

PRIVATIZATION AND EMPLOYMENT IN UGANDA.
A CASE STUDY OF MAKINDYE DIVISION, KAMPALA DISTRICT.

BY:

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
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DECLARATION

I, **Kapere Olivia Nawakooli** do hereby declare to the best of my knowledge that this project is my original work and it has never been submitted to any University or any other institution. The literature and citations from other people's work have been duly referenced and acknowledged in the texts and references.

Signed.....

Ms. Kapere Olivia Nawakooli

Date.....05/August/2015

APPROVAL

I certify that this report has been submitted under my supervision as a University lecturer.

Signed: 

Mr. Muhereza Franklin

Date: 

DEDICATION

This work is dedicated to my mother, Mrs. Stella Kapere my sister Ms. Majorie Kapere and my uncle Mr. Banuela Peter Kapere for having provided me basic education and having supported me until this level.

I also dedicate this work to my grand pa Eng. A.W.Kapere my brothers Trevor, Jonah and David for all the support rendered.

I am truly thankful for the above I have mentioned for their tireless efforts made to make sure that I succeed in my Education.

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I give the Almighty God glory and Honor for standing with me through this Education.

Great and immense thanks to all my relatives for all the love, care , support, council rendered to me so that I can be the kind of person I am today as well as be where I am.

I also won't forget to thank my friends that have helped me and been there forme to the end and these include; Goefry Mukaga, Talenga Wilson, Alapo Edith, Sammy Echoa Samson, Mallo Paul Lokiru Apacholongteba, and Henry Ssabiiti for all the support from all angles in the course of my Education.

Great gratitude to my supervisor Mr. Muhereza Franklin for his contribution towards the compilation and accomplishment of this research report through the advice and guidance while I was writing it to improve its quality.

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ABSTRACT

This research was concentrated on Privatization and Employment in Uganda, a case study of Makindye division, Kampala district. The study objectives were; to investigate the impact of Privatization on employment, to determine the level of employment, to determine the level of Privatization and to establish the level of employment in Uganda. Both Qualitative and Quantitative research designs were used. Data was collected using self-administered questionnaires. The study used simple random sampling technique to draw representative samples and 30 respondents. Tables were used to present the demographic characteristics and the level of privatization and employment and the impact of privatization and employment in Makindye division.

The study findings on the level of employment as indicated by the number of employees per enterprise on average indicated a low level of employment as implied by the overall mean of 1.467. The research findings according to the study on average indicated a high level of privatization as implied by the mean (mean=3.45). The study findings reveal that there was a linear relationship between privatization and level of employment, although it was weak as indicated by the weak correlation of 0.466 between the two variables.

Recommendations included increased government support towards the private enterprises and also reduction on the tax burden levied on them so as to encourage and attract more private enterprises.

CHAPTER ONE

INTRODUCTION

1.0. Introduction

This chapter presents the background of the study, problem statement, research objectives, research questions, the scope of the study, the justification of the study as well as the operational definitions.

1.1 Background of the study.

The history of privatization dates from ancient Greece, when governments contracted out almost everything to the private sector. Perhaps one of the most ideological movements came during China's golden age of the Han Dynasty. Taoism came into prominence for the first time at a stage level and it advocated the Laissez-Faire principal of Wu Wei, literally meaning "do nothing". (www.privatization.com)

In 1991/92 financial year, Uganda owned about 140 state-owned enterprises covering a diverse range of activities from Trade and Commerce, Agricultural production and processing, manufacturing, hotel and tourism, banking and, 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 USD 1.21 billion but their output was only USD 0.4 billion with a total operating profit of USD 9.3 billion (World Bank, October 1991) Their debt stock was USD 0.968 billion compared to a total national debt stock of USD 3.5 billion. The state-owned enterprises had an estimated employment of 275,000, including 164,000 civil servants (Adam Smith, 2005). At that time (1992/92) the public enterprise sector was estimated to be operating at well below 30% of full capacity and contributed only 55 of GDP.

According to Daily Monitor of Wednesday April 8th 2015, it shows that Uganda has been privatized for a period of 20 years. In 1991, the government embarked on a large scale

selling off private state-owned parastatals because Ugandans had failed to manage their own national assets. As it turns out, the new buyers were not any better.

