist, through reducing the impact of governmental regulations upon the operation of the market economy, or through the requirement that public enterprises perform according to private sector criteria of efficiency and profitability.

#### **2.4.1 Methods of Privatization**

In recent history, privatization has been adopted by many different political systems and has spread to every region of the world. The process of privatization can be an effective way to bring about fundamental structural change by formalizing and establishing property rights, which directly create strong individual incentives.

A free market economy largely depends on well-defined property rights in which people make individual decisions in their own interests. The importance of property rights is captured by economist Hernandode Soto as he states, "Modern market economies generate growth because widespread, formal property rights permit massive, low-cost exchange, thus fostering specialization and greater productivity" (1996). Along with creating strong incentives that induce productivity, privatization may improve efficiency, provide fiscal relief, encourage wider ownership, and increase the availability of credit for the private sector.

#### **Sale of shares.**

Countries around the world have pursued different methods of privatizing state assets depending on the initial conditions of the country's economy and the economic ideologies of the political party in charge. The process of privatization is often easy for small institutions, while the process becomes harder when it comes to finding the appropriate buyers for larger enterprises. One of the main methods of privatization is the sale of state-owned enterprises to private investors, (Peter. F).



The state would simply decide which institutions should be privatized and through the use of market mechanism, private investors are able to buy shares of each firm. The benefits from this method of privatization are that it creates badly needed revenues for the state while putting privatized firms in the hands of investors who have the incentives and the means of investing and restructuring. On the other hand, finding domestic investors in underdeveloped countries is often a difficult task (Stirbock, 2001). Amongst many other countries that have used this method, Jamaica has been successful in privatizing its National Commercial Bank through the sale of shares to domestic investors. Despite its underdeveloped financial market, symbolized by an almost non-existent stock market, Jamaica's government was still able to successfully privatize the bank in less than three months. Not only did the number of shareholders in Jamaica go up five times, but the nation's largest bank was in the hands of the private sector, which responds to market conditions (Poole, 1996).

### **Liquidation**

Another widely used method of privatization has been known as liquidation. The government universally sells its enterprise, which can be sold to other investors. As expectation, this method creates revenues for the state. It also privatizes state-owned firms in a short period of time (Stirbock, 2001). Many countries such as Canada and Russia have employed this method, but the most notable liquidation program was the one designed by the Czech Republic. Due to the fear of the return of the communist party, the government felt that it was necessary to pursue a rapid privatization process. For a nominal price, vouchers booklets were sold to the citizens who had the option of claiming a share in a particular firm or investing in the newly created investment funds. The purpose of the investment funds was to consolidate vouchers and diversify risk for the citizens. Furthermore, the investment funds were expected to motivate enterprise restructuring as the investment funds use the invested vouchers to obtain shares in particular firms. Mass voucher privatization was conducted in two waves; one under the rule of Czechoslovak Federation and the second after the break up. Although a large percentage of state-owned enterprises was privatized in short period of time,

the overall process was not considered very successful due to “the lack of appropriate accompanying institutional policies and lagging banking sector reform” (World Bank, 2002). It becomes evident once again that a potentially successful economic policy fails due to the lack of institutional changes and other appropriate economic policies (World Bank, 2002).

#### **Sale of assets.**

Internal privatization, also known as “assets buy out,” is another method of privatization.

State-owned enterprises assets are sold mainly to managers (for an extremely low price) who are already familiar with the particular firm and its structure, but there are minimal revenues created for the state.

This method creates some incentives but the incentives are much stronger when firms are sold to strategic investors. Additionally, new owners often do not have the resources to invest and restructure, which is badly needed in a large percentage of state-owned firms in underdeveloped countries (Stirbock, 2001). Slovenia has been known for their internal privatization processes in which majority of the state assets were distributed to state-owned institutional investors (such as pension funds) while the rest were sold to employees (with many subsidies). This process led to a lack of strategic investors, which may have played a role in the limited success of Slovenia’s privatization (World Bank, 2002).

#### **2.4.2 Privatization in the world**

After decades of poor performance and inefficient operations by state-owned enterprises, governments all over the world earnestly embraced privatization. Thousands of state-owned enterprises have been turned over to the private sector in Africa, Asia, Latin America, and Eastern and Western Europe. This trend was spurred by the well-documented poor performance and failures of state-owned enterprises and the efficiency improvements after privatization around the world (Chong et al, 2004).

Privatization began in Germany in 1961 with the German Government sale of its majority stake in Volkswagen but was popularized in Britain by the Margaret Thatcher government in the 1980s with the successful privatization of British Telecom. It then spread through the rest of Europe to Japan, the rest of Asia, Latin America, Africa and the former Soviet-bloc of countries of Central and Eastern Europe were the last to adopt it (Megginson and Netter, 2001).

In the 1990s, global Privatization proceeds amounted to US\$145 billion with Latin America and the Caribbean contributing the most to the proceeds (Kikeri and Nellis, 2002). Privatization has since been perceived as a tool to improve Public Enterprise performance and reduce the budgetary burden caused by their inefficiencies. Privatization is necessary not simply to improve the performance of Public Enterprises but its essential contributions are to consolidate gains achieved in reforming Public Enterprises, to distance the firm from the political process and inoculate it from interference by owners who have more than profit on their minds (Ellis 1994). The main objective of a privatization program usually is increased efficiency among hitherto Public Enterprises (Falcke 1996).

There is little to be gained by divestiture unless enterprise behavior changes in the direction of cost efficiency and heightened entrepreneurial efficiency (Ramamurti and Vernon, 1991). Countries that privatize benefit and the gains are not only kept by firm owners—they are also distributed to society (Chong et al, 2004). Utilizing the private sector to satisfy people's needs is as old as the family. What is new, however, is the deliberate use of privatization as a tool to improve the functioning of government and even of entire societies, as in post-socialist Europe and China. The intellectual foundation for privatization was laid by Milton Friedman.

Privatization was first suggested in 1969 by the Austrian-born American management professor Peter F. Drucker. Indeed, in the last two decades of the twentieth century, major transfers of state-owned enterprises into private ownership have taken place around the world. The scope of such transfers has been especially significant in the countries undergoing post-socialist transition.

In developed and developing countries alike, privatization is one of the most Revolutionary innovations in the recent history of economic policy.

Margaret Thatcher has made it a central part of her economic policy in Great Britain, then the French has embarked on a program to sell off sixty-five state owned companies and banks in 1987, and major privatization programs are underway in developing countries everywhere.

The popularity of privatization has different origins, reflecting different hopes that its proponents have for it. Many proponents emphasize efficiency. They see privatization as a means to increase output, improve quality, and reduce unit costs. Others hope it will curb the growth of public spending and raise cash to reduce government debt. Others like its general emphasis on private initiative and private markets as the most successful route to economic growth and human development.

Finally, a large group sees in privatization a way to broaden the base of ownership and participation in a society –encouraging large numbers to feel they have a stake in the system.

#### **2.4.3 Privatization in Africa**

Privatization on the African continent has been progressing more slowly in part because of financial barriers, a lack of “how-to” knowledge, and political hesitation by governments. In only three cities of sub-Saharan Africa (Abidjan, Nairobi, and Harare) can there be said to exist a fledging capital market.

Africa earned the moniker “Dark continent” because of its reputation for tyranny, isolation, and deprivation. To outside observers, Africans seemed incapable of or uninterested in improvement of their situation through enterprise and private property. But in sub-Saharan part of Africa, there were some countries which have achieved a high level of success in privatization program such as Rwanda, Zambia etc. Zambia represents a classic case of the pitfalls of the state –led approach to development, a model that brought the country a bloated public sector and the attendant fiscal problems. The government of President Frederick J.T Chiluba, who was elected in October 1991, initiated a structural adjustment program with privatization as central component of the reform effort.

The program targeted 90 percent of Zambia's SOEs for privatization within 5 years and the remaining SOEs were to be restructured.

The privatization program in Zambia has achieved some impressive results and it is considered to be one of the most successful on the continent.

Most of the enterprises (97 percent) became successful profit making companies within a few years after privatization and they have also attracted foreign capital. The privatization program has stimulated economic activity in many sectors, especially agriculture. It helped reduce budgetary pressures on the government and through increased economic activity helped spur growth. In 1993, the year after the privatization program was launched, Zambia reserved years of negative economic growth and achieved a real GDP growth of 5.1%. Throughout the 1990s and into the 21<sup>st</sup> century Zambia enjoyed relatively stable economic growth.

A part from sub-Saharan countries, the Arab African countries were successful in privatization program. In Egypt, privatization program was identified as one of the keystones in its economic reform process in the early 1990s, when the country was trying to fit into a rapidly changing world environment. Partly, the privatization process was mandated upon Egypt with IMF assistance in 1991, when one of the conditions under which the loans were provided was a requirement to privatize. Yet, more importantly, poorly performing state –owned enterprises (SOEs) were a drag on the economy, accounting for roughly 40 percent of GDP during the 1980s.

The SOEs required substantial financial resources to keep them afloat, yet the government could no longer provide the resources. Egypt, unlike some developing countries that rushed into large-scale privatizations, focused on a gradual approach.

Originally, the government offered 316 companies for privatization. A total of 133 companies were fully privatized by 2003 and another 55 were partially privatized, resulting in proceeds of \$3.4 billion.

#### **2.4.4 Post-Privatization Performance of Privatized Enterprises**

Many Governments like in the case of Uganda embark on privatization because they expect enterprises to perform better after privatization both in terms of their profitability and efficiency. They expect increased output and employment after privatization. The findings on post privatization performance of enterprises has however been mixed. Andrews and Dowling (1998) find that overall there has been performance improvements for divested enterprises. There are large variations which suggested different privatization experiences with some firms' performances declining markedly.

Researchers like Frydman, Gray, Hessel and Rapaczyinski (1999) agree that in the context of the transition economies of central Europe, the overall effects of privatization on corporate performance are quite powerful positively but are not automatic or uniform across different types of firms or different performance measures. Privatization is effective in enhancing revenue and productivity of firms controlled by outsider owners but produces no significant effect on firms controlled by insiders.

However Ornran (2004) in his comparative study of privatized enterprises and Public Enterprises in Egypt finds that privatized firms do not exhibit significant improvement in their performance changes as compared to Public Enterprises. The study reviewed indicators in privatized and remaining state-owned firms in the 1990s, and found that all firms improved, regardless of ownership type—concluding that general liberalization was more important than privatization in explaining firm behavior.