Youth unemployment remains a serious challenge in many Sub-Saharan African countries, including Uganda. In 2013, youth aged between 15- 24 in Sub-Saharan Africa were twice likely to be unemployed compared to any other age cohort. For Uganda, in 2012, the Uganda Bureau of Statistics revealed that the share of unemployed youth (National definition, 18-30 years) among the total unemployed persons in the country was 64%. Given the rapid growth of Ugandan population—three quarters of the population are below the age of 30 years—coupled with the fact that the youth are getting better educated through higher access to primary and secondary education, a stronger focus on job creation for this cohort of people cannot be over emphasized. According to the International Labor Organization, (ILO) definition, Uganda's measured employment rates are relatively low for the region though they have been increasing over time (From 1.9% in 2005/6 to 3.6 in 2009/10 and recently 5.1% in 2012).

According to Ivy Wigmore (August 2013) Privatization is the process of transferring an enterprise from the public sector to the private sector. According to Paul Starr (1988), Privatization is a fuzzy concept that evokes sharp political reactions. It covers a great range of ideas and policies vary from the eminently reasonable to the widely impractical.

According to Susan .N. Heathfield (2006) Employment is an agreement between an employer and employee will provide certain services on the job and the employer's designated workplace to facilitate the accomplishment of the employer organization's goal and mission, in return for compensation. The agreement can be verbal, implied or an official employment contract. According to Oscar .W. Cooley (1963), Associate Professor of Economics at Ohio Northern University, Employment signifies the state of anyone who is doing what, under the circumstances he most wants to do.

According to the Classical theory of employment and its major developers who included Adam Smith, Jean-Baptiste Say, David Ricardo, Thomas Malthus and John Stuart Mill,

they claimed that free markets regulate themselves when free of any intervention. They had many assumptions to their theory but one of them was that they advocated for a Capitalist economy where by ownership of resources was in the hands of individuals. They looked at it as a way to solve the unemployment problem, among other economic instabilities. (Chong et al 2004).

To some people privatization has led to employment and to others, it has led to unemployment, thus those that are employed and the unemployed, respectively. This study aims to find out the core aspect since employment affects a country's level of economic growth and development.

1.2 Statement of the problem

Employment is a problem all over the world, not only in Uganda alone. This also explains the growing number of street children, increasing levels of high crime rate, early marriages, rural urban migration and so many others. Leaving alone other factors that influence employment for example skills, wars, lack of skills this study will focus on how privatization affects employment. And this will be through a number of aspects which includes the analysis of collected data. With an increase in employment levels, we will have people's standards of living improve which will lead to an increase in the GDP figures, hence economic growth and development. (Gehema Ahaibwe and Swaibu Mbowa, August 2014)

1.3 Objectives of the study.

1.3.1 Main Objective:

To investigate the impact of Privatization on employment in Uganda.

1.3.2 Other Objectives:

To determine the level of employment in Uganda.

To determine the level of Privatization in Uganda.

To establish the effect of Privatization on Employment in Uganda.

1.4 Research Questions.

What is the effect of Privatization on Employment?

What is the level of Employment in Uganda?

What is the level of Privatization in Uganda?

What is the effect between Privatization and employment in Uganda?

1.5 Scope of the study.

1.5.1 Geographical Scope

Uganda is a land locked country located in the Eastern part of Africa. Its capital city is Kampala which is located in the central division of the country. This study concentrated on Makindye division in Kampala district, being the biggest division of all.

1.5.2 Contextual scope

This study was comprised of the level privatization and employment, established the level of privatization in Uganda and also established the level of employment in Uganda.

1.5.3 Time scope

The study proposal, the first three chapters were submitted in the month of May, Data collection was done in June, Report writing was done in July and Dissertation presentation was in August. The entire study covered a period of four months from March to August 2015.