But it could also be argued that previous liberalizing reforms without privatization had accomplished little in Egypt;

and that only when privatization was a realistic option and credible threat did remaining Public Enterprise managers take seriously the calls for reform (Kikeri and Nellis, 2002).

#### **2.4.5 Performance**

This is measured in terms of; Profitability, Efficiency, Productivity, Employment and Revenue. There are no magic formulas for measuring performance of a business (Drucker, 1993). It is only easy to measure business growth if one considers growth in market share and increase in revenue directly generated by the company operations.

The debate on performance is also related to the sustainability of the enterprise, such that it should be able to acquire its own equipment, materials and also to pay the workers. For this to be achieved, enterprises should be able to make profits. According to (Drucker, 1993), profit is not the major objective of an enterprise, but he cautions that an enterprise, which does not make profit, should be discarded.

Profitability therefore stands out as the measure of performance. Enterprises employ people to help in carrying out daily activities, and the number of people employed depicts the number or the magnitude of the tasks. According to (Pederson, 1996), the performance of the organization can be measured depending on the number of people employed; increase in the employment depicts increased organizational performance.

According to (Boubakri, 1996) agree that privatization significantly enhances the revenue, profitability and productivity / efficiency performance of privatized enterprises. Further that privatized entities increase capital expenditure after privatization. Newly privatized firms significantly improve their operating and financial performance while maintaining employment or even increasing it in some cases (Megginson, Nash, Randenborgh 1994) According to (D'Souza et al, 2004) focus on developing countries and find that following privatization,

firms in developed countries experience significant increases in profitability (net income/sales) real output and efficiency (sales per employee) following privatization, while there's no significant change in employment although there is an insignificant increase (D'Souza et al 2004).

The capital expenditure also increases while leverage decreases significantly. The factors contributing to Performance improvements in developed countries, firm level factors such as amount of government and foreign ownership appear to have the most significant impact on post-privatization performance, significantly affecting employment and capital expenditure (D'Souza, Megginson and Nash, 2004).

In developing economies, institutional factors such as the levels of trade openness, financial liberalization and stock market liberalization are more frequently significant determinants of performance improvements (Boubakri et al, 2005).

## **2.5 Effects of Privatization on the Selected Performance Measures**

Discussed below are previous findings on performance improvements using selected measures of performance.

### **2.5.1 Profitability and Productivity**

According to D'Souza, Megginson and Nash (2001, 2004), firms experience significant increases in profitability efficiency and real output in the 3 year post privatization period as compared to the 3 year pre-divestiture period. From their survey of 118 companies from 29 countries and 28 industries they find that the return on sales increases by 3.2% while labor productivity increases by 0.07%. They find that average employment after privatization increases.

They conclude that firms significantly increase profitability, efficiency and real sales following privatization. Frydman et al (1999),

Meggison et al (1996) and Boubakri and Cosset (1996) agree that privatization significantly enhances the revenue, profitability and productivity / efficiency performance of privatized enterprises. Further that privatized entities increase capital expenditure after privatization. Newly privatized firms significantly improve their operating and financial performance while maintaining employment or even increasing it in some cases (Megginson, Nash, Randenborgh 1994). D'Souza et al (2004) focus on developing countries and find that following privatization, firms in developed countries experience significant increases in profitability (net income/sales) real output and efficiency (sales per employee) following privatization, while there's no significant change in employment although there is an insignificant increase (D'Souza et al 2004). The capital expenditure also increases while leverage decreases significantly.



A separate study of pre- and post-privatization performance of 16 African firms privatized through public share offering during 1989-96 finds a significant increase in capital spending by privatized firms but only insignificant changes in profitability, efficiency, output and leverage (Boubakri and Cossett, 1999).

In Uganda, the findings regarding performance improvements have been mixed (Adam Smith institute, 2005). According to a study of 19 enterprises for which there is pre and post- privatization data, 13 enterprises were found to have experienced increases in profitability (net profit/sales) with the differences significant for eight of these enterprises,

while 14 enterprises have experienced increases in labor productivity (Sales / employees). Only 8 out of the 19 enterprises experienced efficiency (Costs/Sales) improvements after privatization.

The study notes that each of the companies surveyed has experienced performance improvement in at least one of the measures used i.e. productivity, efficiency or profitability.

### **2.5.2 Employment**

Given the politically charged environment in which many privatizations occur, the effect on employment is a very important and closely monitored implication of privatization, especially for governments. Contrary to expectation, average employment however does not decline following privatization (D'Souza et al, 2004). In fact Megginson, Nash, Randenborgh (1994) find surprisingly that employment actually increases after privatization by an average of 6% in the majority of divested enterprises. And those unions probably oppose privatization because of the cases of high profile job losses after privatization.

They fear the prospect of losing their power and influences as they move from public to private sector unions. Even though employment may initially drop immediately after privatization, it eventually grows within three years to add more jobs than initially lost. Boubakri and Cosset (1996) and D'Souza, Megginson and Nash (2001) agree that average employment after privatization increases. Andrews and Dowling (1998) in their study of enterprises divested by listing find that the post-privatization employment increased on average by 20%.

In the context of economies in transition in Europe, Privatization significantly improves the employment performance of privatized firms even though the effect is not uniform across the Different types of ownership (Frydman, Gray, Hessel and Rapaczyński, 1999) as shall be seen later.

Omran (2004) however finds a significant decrease in employment by privatized firms after privatization. Comparatively however, he finds that the employment in state owned firms drops significantly more as compared to privatized enterprises and attributes this to the transition by the Egyptian economy to a market oriented system.

Adam Smith Institute (2005) who assessed the impact of privatization in Uganda is inconclusive as to whether or not privatization has led to an increase in employment. It however notes that there could be substantial increases in employment especially indirectly from the sectors that support the enterprises although this was not part of the scope of the study.

### **2.5.3 Revenues**

Comparing the privatization impact on subsidies, budget deficit and privatization sales proceeds generally contradicted the theory regarding subsidies, but supported taxation and sales proceeds behavior as found in other least developed countries (LDCs).

a) While Madsen (1988) argues that subsidies fall with privatization and Rolands (1994) maintains that falling subsidies reduce the budget deficit; the Uganda experience contradicted this theory. In Uganda, subsidies in nominal prices remained more or less the same over the period 1992/3 to 2004/5 explained by bail-out operations, government guarantees to energy sector, and state contracts.

In addition, after 1998, central government budget rose although it de-linked from subsidies explained by factors other than subsidies. Uganda evidence showed that in today's Uganda, however, there was no link between subsidies and the central government budget deficit explained by the 'hard budget policy' of government.

Regarding budget deficit, the Uganda evidence again supported the theoretical positions of increasing budget deficits with privatization in majority of LDCs with exception of Mexico that managed to reduce the budget deficit. In the theory, privatization impact on budget deficit shows mixed results in DCs and minimal results in LDCs. In DCs, the deficit increased in Hungary but fell for utility companies in the United Kingdom. In East Germany, SOEs managed to move from the treasury to bank finance (Bos, 1993; Bager, 1993; Yallow, 1993). In Uganda, the budget deficit multiplied four times from Shs. 424.3 to Shs. 1692.9 billion in 1992/3 and 2006/7 respectively. The rise in budget deficit after 1998/99, unlike between 1991/2 and 1997/8, seem not to have been linked to subsidies but other factors. In a similar manner privatization sales proceeds theory and evidence concurred. While most France was the only country that surpassed privatization targeted sales and the majority of countries did not realize their targets, so did Uganda. Privatization in Uganda failed to achieve the World Bank set sales target of US\$500 managing only US\$172 m accounting for 35.6 % by end of June 2006 due to assets undervaluation and stripping. Lastly, privatization increased tax from PSOEs being four times as big as before overall with industry exceeding trade and services.

#### **2.5.4 Efficiency.**

Although privatization theory argued that impact on firm performance was neutral (Omran 2002; Yallow, 1993), positive (Boardman and Vining, 1989; Boycko, Schleifer and Vishny, 1993) and at times negative (Aharoni, 1986; Caves and Christensen, 1980);

the Ugandan evidence supports the Omran (2002) and Yallow (1993) views of a zero effect. With the exception of only when state firms were combined with mixed firms and then compared with private ones, there was no difference in firm performance between state and private firms on the one hand and before and after privatization on the other hand.

In other words, both comparisons: 1) 'before' and 'after' and 2) mixed and private firms yielded similar results of no difference in performance. In the exception case, private firms tended to perform better than the combined state and mixed firms that were also supported by FDI, itself a result of financial and other support that were accorded by the NRM government. While the lone success was attributed to falling wage bill as well as reduced waste that cut transport costs; the failure for privatization to deliver was due to: 1) NTBs/TBs selective protection that caused contradicting results in the industrial sector; 2) excluding non-PSOEs from the study that had spectacular non-profit contributions in terms of new investments, product variety and innovations in banking and telecommunications; and 3) failure to access funding after privatization by most firms; and 4) failure for transactions costs to change after privatization arising from opposing falling communication, on one hand; but rising advertising and legal costs on the other hand.

## **2.6 Related studies**

Kibikyo D.L (2008) conducted a study on "Assessing privatization in Uganda" The reasons for undertaking the study is rooted in the fact that although three studies exist on the privatization assessment by ROU (1993), UMA(2000) and DOUMBA-Ssentamu and MUGUME(2001), they tended to emphasis fiscal impact and firm performance but ignored what makes privatization to be effective including issues such as cooperate governance, regulation and structure that Galal et al (1994) found important in the monopoly environments.

To a limit extent, UMA(2000) and Doumba- Ssentamu and Magume (2001) briefly looked at motivation and workers' conditions on top of the fiscal impact and firm performance change. As such, this study contributes to Ugandan privatization assessment by focusing on fiscal impact and firm performance by using updated data from 1992 to 2003 and also investigates the factors that influenced privatization effectiveness and therefore, firm performance such as corporate governance, regulation, structure and motivation.

Ndahimana. E, (2009) conducted a study on "Impact of privatization program on the national economy in Rwanda" In his study; he found that the economy of Rwanda has developed through the private sector development after privatization. This economy increased due to the reduction of government expenditures, increase of productivity, competition and effective management of privatized companies.

Adnan. F (2005) conducted a study on "Impact of privatization on economic growth" The concept of economic growth is a fundamental part of the field of macroeconomics, which is masterfully captured in William Easterly's *The Elusive Quest for Growth*. Easterly powerfully depicts the real, long term economic crisis that many countries are facing around the world and stimulates the reader to take part in the search for economic growth. In the early parts of *The Elusive Quest for Growth*, one begins to appreciate the meaning behind the book's title.