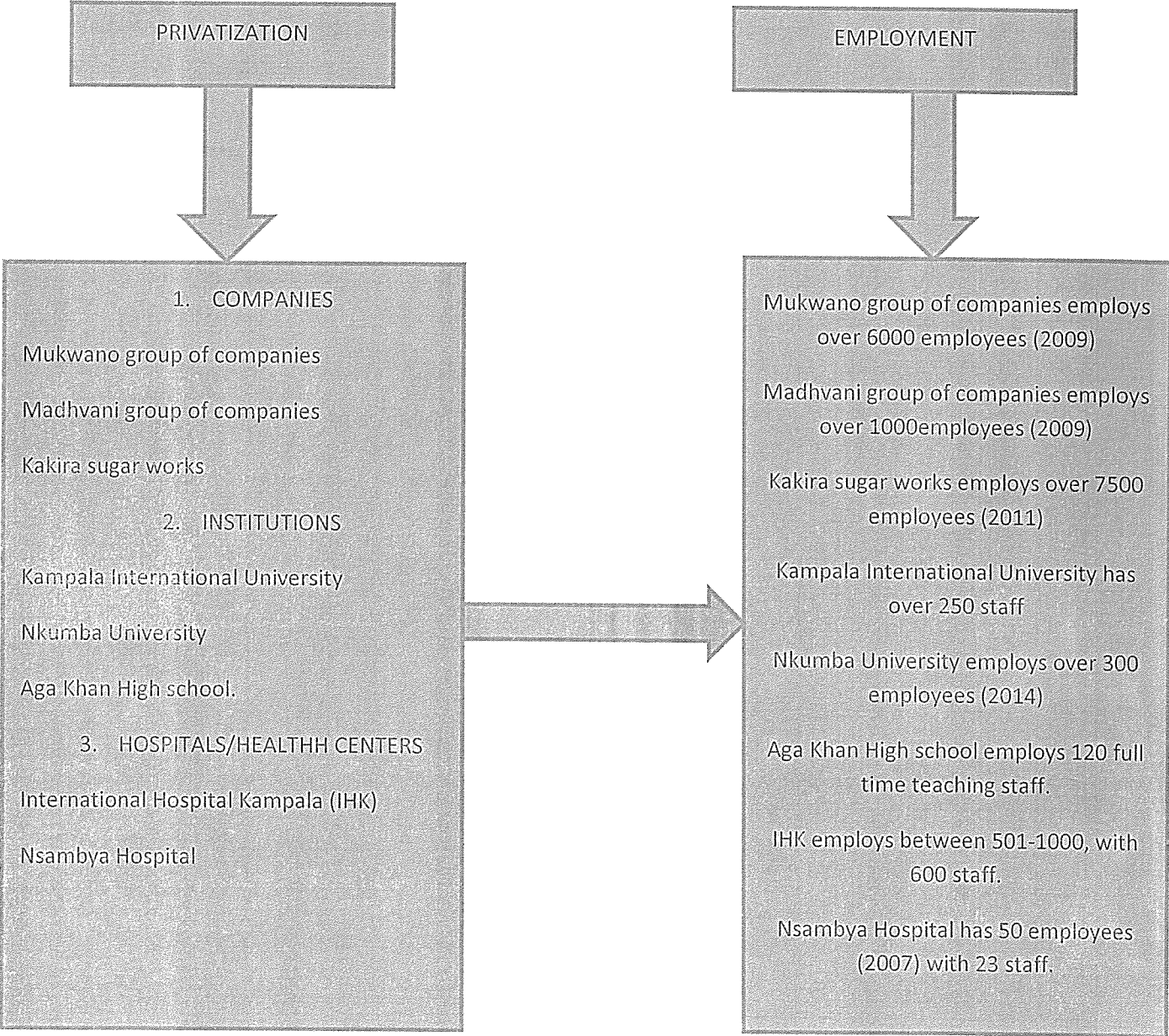
1.6 Justification of the study

The study will seek to establish measures to improve on the level of employment by checking the privatization levels.

The study will also help other researchers carry out research more effectively. The study will as well improve on the quality of privatization through the individual owners of different enterprises.

Fig 1.0 CONCEPTUAL FRAMEWORK:

The figure below indicates some of the private institutions including companies, schools and hospitals that exist in Uganda and how they have contributed to the creation of employment opportunities in Uganda.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction:

This chapter presents the conceptual definitions of the study, the theoretical perspective and other related literature or studies.

2.1 Conceptual definitions.

In the broadest sense, privatization has been referred to as a process of increasing efficiency of the private sector or any policy move to foster private sector development (Saiji Naya 1990). However, in a narrow sense, Privatization refers to a transfer of state activities into the private sector by the sale-full or partial of ongoing concerns or by sale of Assets following Liquidation.

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 Osborne and Gaebler 1992)

Employment is the state of being employed or having a job. This literally describes the job or occupation for which you are paid. It can also be the act of giving someone a job. (Houghton Mifflin Harcourt Publishing Company, 2011)

According to Geoff Riley (November 2014), Unemployment is a concept that describes that scarce human resources are not being used to produce goods and services to meet people's wants and needs.