Individual policies such as aid for investment, population control, and human capital investment have all failed as a solution to the lack of economic growth in underdeveloped countries.

In other words, Easterly alludes to an idea that a combination of different factors (investment, education, technological innovation),

along with a fundamental structural change might be the path to long term economic growth. One of the underlying themes throughout Easterly's book is the idea that people respond to incentives. In fact, most of Easterly's analysis of various economic models throughout the book is an analysis of the incentives created by those models (Easterly, 2001). This paper examines the relationship between growth and privatization from an incentives perspective.

Privatization, a method of reallocating assets and functions from the public sector to the private sector, appears to be a factor that could play a serious role in the quest for growth. In recent history, privatization has been adopted by many different political systems and has spread to every region of the world.

The process of privatization can be an effective way to bring about fundamental structural change by formalizing and establishing property rights, which directly create strong individual incentives. A free market economy largely depends on well-defined property rights in which people make individual decisions in their own interests. The importance of property rights is captured by economist Hernando de Soto as he states, "Modern market economies generate growth because widespread, formal property rights permit massive, low-cost exchange, thus fostering specialization and greater productivity" (1996). Along with creating strong incentives that induce productivity, privatization may improve efficiency, provide fiscal relief, encourage wider ownership, and increase the availability of credit for the private sector.

This paper will analyze the effects and the influence of privatization on the rate of economic growth, stimulated by the idea of people responding to incentives. Ultimately, the goal of this paper is to evaluate and analyze the idea of privatization as a possible factor of economic growth.

Ssentamu J.D (2001) conducted a study on “The privatization process and its impact on society” In his study, he found that the government of Uganda has achieved its objective of reducing its direct role in the economy. There is a belief that less has been achieved to reduce corruption. There is a suspicion that corrupt officials and buyers have engulfed the process of privatization. However, there is hardly any corruption in the sold public enterprises. A major discontent in the privatization process is the fact that no provisions for an employee preference scheme were put in place to create an opportunity for the employees of a state- owned enterprise to acquire an ownership interest on favorable terms, whether in the form of enterprise share, purchases of physical assets, or a 100 percent buy- out. Therefore, the objective of creating a property owning middle class was not realized.

In terms of economic objectives, government is said to have achieved the objective of efficiency, profitability and productivity. In terms of enterprise performance, findings reveal that compared to the prior privatization period, capacity utilization, sales revenue, tax contribution to government, profitability, product quality, and diversification have increased after privatization.

Post divestiture investment has increased, particularly machinery, building and land purchase but the issue of who owns the investments leaves discontent.

On the other hand, there is belief that the private sector has not been significantly stimulated.

The goal of establishing a well-functioning private sector has been constrained by the absence institutional mechanisms to provide an engine for the growth of the private sector.

Overall, there has been an improvement in employment levels during the privatization period compared to the prior privatization period. But the composition of the employment is still more skewed in favor of the male compared to female workers. At the same time, it is pertinent to point out that female workers have increased in number as opposed to the prior privatization period. This is perhaps not due to privatization itself but factors beyond the outcome of privatization. Remuneration has shown an improvement but the issue of distribution across workers shows discrepancies that are likely to explain part of the social discontent.

There is evidence that the majority of the workers earn much less than what the top management earns and consequently enlarging the inequality. Privatization has to some extent improved people's welfare. This is mainly explained by the increased productivity, output and a wider range of consumer choice. On the other hand, there are quite a number of households whose welfare has been adversely affected by the privatization process.

Privatization is said to have significantly increased discontent among workers in the sense that improved pay has come with increased workload and other performance criteria that can be detrimental to the workers.

In addition, workers are increasingly becoming insecure and their power to organize and have dialogue with the employer has been seriously weakened. Privatization brought with it benefits and costs. However, it is difficult to ascribe with totality the costs to the privatization process itself given the fact that several forces are at play.

The causes of the discontent about the process have multifaceted causes beyond the privatization process itself. With respect to management process, there are concerns that the privatization program was generally poorly managed.



There was lack of transparency in the privatization process. Furthermore, there is belief that almost all privatized enterprises have not been independent of political interference, corruption and underhand dealings. The bidding process has been blotted with speculative bidders who present very high bids but have no capacity to meet the payment. The result has been undue delays in the award of tenders to the most deserving bidders. More so, the bidding process is revealed to have been unfair and biased in favor of certain entities. There is a general feeling that there has been lack of transparency in privatization process with regard to a number of enterprises. The point emphasized is that the privatization of a number of enterprises did not follow the proper guidelines.

Many investors feel that the most important deals were conducted behind the scenes, and that corruption episodes took place.

Jahya .J (2006) conducted a study on “Assessing the Impact of Privatization in Africa. Uganda Telecommunications “Gains to consumers from telecom reform in Uganda were undoubtedly huge.

But these overwhelming came from the expansion of mobile service: only about 30,000 fixed lines were added versus more than a million mobile connections.

And we argue that none of the mobile gains were due to privatization. Privatization did accelerate UTL entry in to mobile and made its growth more rapid thereafter. But because sale was into a competitive market, MTN and Celtel would otherwise have served any consumers willing to pay the market price.

And while that price could have been affected by the date and quality of UTL entry, analysis of price trends suggests that MTN and Celtel competition was sufficient to drive prices down, if not to the lowest possible level, then at least to a level one-half to one-third the level in other East African countries.

We do attribute the fixed line gain to the announcement effect of privatization, which occurred pre-privatization after a 1993 Presidential Directive ordered UPTC to be sold in a month. But the gains on this are a mere blip compared to the competition induced mobile gains. And, given the negligible size of this impact, we assume, for simplicity, no difference between factual and counterfactual number of connections post-privatization. Employment gains were primarily at the sector level and primarily in the related services markets rather than the three main employers. But again, this was overwhelmingly due to mobile and thus not to privatization; and similarly for the impact on government and the economy.

Given the legitimate unwillingness of the private operators to provide detailed financial information, we were unable to estimate welfare gains for the sector. Given the limitations of the pre-privatization data at UTL, estimating the gains from UTL privatization would have been hazardous at best.

And, given their relatively small nature compared to mobile gains, it probably would not have been worth the effort if we did have believable data.

Kamisho P. C, 2004 conducted a study on “Assessment of the key challenges on performance of privatized enterprises in Uganda” In his study, he considered the below measures of performance in privatized enterprises.

This is measured in terms of; Profitability, Efficiency, Productivity, Employment and Revenue There are no magic formula for measuring performance of a business (Drucker, 1993).

It is only easy to measure business growth if one considers growth in market share and increase in revenue directly generated by the company operations. The debate on performance is also related to the sustainability of the enterprise,

such that it should be able to acquire its own equipments, materials and also to pay the workers. For this to be achieved, enterprises should be able to make profits.

So, different studies of the above authors will be considered in my final thesis.

#### **2.6.1. Existing Gaps in the Literature**

Much as a lot has been said about privatization in Uganda, little has been talked about the performance of privatized enterprises. Thus, there is need to determine the relationship between privatization and performance of privatized enterprises in Uganda and this is what the study intends to cover. It can also be observed from the literature that little has been said about extent to which privatization has conducted to good performance of privatized enterprises. Thus, this study intends to quantify the extent to which these two variables are related.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the methods adopted in order to answer the research questions detailed in chapter one. It looks at the research design, research population, sampling techniques, data collection instruments and procedure of data collection, mode of data analysis and presentation as well as ethical consideration and limitations of the study.

#### **3.2 Research design.**

This study employed the descriptive correlation design. This research design allows establishing the significant relationship between independent and dependent variables.

#### **3.3 Research Population.**

The target population of this study consisted of 600 employees working in three privatized enterprises.

One privatized enterprise in primary sector, which is Uganda Fisheries Enterprises Ltd, Tororo Cement Works Ltd in secondary sector and Uganda Telecoms Ltd in tertiary sector.

In primary sector, 100 employees of Uganda Fisheries Enterprises Ltd were respondents in this study, 300 employees working in Tororo Cement Works Ltd were considered under secondary sector, and 200 employees working in Uganda Telecoms Ltd as enterprise of tertiary sector constituted the respondents.

The researcher's population target is from three sectors of the economy because he wants to get all necessary information from the respondents working in all sectors of the economy.

### 3.4 Sample size

Slovene's formula was used to compute the sample size. This formula was employed so as to sample fairly a large size as representation of the total population such that the research findings obtained can be considered valid. The details on the determination of sample size using Slovene's formula are shown below;

By using Slovene's formula ( $n = \frac{N}{1 + (e)^2}$ )

$n$  = sample size

$N$  = population size

$e$  = level of significance

$n = 600$

$1 + 600(0.0025)$

$n = 600 / 2.25 = 266.66 = 266$

Sample size for privatized enterprises employees in primary sector

$n = \frac{100}{600} \times 266 = 44$

600

Sample size for privatized enterprises employees in tertiary sector  $n = \frac{200}{600} \times 266 = 88$

600

Sample size for privatized enterprises employees in secondary sector

$n = \frac{300}{600} \times 266 = 133$

600

**Table 3.1.**

**Population and sample size table.**

Categories	Population	Sample size
Privatized enterprises employees in primary sector	100	44
Privatized enterprises employees in tertiary sector	200	88
Privatized enterprises employees in secondary sector	300	133
<b>Total</b>	<b>600</b>	<b>266</b>

### 3.5 Sampling procedures

This study used a technique of stratified random sampling .The respondents of this study are divide into three categories 100 work in privatized enterprise of primary sector, 300 work in privatized enterprises of secondary sector, and 200 work in privatized enterprise of tertiary sector.

For Privatized enterprises employees in primary sector as first stratum,

First stratum = $\frac{\text{population sample} \times n}{\text{Population size}}$

$$= \frac{100 \times 44}{600} = 7.77 = 7 \text{ respondents}$$

For privatized enterprises employees in tertiary sector, as second stratum

$$= \frac{200 \times 88}{600} = 29.33 = 29 \text{ respondents}$$

For privatized enterprises employees in secondary sector, as third stratum

$$= \frac{300 \times 133}{600} = 66.5 = 66 \text{ respondents}$$

The purposive sampling method was also used in order to assign the questionnaires to the right employees based on their positions in the enterprise.

### **3.6 Research Instruments**

This study used questionnaires, and guided interviews. This was because of the nature of data to be collected, the time available, as well as by the objectives of the study. The overall aim of this study was to evaluate the relationship between Privatization and performance of privatized enterprises in Uganda.