2.2 Theoretical Perspective

Classical economics is widely regarded as the first Modern English School of economic thought that originated during the 18th century with Adam Smith and that reached maturity in the works of David Ricardo and John Stuart Mill. Other developers included Thomas Malthus and Jean-Baptiste Say. The Classical economists believed in the existence of full employment in the economy. To them full employment was a normal

situation and deviation from this was regarded as something abnormal. According to Pigou, the tendency of economic system is to automatically provide full employment in the labor market when demand and supply for labor are equal. Unemployment results from the rigidity in the wage structure and interference and the working of free market system in the form of trade union legislation, minimum wage legislation and many others. 'When everybody who at the running rate of wages wishes to be employed.' They explained the determination of output and employment divided into individual markets for labour goods and money. Each market involves a built-in equilibrium mechanism to ensure full employment in the economy. (Pigou 2009)

The determination of Output and Employment in the Classical theory occurs in labor, goods and money markets in the economy. From the assumptions stated above, we realize that the Classical economists claimed that free markets regulate themselves when free of any intervention. According to Adam Smith, the entire community benefits most when each of its members follows his/her own interest. In a free enterprise system, individuals make a profit by producing goods that they want or need most. Smith demonstrated how the apparent chaos of competitive buying and selling is transmitted into an orderly system of economic co-operation that can meet individuals' needs and increase their wealth. He also observed that this co-operative system occurs throughout the process of individual choice as opposed to central direction. Conclusively, the Classics believed that with the absence of a free market system, the employment levels would be high eventually leading to full employment levels. (M.L. Jhingan 2004)

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 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)

2.3 Related Studies

Kamal .S. Shedhadi (Jan, 2002) looked at the lessons in Privatizations with considerations of Arab states. His study revealed that the impact of privatization on employment is multifaceted and complex. The evidence is not clear on whether privatization has had a positive and negative effect. First. Privatization has had a different impact on labor made redundant as a result of privatization, on labor retained within the private enterprise, and on labor markets.

Secondly, the impact of privatization on employment can be measured both quantitatively (number of workers employed, number of new jobs created, among others) and qualitatively (working conditions, working hours, unionization, and many others) and the two indicators need not-indeed, rarely-move in tandem. Third, the impact of Privatization on employment has depended primarily on the company's initial labor conditions some of which include; overstaffing, higher wages than comparable jobs in the private sector especially if there's no hard budget constraint, high job security. Fourth, the welfare impact has varied depending on the measures that governments have taken, namely on whether they have put in place social safety nets. Fifth, the impact has varied depending on the privatization method, say: Public Sales/Auctions and Sales to strategic investors, management /employee Buyouts, management contracts, Lease contracts Mass privatization (Gupta et al, 2001).

Finally, the effect of privatization on employment will vary from industry to industry and depending on macroeconomic conditions. The complexity of the relationship between privatization is such that there is no standard answer. However, though the effect of privatization on employment is unclear, it has been observed that privatization can have a neutral or effect on employment.

John .S.Earle (January, 2006) conducted a study on the Estimated effects of privatization and the first finding from the firm-level data in his project is that, even before privatization, there are significant differences between firms and that are privatized later and those that remain state-owned. Across the four countries in his analysis, (i.e. Hungary, Romania, Russia, Ukraine) the direction of the differences of

firms later privatized to domestic investors is sometimes positive and sometimes negative. But the foreign differences are quite consistent, as firms that will be foreign owned have higher wage bills, employment levels and average wages than either pre-domestic firms or firms that always remain state owned in all four countries. Moreover not only the levels but the growth rates of these outcome variables display large pre privatization differences. These results imply that there may be some selection biases in the privatization process, and that simple comparisons across ownership types may be misleading.

The empirical estimates of the privatization effects in this project therefore control for any fixed differences among firms and different trend growth rates that may affect the probability of privatization, and whether the owners are domestic or foreign investors. The new research in his project, however, finds no evidence of large systematic negative consequences of privatization for employment and wages.

Kamisho Percy Clive (2007) conducted a study on the assessment of key challenges on performance of privatized enterprises in Uganda. Her findings of the study revealed uncertainties as to whether privatization has increased the organization's profitability (Mean=3.2667) or increased the organization's revenue performance (Mean=3.333) It was also observed that respondents were unsure as to whether privatization led to increase in stock levels (Mean=3.0435) or led to increase in the business sales (Mean=30.1399). Year after privatization was initiated, the privatization company in question (Central processing company) was still limping with and reporting such problems as soon as increment of stock levels and stagnant levels of business sales. Therefore privatization doesn't have any significant effect on the performance of privatized enterprises according to the study carried out. She used descriptive statistics of the sample characteristics in her analysis of the data.