The researcher was concerned with views, option, perception and feelings from the environment.

Such information was corrected through the questionnaires, and interviews, and because the study was conversed with variable that cannot be directly observed.

The sample size was also quite large, and given the time constraints and target population was literate and unlikely to have difficulties in responding to questionnaire items, questionnaire was ideal tool for collecting data.

#### **3.6.1 Questionnaires**

Questionnaires were used to determine: the level on the performance of privatized enterprises in Uganda. The questionnaires were self- administered and closed ended so as save time and enabled respondents to give relevant choice since different options were given. This method of data collection was preferred for this study because it gives freedom to respondents to give their truthful opinions since there was no one to challenge their answers as it is in the case of interviews. This has given a complete confidence to respondents to effectively answer questions asked without feeling shy or being scared. The scoring system of this instrument based on the four scales or Likert type scale of rating involving: 1=very low, 2= low, 3= high, 4= very high.

#### **3.6.2 Interview Guide**

This method was used mainly with those working in privatized enterprises since they should be having evidence-based information regarding to the performance of privatized enterprises.

The interviews were face to face and this helped the researcher in getting detailed and evidenced based information on performance of privatized enterprises in Uganda. The information obtained through interview method helped to compliment the one that was obtained through questionnaire. Since questions in interview can be repeated and clarity on some questions were sought so as to have richness in the information collected.

The researcher then compared and contrasts the interview guide findings with that of questionnaire to so as to draw reliable conclusions regarding the relationship between privatization and performance of privatized enterprises.

### **3.7 Validity and Reliability of the instruments**

#### **3.7.1 Validity**

To insure the validity of the questionnaire and interview guide; some two experts in research was involved. In this regard, after constructing the questionnaires and interview guide, they were submitted to two experts to ensure their validity through their duties basis. This was based on alpha coefficient value of 0.7 and more.

Thus, after the expert judgments, the compilation of the responses from raters will be computed to determine the content validity index (CVI). The coefficient computed was above 0.7, this means that the instruments were valid.

#### **3.7.2 Reliability**

To ensure the content reliability, the research used pre-testing of the instruments. This was done in there privatized enterprises. In this, questionnaire were distributed to the respondents of Tororo cement, Uganda Telecom, and Uganda fisheries enterprises Ltd. The results from pre- testing helped the researcher in rephrasing and adjustment of questions that were unclear so as to bring about clarity and reliability.

### **3.8 Data Gathering Procedures**

#### **3.8.1 Before data collection**

Before data collection, an introductory letter was obtained from the College of Higher Degree and Research (CHDR) of Kampala International University.



This letter was introduced the researcher to the authorities of selected privatized enterprises in Uganda. List of people from various institutions considered for this study was then sought such that sampling process can begin.

All the respondents to be considered were met physically such that the researcher and research assistants can introduce themselves and create rapport with them and brief them about the intention of the study.

### **3.8.2 During Data Gathering**

Data collection involved distribution of self-administered questionnaires to respondents and the same time interviewing others. The researcher together with the research assistants were involved in this process such that data collection can be done fast. Respondents were kindly requested to fill in the questionnaires within one week.

The researcher had visited the selected institutions every day to ensure that respondents quicken the process of filling in the questionnaires. Questionnaires that were filled in were immediately collected to avoid misplacement by respondents. While recollecting research instrument, Verification on whether respondents finished answering all the questions or not, will be done there and then. This was to ensure that respondents answer all the questions as required.

### **3.8.3 After Data Gathering**

After data collection, data processing begun immediately. The research begun tallying responses, code them using Pearson's product moment correlation and multiple regression analysis. Tables were used to present the data and data analysis together with its discussion were done. The final work was presented to the supervisor so that errors being made can be rectified. The fair copy at the end of it all was presented for approval and defended before the viva voce.

## **3.9 Data Analysis**

In the research project, quantitative and qualitative data were analyzed.

The researcher used frequencies and percentages to analyze data on profile of respondents. Mean, frequencies and percentages were used to determine the level of performance of privatized enterprises.

Finally, correlation and regression were used to determine the relationship between the variables.

**Table 3.2: Respondents interpretation numerical values (Likert scale)**

The following numerical values and interpretation were used to interpret the respondents based on the mean score of each item or question;

Mean range	Response mode	Interpretation.
3.26-4.00	Strongly agree	Very high
2.51-3.25	Agree	High
1.76-2.50	Disagree	Low
1.00-1.75	Strongly disagree	Very low

The qualitative data were analyzed by developing different themes generated from research objectives.

### **3.10 Ethical considerations**

The following strategies were adapted to ensure the moral justification of the investigation:

**Authorization:** This involved getting clearance from the ethical body/ethics committee and consent of the respondent.

**Informed consent:** The researcher was seeking for authorization from potential respondents. The researcher ensured free will consent from participants.

**Anonymity and Confidentiality:** The names or identifications of the respondents were anonymous and information collected from them treated with utmost confidentiality.

**Integrity:** There was a need to act honestly, fairly and respectful of all other stakeholders that were involved in this study.

**Ascriptions of authorships:** The researcher accurately attributed the sources of information in an effort to celebrate the works of past scholar or researchers. This ensured that no plagiarism occurs.

**Scientific adjudication:** The researcher worked according to generally acceptable norms.

## **CHAPTER FOUR.**

### **DATA PRESENTATION, INTERPRETATION AND ANALYSIS.**

#### **4.1 Introduction.**

This chapter presents, categorizes, interprets and analyses the data that was gathered using the questionnaire. A discussion of descriptive and inferential statistics was done. Data were collected from selected institutions of interest to the study. The presentation in this chapter shows the results as tested according to the objectives of the study. The chapter Deigns with the descriptive statistics of the sample characteristics which were used to present tile various attributes of the respondents such as their age and gender, education and employment. In this section, tabulations were mainly used to present these. In the sections that follow after this, a combination of statistics such as SPSS, Mean were used and presented according to the study objectives.

#### **4.2 Presentation of findings,**

##### **4.2.1. Descriptive statistics of respondents.**

This section presents the sample characteristics of the sample such as respondent's rate, age, gender, education levels and employment of the respondents using such statistical tools as tabulations.

**Table 4.1 Respondents rate**

Questionnaires distributed	120
Questionnaires collected	114
Response rate	95%

Source: Primary data, 2014

As indicated in a table 4.1, 120 questionnaires were distributed to respondents and 114 of them (95%) were retrieved by the researcher.

In Uganda fisheries enterprises ltd, questionnaires were answered by 19 respondents, in Tororo cement ltd, 66 respondents answered the questions, and 29 respondents answered the questionnaire in Uganda Telecom ltd.

This was due to some inevitable cases that prompted respondents to bringing back the questionnaires. Those cases were field work and absence to work among others.

**Table 4.2 Presentation of respondents gender.**

Category.	Classes.	Frequencies.	Percentage.
Gender	Males	72	59.30
	Females	42	40.69
	<b>Total</b>	<b>114</b>	<b>100</b>

Source: Primary data, 2014

During the study, 114 questionnaires retrieved, implies the total number of 114 respondents. 72 out of 114 respondents were male that is 59.30% of the respondents and 42 respondents were female that is 40.69% of respondents. This creates an image of the extent to which men are more than women. This may be the consequence resulting from the lack of government initiative to promote gender in all sectors including education.

**Table 4.3 Presentation of respondents age groups.**

Category.	Classes.	Frequencies.	Percentages.
Age groups	Up to-20	0	0
	21-35	81	73
	36-55	33	27
	Above 55	0	0
<b>TOTAL</b>		<b>114</b>	<b>100</b>

Source: Primary data, 2014

The table 4.3 shows that over 114 respondents, none of them is aged between of 20 years, 81 of them aged between 21 and 35 corresponding to 73%, then 33 of them are aged between 36 and 55 years old corresponding to 27%,

and none of them is above 55 years old. From the above summary, we can realize that privatized institutions employ young generation as a major constituent of the future society.

**Table 4.4 Presentation of respondents' educational level.**

Category.	Classes.	Frequencies	Percentages.
Education level	Up to secondary school level	14	11.53
	Undergraduate	69	63.46
	Postgraduate	31	25

Source: Primary data, 2014

From the information in the table 4.4, majority of respondents (69=63.46%) in this study were having the level of undergraduate education. This brought the researcher to trusting the reality of what he was searching for, and there is a hope of the industry to develop in the future because of the skilled partners.

#### **4.2.2 Statistical analysis of data.**

##### **Objective one. Perception of employees on methods of privatization in relation to performance of enterprises.**

The first objective in this survey was to determine the perception of employees in privatized companies on different methods of privatization. This means how employees were judging the effect of a given method of privatization in response to the organization performance. The researcher started with identifying these various methods of privatization namely liquidation, sales of assets and sales of shares that were going to be rated by respondents in response to the performance of privatized enterprises.

**Table 4.5 Liquidation as a method of privatization in Uganda Fisheries enterprises.**

Items.	Strongly Disagree freq& %	Disagree Freq& %	Agree Freq& %	Strongly agree Freq&%	Mean	%
Liquidation of state owned enterprises has resulted in good management of an enterprise.	3 15.78	4 21.05	8 42.10	4 21.05	2.66	66.50
Liquidation of state owned enterprises brought motivation of workers.	4 21.05	5 26.31	7 36.84	3 15.78	2.50	62.50
Liquidation of state owned enterprises improved capacity building in an enterprise.	2 10.52	4 21.05	6 31.57	7 36.84	2.85	71.25
Liquidation of state owned enterprises improved customer care in an organization.	1 5.26	2 10.52	10 52.63	6 31.57	3.98	99.50
Liquidation of state owned enterprises removed bureaucratic management style in an organization.	4 21.05	3 15.78	8 42.10	4 21.05	2.62	65.50
Liquidation of state owned enterprises increased employee's participation in decision making.	3 15.78	2 10.52	10 52.63	4 21.05	2.74	65.50
Liquidation of state owned enterprises reduced the government influence.	2 10.52	4 21.05	10 52.63	3 15.78	2.70	64.50
Liquidation of state owned enterprises reduced state control.	3 15.78	4 21.05	8 42.10	4 42.10	2.66	66.50
<b>Average mean</b>					<b>2.71</b>	<b>70.96</b>

Source: Primary data, 2014

During this survey, the research finding revealed that customer care scored the highest mean (3.98) or 99.50 % as expressed by respondents of this study in Uganda Fisheries Enterprises Ltd. Motivation of workers has scored the lowest mean (2.50) or 62.50 % when considering the effect of liquidation after privatization. In general, the average mean when considering the performance of privatization through liquidation was 2.71 or 70.96 % which is interpreted as high numerical value according to the Likert scale.