David Lamech Kibikyo (August 2008) conducted research on Assessing Privatization in Uganda. His findings of the study revealed that with the exception of when state firms were combined with mixed firms and then compared with private ones, there was no

difference in firm performance before and after privatization on the other hand and between state and private firms on the other hand. In other words both comparisons thus 1) before and after privatization and 2) State compared with mixed and private firms yielded similar results of no difference in performance. While the lone success was attributed to falling wage bill as well as reduced waste that cut transport cost; the failure for privatization to deliver was due Tariff/Non-Tariff barriers' selective protection that caused contradicting results in the industrial sector, excluding non-private state owned enterprises from the study that spectacular non-profit contributions in terms of new investments, product variety and innovations in banking and telecommunications, Failure to access funding after privatization by most firms. In the exceptional lone case when privatization delivered, Foreign Direct Investment presence played a role explained by not only state subsidies and oppression of workers on the negative side but also superior products such as mobile phones in telecommunication, Auto Teller Machines and computer networked bank branches in banking that did not exist before privatization on the positive side. Descriptive statistics was used to carry out the study.

Maluku D Ochieng (Jan 2014) conducted a study on the effects of privatization on the financial performance of Kenya Airways. His findings of the study revealed that there were positive improvements in the performance of Kenya Airways after privatization in terms of liquidity and debt ratios as compared to its performance before privatization. This performance indicator showed also an increase in a financial efficiency. In addition to this effect, the operation performance indicator of asset turnover and income efficiency was increased. The results suggest that privatization has positive effects on Kenya Airways performance. In addition, the study documents an improvement in solvency as measured by total assets. Remarkably, there's a decline in employment in the years that followed privatization. The findings confirm that privatization results in an increase in capital expenditure after privatization. In general, the results concur with empirical literature that states privatization improves the performance of privatized companies in terms of profitability and financial efficiency. Descriptive statistics was used to carry out this study.

J David Brown, John .S. Earle and Almos Telegdy (Sept 2008) carried out a study of Employment and Wage effects of Privatization: Evidence from Hungary, Romania, Russia, and Ukraine and according to their findings although economic analyses of the effects of privatization have largely focused on firm performance, the greatest political and social controversies have usually concerned the consequences for the firm's employees. It is frequently assumed that the employment and wage effects are negative, and workers all around the world have reacted to the prospect of privatization, especially when foreign owners may become involved with protests and strikes. Yet there have been very few systematic studies of the relationship between privatization and outcomes for the firm's workers, and previous research has been hampered by small sample sizes, short time series and a little ability to control for selection bias. It has therefore remained unclear whether workers' and policy makers' fears of Privatization are in fact warranted.

In conclusion, although economic analysis of the effects of privatization have focused almost entirely on firm performance, the greatest political and social controversies have usually concerned the consequences for the firm's employees. In most cases, it has been assumed that the employment and wage effects would be negative, and all workers around the world have reacted to the prospect of privatization, especially that to foreigners, with protests and strikes. Yet there have been very few systematic studies of relationship between privatization and outcomes of the firm's workers, and previous research has been hampered by small sample sizes, short time series, and little ability to control for selection basis. It has therefore remained unclear whether workers' fear of privatization are in fact warranted.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.0. Introduction:

This chapter covered the research design, the study population, sample size, the data collection methods and observations.

3.1. Research Design:

The research design included in the study was cross-sectional, in which data was collected from respondents within Makindye Division using self-administered questionnaires.

3.2. Study population:

The study covered a total of 50 respondents which included private owners of businesses, sole proprietors. The study used simple random sampling technique to draw representative samples.

3.3. Sample size:

The sample size was composed of 30 respondents. These respondents were randomly selected provided they were private owners or were employed in the private sector.

3.4. Data Collection method

Primary data was collected from individuals using questionnaires and interviewing method.

3.4.1. Interviewing

The study was conducted using interviews on particular individuals which included the various selected respondents.

3.4.2. Questionnaires

The researcher used both structured and unstructured questionnaires, which were presented to the respondents.

3.4.3. Observation

Observation was done secretly during working hours more so for the employees working in the various organizations.

3.4.4. Records or Documentary analysis

This was a major source of secondary data. Existing records from the various enterprises that the researcher got in touch with.

3.5. Data entry, analysis and presentation

Data entry was done using Epi-data and analysis was done with STATA. The data were presented in terms of means, standard deviations and frequencies were used to present data on demographic characteristics of respondents.

The correlation strategy was used to present the relationship that existed between the level of employment and privatization. Simple regression analysis was conducted to establish the impact of the explanatory variable (privatization) on the explained (level of employment).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

In this chapter, the researcher presented the analysis and interpretation of the data according to the set objectives. The study was guided by three objectives that included; (i) determining the level of employment, (ii) determining the level of Privatization, (iii) establishing the effect of privatization on Employment in Uganda, Makindye Division in particular.

4.1 The Demographic Characteristics of Respondents

Table 1: The Demographic Characteristics of Respondents

		Frequency	Percentage (%)
Gender of respondents	Male	20	66.67
	Female	10	33.33
	Total	30	100.00
Age of respondents	(10-20) years	0	0.00
	(21-30) years	16	53.33
	(30-40) years	10	33.33
	(41-50) years	4	13.33
	51 years and above	0	0.00
	Total	30	100.00
Marital status	Single	8	26.67
	Married	18	60.00
	Divorced	2	6.67
	Widowed	2	6.67
	Total	30	100.00
Level of education	Not educated	0	0.00
	Primary	4	13.33
	Secondary	9	30.00
	Tertially	11	36.67
	Graduate	6	20.00
	Total	30	100.00

Source: STATA 10 Output (Primary Data, 2015)

Table 1 represents the demographic characteristics of respondents who participated in the study. Basing on a sample of 30 respondents, statistics on gender show that most of them were male 20 (67.67 per cent), while 10 (33.33 per cent) were female.

Statistics on Age show that there were no respondents between 10 – 20 years, 16 respondents were between 21 – 30 years (53.33 per cent), 10 were between 31 – 40 years (33.33 per cent), 4 were between 41 – 50 years (13.33 per cent) and there were no respondents of 51 years and above.

Statistics on marital status show that 8 (26.67 per cent) respondents were single, 18 (60.0 per cent) were married, 2 (6.67 per cent) were divorced and only 2 (6.67 percent) respondents were widowed.

Statistics on the respondents' level of education indicate that there no respondents who were not educated, 4 (13.33 per cent) attended primary level, 9 (30.0 per cent) reached secondary level, 11 (36.67) completed tertially level and only 6 (20.00 per cent) were graduates.

This indicates that most of the respondents were males between 21 – 30 years, married and completed secondary level.

4.2.0 Examining the level of employment in Makindye.

The first objective was to examine the level of employment in Uganda, Makindye in particular. The level of employment was examined using eight questions each having different ratings as summarized in the tables below.

Question on capital employed was rated using a five point likert scale as shown.

Table 2 Rating for capital employed.

Minimum	Maximum	Scale rating	Interpretation
4.22	5.00	5.1 Million and above	Very high
3.42	4.21	(4.1 – 5.0) Million	High
2.62	3.41	(3.1 – 4.0) Million	Average (medium)
1.81	2.61	(2.1 – 3.0) Million	Low
1.00	1.80	(1.0-2.0) Million	Very low

Table 3 summary of capital employed

. sum CAPITAL

Variable	Obs	Mean	Std. Dev.	Min	Max
CAPITAL	30	2.9	1.373392	1	5

Source: STATA 10 output (Primary Data, 2015)

The study findings reveal that respondents employ a medium or average capital of 2.9 Million in their businesses (mean=2.9 and Std. Dev. =1.374).

Table 4 Capital employed

Capital employed	Freq.	Percent	Cum.
1M-2M	6	20.00	20.00
2.1M-3M	7	23.33	43.33
3.1M-4M	5	16.67	60.00
4.1M-5M	8	26.67	86.67
Above 5M	4	13.33	100.00
Total	30	100.00	

Source: STATA 10 output (Primary Data, 2015)

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However, statistics on capital employed indicate that most of the respondents (8 respondents) employ between 4.1 – 5.0 Million shillings, taking the highest percentage of 26.67, and very few (5 respondents) employ capital above 5 million shillings.

4.2.1 Examining Annual sales returns.

A five point likert scale was used in rating annual sales returns as shown in table 2.3 below.