**Table 4.6 Perception factors under sale of assets towards performance in Tororo cement.**

<b>Items/ Considerations</b>	<b>Strongly Disagree Freq&amp;%</b>	<b>Disagree Freq&amp;%</b>	<b>Agree Freq&amp; %</b>	<b>Strongly agree Freq&amp;%</b>	<b>Mean</b>	<b>%</b>
Sale of assets of the state owned enterprises improved the quality of product and service provided by the enterprise.	10 15.15	15 22.72	21 31.81	20 30.30	2.72	65.00
Sale of assets of the state owned enterprises allowed the flexibility in decision making.	8 12.12	17 25.75	25 34.87	16 24.24	2.70	64.50
Sale of assets of the state owned enterprises improved a good relationship with stakeholders of the enterprise.	5 4.57	10 15.15	40 60.60	11 16.66	2.80	70.00
Sale of assets of the state owned enterprises increased the productivity of an enterprise.	8 12.12	10 15.15	40 60.60	8 12.12	2.70	64.50
Sale of assets of the state owned enterprises introduced new technology in the organization working process.	11 16.66	7 10.60	20 30.30	28 42.42	2.88	72.00
Sale of assets of the state owned enterprises increased the sales volume of an enterprise.	6 9.09	12 15.18	41 66.12	7 10.60	2.71	64.75
Sale of assets of the state owned enterprises contributed to the market share expansion.	9 13.63	8 12.12	30 45.45	19 25.78	2.82	70.50
Sale of assets of the state owned enterprises brought new knowledge in an organization.	12 15.18	8 12.12	30 25.45	16 24.24	2.71	64.75
<b>Average mean</b>					<b>2.75</b>	<b>65.87</b>

**Source: Primary Data 2014**

Results on considerations under sale of assets during privatization in regards to the performance of privatized enterprises in table 4.6 above revealed that new technology in the organization working progress scored the highest mean (2.88) or 72.00% as expressed by respondents of Tororo Cement Ltd. In general, the average mean when considering the performance of privatization through sale of assets was 2.75 or 65.87%, which is interpreted as high numerical value according to the Likert scale

**Table 4.7 Employees perception on Sale of shares in Uganda Telecom**

Items	Strongly Disagree (Freq& %)	Disagree (Freq& %)	Agree (Freq & %)	Strongly agree Freq&	Mean	%
Sale of shares of the state owned enterprises resulted in a good management of an organization.	4 13.79	3 10.34	12 41.37	10 34.48	2.87	71.75
Sale of shares of the state owned enterprises considered shareholders in decision making.	3 10.34	4 13.79	15 51.72	7 24.13	2.82	70.50
Sale of shares of the state owned enterprises provided awareness on the shares value.	3 10.34	2 6.89	20 65.96	4 13.79	2.80	70.00
Sale of shares of the state owned enterprises provided dividends distribution.	5 14.24	4 13.79	15 51.72	5 14.24	2.66	66.50
Sale of shares of the state owned enterprises allowed easy shares transfer.	2 6.89	3 10.34	20 65.96	4 13.79	2.83	70.75
<b>Average mean</b>					<b>2.80</b>	<b>69.9</b>

**Source: Primary data, 2014**

Results on employee's perceptions on sale of shares with regard to the performance of privatized enterprises in table 4.7 reveals that employees agreed with high contribution (average mean of 2.80) or 69.90% of sale of shares in the performance



of Uganda Telecom Ltd. According to employees perception under the subject matter, good management of the organization as a result of privatization scored the highest mean (2.87) or 71.75% whereas the dividends distribution as effect of privatization towards the performance of privatized enterprises scored the lowest mean (2.66) or 66.50%.

#### **Interview findings on perception of employees on methods of privatization.**

After collecting the filled questionnaires, the researcher could find which items have got the most agreement and most disagreement judgments.

Thus, the researcher could formulate the questions to interviewees generalizing the situation in the following manner; “what is your perception on the methods of privatization in relation to performance of privatized enterprises? “These respondents consisted of staffs in finance and sales department of the selected organization, which are Uganda Fisheries Enterprises, Tororo Cement Works and Uganda Telecoms Ltd.

In their responses, all interviewees came up with common views that all methods used during privatization process are allowing these privatized enterprises to move from the public working system to private working system, this contributing to high level of performance of privatized enterprises. The researcher referred to the findings from questionnaire respondents indicators, agreed with respondents on this point of view that the methods used during privatization process contributed to the performance of privatized enterprises as compared to that of before privatization.

#### **Objective two. Level of performance of privatized enterprises**

The second objective in this study was to identify determinants of performance of privatized enterprises. In order to achieve the objective, it was found important to look at different factors and indicators of performance including employment, productivity, profitability and revenue, and efficiency. The study obtained data on determinants of performance and the findings are shown in tables and figures below;

## **Employment in Uganda Telecom, Tororo cement and Uganda fisheries enterprises ltd**

The effect of employment is a very important and closely monitored implication on performance of privatized enterprises.

To have the respondent's views on this determinant of performance, the researcher suggested its components then judged by respondents in table below;

**Table 4.8 Employment.**

	Strongly disagree (Freq& %)	Disagree (Freq& %)	Agree (Freq & %)	Strongly Agree ( Freq& %)	Mean	%
Performance of the enterprise after privatization improved working conditions of employees.	7 6.14	28 24.56	37 32.45	42 36.84	2.89	72.35
Performance of the enterprise after privatization was due to employee's participation in decision making.	4 3.50	19 16.66	41 35.96	50 43.85	3.04	76.18
Performance of the enterprise after privatization was due to motivation employees.	9 4.89	33 25.94	33 25.94	39 34.21	2.81	70.34
Performance of the enterprise after privatization was due to employee's experience.	5 4.39	26 22.80	51 44.73	32 25.07	2.87	71.83
There was employee's capacity building on new changes after privatization.	6 5.26	21 15.42	44 35.59	43 34.71	2.96	74.07
Performance of the enterprise after privatization was due to academic qualification of employees.	3 2.63	17 14.91	56 49.12	38 33.33	3.00	75.01
There was an increase in number of employees after privatization.	7 6.14	25 21.92	47 41.22	35 30.70	2.87	71.79
Performance of the enterprise after privatization was due to employee's good remuneration.	8 4.017	21 15.42	56 49.12	29 25.43	2.84	71.22
<b>Average mean</b>					<b>2.91</b>	<b>72.85</b>

Source: Primary data, 2014

During this study, results on considerations under employment as a determining factor of performance of privatized enterprises in table 4.8 above revealed that in general the average mean of different considerations under employment for the performance of privatized enterprises was 2.91 or 72.85% which means, according to the Likert Scale,

the critical determinant of performance of privatized enterprises. The results also reveal that employee's participation in decision making scored the highest mean (3.04) or 76.18% while employees motivation towards the performance of advertised enterprises was rated the lowest mean (2.81) or 70.34%.

**Table 4.9 Productivity in Tororo cement and Uganda fisheries ltd**

Items.	Strongly Disagree Freq& %	Disagree Freq& %	Agree Freq& %	Strongly Agree Freq& %	Mean	%
Privatization of the enterprise has reduced the company resources mismanagement.	10 11.76	5 5.88	40 44.05	30 35.29	2.94	73.50
Privatization has increased the level of productivity within the enterprise.	7 5.23	8 9.41	50 55.82	20 23.52	2.88	72.00
Privatization has led to increase in stock and production levels.	5 5.88	4 4.70	21 24.70	55 64.70	3.25	81.25
The business has increased its product lines and opened other outlets.	6 4.05	10 11.76	30 35.29	39 45.88	3.04	76.00
The quality of the main products improved after privatization.	3 3.52	4 4.70	30 35.29	48 56.47	3.23	80.75
Improvement of management of the enterprise led to increased output.	9 10.58	6 4.05	30 35.29	40 44.05	3.03	75.75
Financial restructuring of the enterprise led to increased output.	6 4.05	4 4.70	45 52.94	30 35.29	3.02	75.50
Enterprise has introduced various methods of production.	7 5.23	20 23.52	30 35.29	28 32.94	2.84	71.00
Privatization of the enterprise led to improved chain of production in the organization.	6 4.05	7 5.23	50 55.82	22 25.88	2.93	73.25
Enterprise produces good products to customers.	10 11.76	20 23.52	40 44.05	15 14.64	2.68	64.00
<b>Average mean</b>					<b>2.98</b>	<b>74.60</b>

Source: primary data, 2014

As shown by respondents in this study, results on considerations under productivity as a determining factor of performance of privatized enterprises in table 4.9 above revealed that in general, the average mean of different considerations under productivity for the performance of privatized enterprises was 2.98 or 74.60 %. Though, according to the Likert Scale it is the critical determinant of performance of privatized enterprises. The results also reveal that the increase in stock and production level scored the highest mean (3.25) or 81.25% whereas production of good production to customers was rated the lowest mean (2.68) or 64.00%.

**Table 4.10 Profitability and Revenue in Tororo cement, Uganda Telecom, and Uganda fisheries enterprises ltd**

Items.	Strongly Disagree Freq& %	Disagree Freq& %	Agree Freq& %	Strongly Agree Freq& %	Mean	%
Privatization has increased the level of profit made by the enterprise.	6 5.26	18 15.78	63 55.26	27 23.68	2.88	72.12
Privatization has increased enterprise revenue.	7 6.14	13 11.40	68 59.64	26 22.80	2.89	72.49
The losses have been reduced due to privatization process.	13 11.40	10 5.77	49 42.98	42 36.84	2.93	73.45
Privatization of the enterprise has led to good fund management of the enterprise.	12 10.52	19 16.66	66 54.89	17 14.91	2.73	65.36
Privatization has led to liquidity for paying the liabilities.	7 6.14	13 11.40	63 55.26	31 24.19	2.93	73.27
Performance after privatization helped the enterprise to pay loans.	17 14.91	32 25.07	39 34.21	26 22.80	2.63	65.78
An increase in profit resulted in an increase in market share.	23 20.17	36 31.57	32 25.07	23 20.17	2.50	62.58
<b>Average mean</b>					<b>2.78</b>	<b>69.71</b>

Source: Primary data, 2014

Profitability and revenue were also considered as factors determining performance in privatized enterprises. In determining the respondents judgments on components of profitability and revenue towards the enterprise performance as indicated by the table 4.10 above, the researcher found that the average mean was 2.78 or 69.71%, which is corresponds to the high level according to the Likert scale. During this assessment, the researcher also found that the market share expansion scored the lowest mean with 2.50 or 62.71% whereas the reduction of enterprise losses scored the highest mean with 2.93 or 73.45%.