Table 5

Minimum	Maximum	Scale rating	Interpretation
4.22	5.00	4.1 Million and above	Very high
3.42	4.21	(3.1 – 4.0) Million	High
2.62	3.41	(2.1 – 3.0) Million	Average (medium)
1.81	2.61	(1.1 – 2.0) Million	Low
1.00	1.80	(0.5 – 1.0) Million	Very low

Table 6 Annual sales returns

. sum ANNUAL_SALES

Variable	Obs	Mean	Std. Dev.	Min	Max
ANNUAL_SALES	30	3.866667	1.502488	1	5

The study findings reveal that there was a high annual sales return for the selected sample of respondents (business units), as implied by a mean of 3.87 and standard deviation of 1.50.

Examining the method of employment of workers.

Table 7 Method of employment.

Method of employment of workers	Freq.	Percent	Cum.
Job Advertisement	12	40.00	40.00
On-job training	2	6.67	46.67
Head Hunting	12	40.00	86.67
Family members	4	13.33	100.00
Total	30	100.00	

. tab qnb4

Give a reason to why you have chosen this method?	Freq.	Percent	Cum.
Cheap	12	40.00	40.00
Capital freindly	8	26.67	66.67
Readily available	10	33.33	100.00
Total	30	100.00	

Source: STATA 10 output (Primary Data, 2015)

Statistics on the method of employment reveal that of the 30 respondents selected for the study, most of the respondents (12 respondents, 40.0 per cent) use advertisement when looking for workers, 2 (6.67 per cent) employ on-job training method, 12 (40.0 per cent) use head hunting and only 4 (13.33 per cent) use family members.

This implied that the majority of private enterprises highly use job advertising and head hunting methods of employment of workers.

Statistics on the study findings also indicate that the methods were chosen because they were equally cheap and readily available.

Examining the number of employees (Level of employment)

Statistics in terms of frequencies on number of employees was as shown below.

Table 8 Rating and interpretation of number of employees

Minimum	Maximum	Scale rating	Interpretation
2.34	3.00	21 and above	High
1.67	2.35	11 – 20	Medium (Average)
1.00	1.66	2 – 10	Low
Overall mean		1.467	Low

The study findings reveal that there was a low level of employment indicated by the overall mean of 1.467

Table 9 Statistics on number of employees in terms of frequencies.

Number of employees	Frequency	Percentage	Comment
2 – 10	20	66.67	Very high
11 – 20	6	20.00	High
21 and above	4	13.33	Low
Total	30	100.00	

Statistics in table 2.6 showed that the majority of the respondents private enterprises) sampled employ more 2 – 10 workers as indicated by the highest frequency (Freq. = 20, percentage = 66.67), 6 employ workers between 11 and 20 (20.00 per cent) and 4 (13.33 per cent) employ 21 and above workers in their businesses.

Table 10 Statistics on number of employees.

. tab NATURE_OF_EMPLOYEE

Type of employees used	Freq.	Percent	Cum.
skilled workers	1	3.33	3.33
Unskilled workers	5	16.67	20.00
Both skilled and unskilled	24	80.00	100.00
Total	30	100.00	

Source: STATA 10 output (Primary Data, 2015)

The table statistics show that out of the 30 responds, only one respondent (private enterprise) used skilled workers (3.33 per cent), 5 (16.67 per cent) employed unskilled workers and 24 (80.00 per cent) employed both skilled and unskilled workers.

From table 2.5, the study findings show that most of the sampled private enterprises employ both skilled and unskilled workers, as implied by the highest frequency and percentage, 24 and 80 per cent respectively.

Analyzing the reasons for the chosen method of employment.

Table 11 Examining the reasons for the chosen method of employment

Reason for choosing the above nature of workers	Frequency	Percentage (%)
It is cheap	05	16.67
Matches the company needs	25	83.33
It is effective	00	0.00
Total	30	100.0

Source: STATA 10 Output (Primary Data, 215)

The statistics show that 5 respondents (sampled private enterprises) (16.67 per cent) employed the above method because it was cheap, 25 respondents (83.33 per cent) employed nature of labor because it matched with the company operation needs.

Establishing the management tool for improving worker's welfare

Statistics on management tool is as shown in Table 8 below

Table 12 Management tool

Management tool	Frequency	Percentage
Providing accommodation	03	10
Giving allowances	21	70
Staff development	00	00
On-Job training	06	20

Source: STATA 10 Output (Primary Data, 2015)

The statistics in table 8. Show that for the sample of 30 respondents (private enterprises) on which data was collected, 3 (10 per cent) provide accommodation as a motivation tool to their employees, 21 (70 per cent) give allowances, 6 (20 per cent) provide on-job training and no private enterprise offered staff development to their employees.