**Table 4.11 Efficiency in Tororo cement, Uganda Telecom and Uganda fisheries enterprises ltd**

Items.	Strongly disagree Freq& %	Disagree Freq& %	Agree Freq& %	Strongly agree Freq& %	Mean	%
Privatization has allowed the enterprise to achieve its goals and objectives.	6 5.26	17 14.91	59 51.75	32 25.07	2.92	73.06
Privatization has increased the level of growth.	13 11.40	11 9.64	52 45.61	38 33.33	2.90	72.66
The business has increased the quality of the products and service produced.	21 15.42	29 25.43	36 31.57	28 24.56	2.61	65.25
Privatization of the enterprise led to cost saving on product and services of the enterprise.	14 12.28	23 20.17	48 42.10	29 25.43	2.75	65.83
Enterprise manages its resources efficiently with the aim of increasing output after privatization.	11 9.64	20 14.54	62 54.38	21 15.42	2.76	69.14
Privatization has increased the market share level of the enterprise.	13 11.40	32 25.07	51 44.73	18 15.78	2.63	65.91
Privatization has introduced internal control system.	7 6.14	16 14.03	67 55.77	24 21.05	2.86	71.66
Privatization has improved the company reputation.	3 2.63	21 15.42	53 46.49	37 32.45	2.96	74.16
Privatization has led to invention and innovation within the enterprise.	21 15.42	39 34.21	27 23.68	27 23.68	2.53	63.36
The product lines have been improved after privatization.	9 4.89	23 20.17	57 50	25 21.92	2.79	69.92
Privatization has made solutions to the office abuse.	6 5.26	27 23.68	61 53.50	20 14.54	2.77	69.47
<b>Mean average</b>					<b>2.77</b>	<b>69.40</b>

Source: Primary data, 2014

As far as performance was concerned in this study, efficiency was taken as determinant of performance among other determinants.

In assessing the respondent's judgments on components of this variable towards the enterprise performance as indicated by the table 4.11, the researcher found that the average mean was 2.77 or 69.40%, which corresponds to the high level according to the Likert scale. During this assessment, the researcher also found that the invention and innovation scored the lowest mean with 2.53 or 63.36% whereas the company reputation scored the highest mean with 2.96 or 74.16%.

### **Interview findings on level of performance of privatized enterprises.**

After collecting the filled questionnaires, the researcher could find which items have got the most agreement and most disagreement judgments.

Thus, the researcher could formulate the questions to interviewees generalizing the situation.

In their responses, under this point, all interviewees came up with common views that the level of performance of privatized enterprises has dramatically increased. The researcher referred to the findings from questionnaire respondents indicators, agreed with respondents on this point of view that the level of performance of privatized enterprises has increased compared to that of before privatization.

The researcher based on performance improvement made in privatized enterprises has agreed with interviewed respondents, on the point that privatization contributes a lot in the process of increasing performance of privatized enterprises, as other factors can substitute privatization which is a leading factor.

### **Objective three: Relationship between performance and privatization.**

During this study, the researcher considered the interaction and influence between the two variables, that is the interaction and influence of privatization as the predicting variable on performance of privatized enterprises as predicted variable. To approve this interaction and influence,



the researcher has used correlation analysis to measure the degree of the relationship. In addition, regression analysis has been used to measure the direction of the variables.

### **Correlation analysis.**

Correlation analysis is used to establish of the strength of the linear relationship between the two random variables (Johnson and Bruce, 1989), that is to measure how strong a relationship is between two variables i.e. it measures the extent to which the points cluster about a straight line. Correlation ranges between -1 and +1, and is a measure of co-movements (linear association) between two random variables (CFA Curriculum, 2009). Two random variables are positively correlated if high values of one are likely to be associated with high values of the other. They are negatively correlated if high values of one are likely to be associated with low values of the other. Otherwise, if results are close to 1 indicate a strong positive correlation and results close to -1 indicate a strong negative correlation. A result of 0 indicates no correlation at all.

A measure of the correlation between two variables commonly used is the pearson coefficient correlation, denoted by  $r$  and is given by the formula below;

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

**Table 4.12: Correlation between privatization and performance of privatized enterprises.**

Variables to be correlated	r-value	Sig. value	Percentage	Interpretation	Ho decision
Liquidation Vs performance	0.88	.000	10.44	Positive and significant	Rejected
Sales of assets Vs Performance	0.94	.000	10.45	Positive and significant	Rejected
Sales of shares Vs performance	0.76	.000	9.70	Positive and significant	Rejected
Employment Vs performance	0.84	.000	10.40	Positive and significant	Rejected
Productivity Vs performance	0.53	.000	9.99	Positive and significant	Rejected
Profit and revenue Vs performance	0.48	.000	9.95	Positive and significant	Rejected
Efficiency Vs performance	0.52	.000	9.91	Positive and significant	Rejected
<b>Total</b>	<b>0.7</b>		<b>71.84</b>		

Source: Primary Data, 2014

The table 4.12 presents the correlation results between factors under the predicting variable which is privatization and components of the predicted variable which is performance. The performance has been correlated with liquidation, sales of assets and sales of shares as methods of privatization, and employment, productivity, profitability and revenue and efficiency as determinants of performance. During the correlation, the researcher has found the following outcomes;

In the same table, the correlation between liquidation and performance of privatized enterprises is 0.85. This implies the significant relationship between the two variables. This shows the influence of privatization through liquidation on performance of privatized enterprises.

From the same table, the correlation between sales of assets and performance of privatized enterprises is 0.94. This implies the significant relationship between the two variables. This also shows the influence of privatization through liquidation on performance of privatized enterprises.

As far as sale of shares is concerned, the correlation between it and performance of privatized enterprises is 0.76. This implies the significant relationship between the two variables. This shows the influence it has on performance of privatized enterprises. All the factors under privatization contributed 71.84% of the performance of privatized enterprises. This shows that there might be other factors apart from those mentioned that fill the remaining gap between 71.84 and 100. These factors include new government policies, competitions among business enterprises, and consumer behavior.

In general, the average correlation between privatization and performance of privatized enterprises is 0.7 or 71.84%, which means the significant relationship between the two variables.

### **Regression analysis.**

Regression refers to the fitting of mathematical relationship between two variables say in our study privatization and performance of privatized enterprises.

Whereas in linear correlation we deal with the strength of the association between two linear variables, in linear regression we are interested in direction; that is one variable is predicted (dependent variable = performance of privatized enterprises) and the other variable is the predictor (independent variable = privatization), and in linear correlation the interest is non-directional and the relationship is what is critical.

The same to linear correlation, the formulas return a value between -1 and 1, where results close to 1 indicate a strong positive correlation and results close to -1 indicate a strong negative correlation.

A result of 0 indicates no correlation at all.

By formula;

Regression equation  $(y) = a + bx$ .

Where:

X is an independent variable, and y is a dependent variable,

**Table 4.13 Regression between privatization and performance of privatized enterprises**

Variables under regression	r-value	Sig. value	Interpretation	Ho decision
Liquidation Vs performance	0.79	.000	Positive and significant	Rejected
Sales of assets Vs Performance	0.88	.000	Positive and significant	Rejected
Sales of shares Vs performance	0.59	.000	Positive and significant	Rejected
Employment Vs performance	0.73	.000	Positive and significant	Rejected
Productivity Vs performance	0.36	.000	Positive and significant	Rejected
Profit and revenue Vs performance	0.29	.000	Positive and significant	Rejected
Efficiency Vs performance	0.32	.000	Positive and significant	Rejected

**Source: Primary data, 2014**

In table 4.13, the regression between liquidation and performance of privatized enterprises is 0.79. This implies the significant relationship between the two variables. This shows the influence of privatization through liquidation on performance of privatized enterprises.

From the same table, the regression between sales of assets and performance of privatized enterprises is 0.85. This implies the significant relationship between the two variables. This also shows the influence of privatization through liquidation on performance of privatized enterprises.

As far as sale of shares is concerned, the regression between it and performance of privatized enterprises is 0.59. This implies the significant relationship between the two variables. This shows the influence it has on performance of privatized enterprises.

In general, the average regression between privatization and performance of privatized enterprises is 0.75, which means the significant relationship between the two variables.

**Interview findings on the relationship between privatization and performance of privatized enterprises.**

After collecting the filled questionnaires, the researcher could find which items have got the most agreement and most disagreement judgments.

In their responses, all respondents confirmed that privatization contributes a lot in the process of increasing performance of privatized enterprises, as other factors can substitute privatization which is a leading factor.

Based on the above views, it can be noted that performance of privatized enterprises is essential to country's economic development. Being a dependent variable, this performance needs contributions from various sectors. The leading factor for this performance is privatization. Other factors include new government policies, competitive markets, and consumer behavior. These microeconomic challenges give rise to the efforts put by these privatized enterprises in their struggle to survive and push ahead, resulting in improving their employment, productivity, and efficiency.

## **CHAPTER FIVE**

### **SUMMARIES, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of the research findings. It further makes conclusion and gives recommendations for the study on the basis of the findings of this study in relation to the major research questions and objectives set in chapter one of this particular study. The study principally focused on privatization and performance of privatized enterprises in Uganda.

The samples used were also representative in nature, taking into account the principles of generalization as stated by Lincoln and Guba (1985). The study was confined to both respondents from selected enterprises of interest to our study. The study was also conducted through the use of both qualitative and quantitative research methodologies.

Following recommendations by Borgdan and Biklen (1992), themes formulated from the research questions shall guide the summary of major findings. As such, the major findings in this section are presented in the order of the research questions set out in chapter one of this study as:

What is the perception of employees on methods of privatization in relation to performance of enterprises?

What is the level of performance of privatized enterprises?

What is the relationship between privatization and performance of privatized enterprises in Uganda?

## **5.2 Summary of the findings**

### **5.2.1 Respondents' profile**

The analysis of the findings in this study started with the determination of profile of respondents in terms of gender, ages, education, and sector of activity. The findings on respondents indicate that the respondent rate was 95%, meaning that 5% of the distributed questionnaires were not retrieved.

The findings also indicate that majority of respondents were male (59.3%), whereas female accounted for 40.7%. Most of these respondents were between 21 and 35 years of age (75%), and the rest (25%) between 36 and 55 years. This means that the sector employs young people, which give a hope of its future to record development, because of the edge of employing this young team with commitment backed by physical ability.

Concerning their education, 11.53% float up to senior six secondary school level, 63.43% went for undergraduate studies, and 25% were of postgraduate level. This means that the majority of the respondents were skilled people, and information provided by them is to be taken important. This also requires the industry to note the points of respondent's views as areas of more intervention in developing privatization industry in Uganda.

### **5.2.2 Perception of employees on the methods of privatization**

#### **Findings on liquidation in Uganda Fisheries enterprises ltd.**

During this survey, the research finding revealed that customer care scored the highest mean (3.98) or 99.50% as expressed by respondents of this study. Motivation of workers has scored the lowest mean (2.50) or 62.50% when considering the effect of liquidation after privatization.

In general, the average mean when considering the performance of privatization through liquidation was 2.71 or 70.96% which is interpreted as high numerical value according to the Likert scale.

This is also in agreement with Stirbock as he stated, "The government sells its enterprise, which can be sold to other investors. As expectation, this method creates revenues for the state (Stirbock 2001).

#### **Findings on sales of assets in Tororo Cement ltd**

Results on considerations under sale of assets during privatization in regards to the performance of privatized enterprises in table 4.6 above revealed that new technology scored the highest mean (2.88) or 72.00% as expressed by respondents of this study in Tororo Cement. In general, the average mean when considering the performance of privatization through sale of assets was 2.75 or 65.87% which is interpreted as high numerical value according to the Likert scale. This was also in agreement with Stirbock, (2001) as he said that Slovenia has been known for their internal privatization processes in which majority of the state assets were distributed to state-owned institutional investors (such as pension funds) while the rest were sold to employees (with many subsidies).

#### **Findings on sales of shares in Uganda Telecom Ltd**

Results on employees perceptions on sale of shares with regard to the performance of privatized enterprises in table 4.7 reveals that employees in Uganda Telecom Ltd agreed with high contribution (average mean of 2.87 or 69.90%) of sale of shares in its performance. According to employees perception under the subject matter, a good management of the organization scored the highest mean (2.87 or 71.75%) whereas dividends distribution as effect of privatization towards the performance of privatized enterprises, scored the lowest mean (2.66 or 66.50%).

This was also in agreement with Poole, (1996) who indicated that through the sale of shares the number of shareholders went up five times in Jamaica where institutions like banks were in the hands of the private sector.



### **5.2.3 Level of performance of privatized enterprises**

#### **Employment in Tororo cement, Uganda Telecom, and Uganda fisheries enterprises Ltd**

During this study, results on considerations under employment as a determining factor of performance of privatized enterprises in table 4.8 revealed that in general the average mean of different considerations under employment for the performance of privatized enterprises was 2.91 or 72.25% which means, according to the Likert Scale, the critical determinant of performance of privatized enterprises. The results also reveal that employee's participation in decision making scored the highest mean (3.04) or 76.18% while employees motivation towards the performance of advertised enterprises was rated the lowest mean (2.81) or 70.34%. This was in agreement with Boubakri and Cosset (1996) and D'souza, Megginson and Nash (2001) who agreed that average employment after privatization increases, and the study of Andrews and Dowling (1998) that found that post privatization employment increases on average by 20%.

#### **Productivity in Tororo cement and Uganda fisheries enterprises Ltd**

As shown by respondents in this study, results on considerations under productivity as a determining factor of performance of privatized enterprises in table 4.9 above revealed that in general, the average mean of different considerations under productivity for the performance of privatized enterprises was 2.98 or 74.60%.

Though, according to the Likert Scale it is the critical determinant of performance of privatized enterprises. The results also reveal that the increase in stock and production level scored the highest mean (3.25) or 81.25% whereas production of good products to customers was rated the lowest mean (2.68) or 64.00%.

This was also in agreement with D'souza, Megginson and Nash 1999, 2004 who confirmed that privatized enterprises experience significant increase in productivity, were from their survey of 118 companies from 29 countries and 28 industries, they found that labor productivity increased by 0.07%.

### **Profitability and revenue in Tororo cement, Uganda Telecom and Uganda Fisheries Ltd**

Profitability and revenue were also considered as factors determining performance in privatized enterprises. In determining the respondents judgments on components of profitability and revenue towards the enterprise performance as indicated by the table 4.10, the researcher found that the average mean was 2.78 or 69.71%, which is corresponds to the high level according to the Likert scale. During this assessment, the researcher also found that the market share expansion scored the lowest mean with 2.50 or 62.71% whereas the reduction of enterprise losses scored the highest mean with 2.93 or 73.45%. This was in Agreement with Megginson et al (1996) and Boubakri who found in their studies that privatization significantly enhances the revenues and profitability performance of the privatized enterprises.

### **Efficiency in Tororo Cement, Uganda Telecom and Uganda Fisheries enterprises Ltd**

As far as performance was concerned in this study, efficiency was taken as determinant of performance among other determinants. In assessing the respondent's judgments on components of this variable towards the enterprise performance as indicated by the table 4.11 above, the researcher found that the average mean was 2.77 or 69.40%, which corresponds to the high level according to the Likert scale.

During this assessment, the researcher also found that invention and innovation scored the lowest mean with 2.53 or 63.36% whereas company reputation scored the highest mean with 2.96 or 74.16%. This was in agreement with Omran (2002) and Yallow (1993) who argued that impact on firm performance is positive.

#### **5.2.4 Relationship between privatization and performance of privatized enterprises.**

##### **Correlation and regression analysis**

The performance has been correlated with liquidation, sales of assets and sales of shares as methods of privatization, and employment, productivity, profitability and revenue and efficiency as determinants of performance. During the correlation, the researcher has found the following outcomes;

The correlation between liquidation and performance of privatized enterprises is 0.85. This implies the significant relationship between the two variables.

This shows the influence of privatization through liquidation on performance of privatized enterprises.

The correlation between sales of assets and performance of privatized enterprises is 0.94. This implies the significant relationship between the two variables. This also shows the influence of privatization through liquidation on performance of privatized enterprises.

As far as sale of shares is concerned, the correlation between it and performance of privatized enterprises is 0.76. This implies the significant relationship between the two variables. This shows the influence it has on performance of privatized enterprises.

Then the correlation between employment and performance is 0.84 or 10.40% which means the significant relationship between the two variables.

Then correlation between productivity and performance is 0.53 or 9.99%, this implies the significant relationship between the two variables.

The correlation between profitability and performance is 0.48 or 9.95% which means the significant relationship between these variables. The correlation between efficiency and performance is 0.52 or 9.91% which also means the significant relationship between the variables.

In general, the average correlation between privatization and performance of privatized enterprises is 0.7 or 71.84%, which means the significant relationship between the two variables.

The regression between liquidation and performance of privatized enterprises is 0.79. This implies the significant relationship between the two variables. This shows the influence of privatization through liquidation on performance of privatized enterprises.

The regression between sales of assets and performance of privatized enterprises is 0.85. This implies the significant relationship between the two variables. This also shows the influence of privatization through liquidation on performance of privatized enterprises.

As far as sale of shares is concerned, the regression between it and performance of privatized enterprises is 0.59. This implies the significant relationship between the two variables. This shows the influence it has on performance of privatized enterprises.

In general, the average regression between privatization and performance of privatized enterprises is 0.75, which means the significant relationship between the two variables.

### **5.3. Conclusion**

The study made the conclusion according to the objectives of the study and the findings.

The first objective was to establish the perception of employees on methods of privatization in relation to performance of privatized enterprises. From the study it was concluded that liquidation, sale of assets, and sale of shares have respectively contributed to the performance of Uganda fisheries enterprises Ltd, Tororo Cement Ltd, Uganda Telecom Ltd. The study revealed that majority of respondents were agreeing with the strategies used by the industry to increase the performance of privatized enterprises and the development of the sector in general as it has been confirmed by their high level of numerical values.

The second objective was to determine the performance level of privatized enterprises. From the study it was concluded that the performance of Tororo cement, Uganda Telecom Ltd, and Uganda Fisheries Ltd was high based on the findings that showed a high numerical value representing the measures of performance that were used to determine the level of performance of privatized enterprises. The findings also showed that Tororo cement has achieved a high level of performance compared to the others.

The third objective was to establish the relationship between privatization and performance of privatized enterprises. The findings revealed that there is a significant relationship between privatization and performance of privatized enterprises. This has been evidenced by the increasing performance observed after privatization.

#### **5.4. Recommendations**

On liquidation, the study recommended that Uganda fisheries enterprises and other privatized enterprises must put more efforts in capacity building to their employees in order to increase the level of performance.

On the sale of assets, the study recommended that Tororo Cement and other enterprises that were privatized under the sale of assets should introduce new training after the sale of assets.

On the sale of shares, the study recommended that Uganda and other privatized enterprises should facilitate the easy shares transfer after privatization.

On performance in terms of employment, the study recommended that Tororo cement, Uganda Telecom, and Uganda fisheries enterprises Ltd should put emphasis on employee capacity building on new change after privatization.

On performance in terms of productivity and efficiency the study recommended that invention and innovation must be developed in order to produce a high quality of the products and services by privatized enterprises since they are operating in a competitive market.

On performance in terms of Profitability and revenue, privatized enterprises must manage well their profits in order to maintain the liquidity and sustainability in order to avoid their bankruptcy.

#### **5.5. Areas of further Research**

- Researches must be conducted to analyze the service quality and employees attitudes of privatized enterprises before and after privatization.
- Other researches should be done by using other case studies in order to compare the findings on the performance of privatized enterprises.

- Further researches must be done to evaluate the performance of state owned enterprises before privatization.

#### **5.6. Limitations of the study.**

**Intervening or Confounding variables** which are likely to be beyond the researchers control such as honesty of the respondents and personal biases. To minimize such conditions, the researcher requested respondents to be as honest as possible and to be impartial, unbiased when answering the questionnaires.

The research environments were likely to be classified as uncontrolled settings where **extraneous** variables might influence on the data gathered such as comments from other respondents, anxiety, stress, Inefficient time,unplanned changes in daily working language barrier questionnaires retrieval , motivation on the part of the respondents while on the process of answering the questionnaires. The researcher created rapport with respondents such that these conditions could be minimized.

**Instrumentation** was also likely to be another limitation of this study. The research tools used in this study are researcher-made. However, validity and reliability test were done to arrive at a reasonable measuring tool.

**Attrition** was also likely to be another limitation in this study. A representative sample might not be reached as computed due to circumstances within the respondents and beyond the control of the researcher. Exceeding beyond the minimum sample size was done by the researcher to avoid this situation.

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## APPENDICES

### APPENDIX 1 A

#### TRANSMITTAL LETTER

OFFICE OF THE DEPUTY VICE CHANCELLOR (DVC)  
*COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)*

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Dear Sir/Madam,

**RE: INTRODUCTION LETTER TO CONDUCT RESEARCH IN YOUR  
INSTITUTION**

Mr. Ruzindana Emmanuel is a true student of Kampala International University pursuing a Masters Degree in Business Administration.

He is currently conducting a field research for his research proposal entitled,  
*“Privatization and performance of Privatized enterprises in Uganda”.*

Your Institution has been identified as a valuable source of information pertaining to his research project. The purpose of this letter then is to request you to avail him with the pertinent information he may need.

Any data shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

---

Novembrieta R. Sumil, Ph.D.

Deputy Vice Chancellor, CHDR

## APPENDIX 1B

### TRANSMITTAL LETTER FOR THE RESPONDENTS

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Dear Sir/ Madam,

Greetings!

I am a Master. In Business Administration student of Kampala International University. Part of the requirements for the award is a research report. My study is entitled, *“Privatization and Performance of privatized enterprises in Uganda”*.

Within this context, may I request you to participate in this study by answering the questionnaires. Kindly do not leave any option unanswered. Any data you will provide shall be for academic purposes only and no information of such kind shall be disclosed to others.

Thanking you in advance for your cooperation.

Yours faithfully,

Emmanuel Ruzindana

## APPENDIX II

### CLEARANCE FROM ETHICS COMMITTEE

Date \_\_\_\_\_

#### Candidate's Data

Name: Emmanuel Ruzindana

Reg. # : MBA/37915/123/DU

Course : Master in Business Administration

Title of Study: *“Privatization and Performance of privatized enterprises in Uganda”*

#### Ethical Review Checklist

The study reviewed considered the following:

\_\_\_ Physical Safety of Human Subjects

\_\_\_ Psychological Safety

\_\_\_ Emotional Security

\_\_\_ Privacy

\_\_\_ Written Request for Author of Standardized Instrument

\_\_\_ Coding of Questionnaires/Anonymity/Confidentiality

\_\_\_ Permission to Conduct the Study

\_\_\_ Informed Consent

\_\_\_ Citations/Authors Recognized

#### Results of Ethical Review

\_\_\_ Approved

\_\_\_ Conditional (to provide the Ethics Committee with corrections)

\_\_\_ Disapproved/ Resubmit Proposal

#### Ethics Committee (Name and Signature)

Chairperson \_\_\_\_\_

Members \_\_\_\_\_

### APPENDIX III

#### INFORMED CONSENT

I am giving my consent to be part of the research study of Mr. Emmanuel Ruzindana will focus on *Privatization and Performance of privatized enterprises in Uganda*”.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: \_\_\_\_\_

Date \_\_\_\_\_

## **APPENDIX IV A**

### **FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS**

#### **Gender (Please Tick):**

☐ (1) Male

☐ (2) Female

#### **Respondents under age groups.**

(1) Up to 20.....

(2) 21-35.....

(3) 36-55.....

(4) Above 55.....

#### **Qualifications Under Education Discipline (Please Specify):**

(1) Up to secondary school level \_\_\_\_\_

(2) Undergraduate level \_\_\_\_\_

(3) Post graduate level \_\_\_\_\_

#### **Number of Years Working Experience (Please Tick):**

☐ (1) Less than/Below one year

☐ (2) 1-5 years

☐ (3) Above 5 years

## APPENDIX IVB

### PART B. Privatization Questionnaire.

Instruction: As honestly as you can, indicate the extent to which the below forms of privatization contribute to an organization performance.

Tick the right number corresponding with each item key:

1. Strongly Disagree= Disagreeing without doubt
2. Disagree= Disagreeing with doubt
3. Agree= Agreeing with doubt
4. Strongly agree= Agreeing without doubt

<b>Liquidation</b>				
Liquidation of state owned enterprises has resulted in good management of an enterprise.	1	2	3	4
Liquidation of state owned enterprises brought motivation of workers.	1	2	3	4
Liquidation of state owned enterprises improved capacity building in an enterprise.	1	2	3	4
Liquidation of state owned enterprises improved customer care in an organization.	1	2	3	4
Liquidation of state owned enterprises removed bureaucratic management style in an organization.	1	2	3	4
Liquidation of state owned enterprises increased employee's participation in decision making.	1	2	3	4
Liquidation of state owned enterprises reduced the government influence.	1	2	3	4
Liquidation of state owned enterprises reduced state control.	1	2	3	4

<b>Sale of assets</b>				
Sale of assets of the state owned enterprises improved the quality of product and service provided by the enterprise.	1	2	3	4
Sale of assets of the state owned enterprises allowed the flexibility in decision making.	1	2	3	4
Sale of assets of the state owned enterprises improved a good relationship with stakeholders of the enterprise.	1	2	3	4
Sale of assets of the state owned enterprises increased the productivity of an enterprise.	1	2	3	4
Sale of assets of the state owned enterprises introduced new technology in the organization working process.	1	2	3	4
Sale of assets of the state owned enterprises increased the sales volume of an enterprise.	1	2	3	4
Sale of assets of the state owned enterprises contributed to the market share expansion.	1	2	3	4
Sale of assets of the state owned enterprises brought new knowledge in an organization.	1	2	3	4
<b>Sale of shares</b>				
Sale of shares of the state owned enterprises resulted in a good management of an organization.	1	2	3	4
Sale of shares of the state owned enterprises considered shareholders in decision making.	1	2	3	4
Sale of shares of the state owned enterprises provided awareness on the shares value.	1	2	3	4
Sale of shares of the state owned enterprises provided dividends distribution.	1	2	3	4
Sale of shares of the state owned enterprises allowed easy shares transfer.	1	2	3	4



## APPENDIX IV C

### Part C. Performance level of privatized enterprises questionnaire

As honestly as you can, indicate the extent to which the factors below contribute to the performance of privatized enterprises.

Tick the right number corresponding with each item key:

1. Strongly Disagree= Disagreeing without doubt
2. Disagree=Disagreeing with doubt
3. Agree= Agreeing with doubt
4. Strongly agree= Agreeing without doubt

<b>Employment</b>				
Performance of the enterprise after privatization improved working conditions of employees.	1	2	3	4
Performance of the enterprise after privatization was due to employee's participation in decision making.	1	2	3	4
Performance of the enterprise after privatization was due to motivation employees.	1	2	3	4
Performance of the enterprise after privatization was due to employee's experience.	1	2	3	4
There was employee's capacity building on new changes after privatization.	1	2	3	4
Performance of the enterprise after privatization was due to academic qualification of employees.	1	2	3	4
There was an increase in number of employees after privatization.	1	2	3	4
Performance of the enterprise after privatization was due to employee's good remuneration.	1	2	3	4

<b>Productivity</b>				
Privatization of the enterprise has reduced the company resources mismanagement.	1	2	3	4
Privatization has increased the level of productivity within the enterprise.	1	2	3	4
Privatization has led to increase in stock and production levels.	1	2	3	4
The business has increased its product lines and opened other outlets.	1	2	3	4
The quality of the main products improved after privatization.	1	2	3	4
Improvement of management of the enterprise led to increased output.	1	2	3	4
Financial restructuring of the enterprise led to increased output.	1	2	3	4
Enterprise has introduced various methods of production.	1	2	3	4
Privatization of the enterprise led to improved chain of production in the organization.	1	2	3	4
Enterprise produces good products to customers.	1	2	3	4
After privatization, new working conditions contributed to an increase in output.	1	2	3	4

<b>Profitability and Revenue</b>				
Privatization has increased the level of profit made by the enterprise.	1	2	3	4
Privatization has increased enterprise revenue.	1	2	3	4
The losses have been reduced due to privatization process.	1	2	3	4
Privatization of the enterprise has led to good fund management of the enterprise.	1	2	3	4
Profit has been increased due to increase in sales of the enterprise.	1	2	3	4
Privatization has led to liquidity for paying the liabilities.	1	2	3	4
Performance after privatization helped the enterprise to pay loans.	1	2	3	4
An increase in profit resulted in an increase in market share.	1	2	3	4
Enterprise has a going concern due to its level of profit.	1	2	3	4

<b>Efficiency</b>				
Privatization has allowed the enterprise to achieve its goals and objectives.	1	2	3	4
Privatization has increased the level of growth.	1	2	3	4
The business has increased the quality of the products and services produced.	1	2	3	4
Privatization of the enterprise led to cost saving on product and services of the enterprise.	1	2	3	4
Enterprise manages its resources efficiently with the aim of increasing output after privatization.	1	2	3	4
Privatization has led to reduction of cost of production.	1	2	3	4
Privatization has increased the market share level of the enterprise.	1	2	3	4
Privatization has introduced internal control system.	1	2	3	4
Privatization has improved the company reputation.	1	2	3	4
Privatization has led to invention and innovation within the enterprise.	1	2	3	4
The product lines have been improved after privatization.	1	2	3	4
Privatization has made solutions to the office abuse.	1	2	3	4

**Thank you very much.**

## **APPENDIX IV D**

### **Interview guide**

1. What is your perception of on the methods of privatization in relation to performance of enterprise?
2. How has the performance of privatized enterprises increased?
3. What is the relationship between privatization and performance of privatized enterprises?

**COLLEGE OF HIGHER DEGREES AND RESEARCH**

**DEPARTMENT OF ECONOMICS, BUSINESS AND MANAGEMENT**

June, 04, 2014.

**INTRODUCTION LETTER FOR EMMANUEL RUZINDANA REG.NO.**

**IBA/37915/123/DU TO CONDUCT RESEARCH IN YOUR ORGANISATION**

The above mentioned candidate is a bonafide student of Kampala International University pursuing a Master's of Business Administration (Accounting and Finance) .

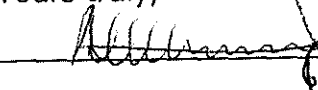
He is currently conducting a field research for his dissertation entitled "**Privatization and performance of Privatized enterprises in Uganda**".

Your organization has been identified as valuable source of information pertaining to this research project. The purpose of this letter then is to request you to avail him with pertinent information he may need.

Any information shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,



**Prof. Maicibi Alhas**

**Principal, CHDR.**