Statistics indicate that most of the enterprises give allowances to their employed implied by the highest the highest frequency and percentage (Freq. = 21, percentage = 70).

Examining the success of private enterprises towards employment creation.

Statistics on respondents' success towards job creation is as shown in table 2.9 below

Table 13 Rating and interpretation of the success of private enterprises

Minimum	Maximum	Scale rating	Interpretation
3.26	4.00	Very successful	Very high
2.26	3.25	Successful	High
1.26	2.25	Fairly successful	Medium (Average)
1.00	1.26	Failure	Low
Overall mean		1.5	Low

The study findings in table 2.81 shows that on average, the private enterprises failed to succeed in creating employment opportunities for the public as indicated by the low overall average (mean = 1.5).

Table 14 Success of respondents.

Item	Frequency	Percentage
Very successful	16	53.33
Successful	13	43.33
Fairly successful	01	3.33
Failure	00	0.00
Total	30	100

Statistics in table 2.8 show that of the 30 respondents included in the sample, 16 (53.33 per cent) asserted that private enterprises were very successful in creating and expanding job opportunities, 13 (43.33 per cent) assert that they were successful, 1 (3.33 per cent) were fairly successful and no enterprise failed to create job enterprises to the public. However, on average, findings revealed that the private enterprises failed to succeed in creating employment opportunities for the public.

4.3 Examining the level of privatization in Uganda

The second objective of the study was to examine the level of privatization in Makindye Division – Kampala. The researcher used five question that were based on a five point likert scale rating. The results were as shown and discussed below.

Table 15 Rating and interpretation of the level of privatization in Makindye Division.

Minimum	Maximum	Scale rating	Interpretation
4.22	5.00	Strongly agree	Very high
3.42	4.21	Agree	High
2.62	3.41	Neutral	Medium
1.81	2.61	Disagree	Low
1.00	1.80	Strongly disagree	Very low

Table 16 Examining the level of privatization

Item	Mean	Std. Deviation	Interpretation
Privatization has helped in the improvement of individuals	3.72	0.489	High
Privatization is undermined by the community despite its performance	2.20	0.887	Low
Majority of the individuals in the community are employed by the private sector	4.11	0.324	High
Privatization is supported by the government in my community	2.60	0.109	Low
Majority of the companies in my community are privately owned	4.6	0.113	Very high
Overall mean	3.45		High

Source: STATA 10 output (Primary Data, 2015)

Table 3.2 revealed that most of the respondents agree that privatization has helped in the improvement of individuals' welfare (mean = 3.72 Std. Dev. =0.489). The results further revealed that despite its performance, respondents agree that privatization is undermined by the community (mean=2.20 Std. Dev. =0.887). Statistics indicated that respondents strongly agree that majority of the individuals in the community are very highly employed by the private sector (mean=4.11 Std. Dev. =0.324).

Results indicated that respondents disagree that privatization is supported by the government in their communities (mean=2.60 Std. Dev. =0.109). The results further showed that respondents strongly agree that the majority of the companies in their communities are privately owned (mean=4.6, Std. Dev. =0.113).

The findings thus show that the level of privatization on average was high as indicated by the mean (mean=3.45)

4.4.0 Examining the relationship between privatization and employment level.

The third objective was to establish the relationship between privatization and the level of employment. This was established using Pearson's correlation analysis.

Table 17 Summary of Pearson's correlation analysis of privatization and employment level.

Variable	Employment level	Level of privatization
Employment level	1.00	
Level of privatization	0.4644	1.00

Source: STATA Output (Primary Data, 2015)

Table 4.0 shows a summary of the linear relationship between the level of employment and privatization. The correlation coefficient of 0.46 indicated a positive weak relationship between the level of employment and privatization level.

4.4.1 Examining the impact of privatization and the level of employment.

The impact of privatization on employment level was established using simple regression analysis. Table 4.1

Table 18 The simple regression analysis

Source	SS	df	MS	Number of obs =	29
Model	34.2405286	1	34.2405286	F(1, 27) =	7.42
Residual	124.518092	27	4.61178119	Prob > F =	0.0111
				R-squared =	0.2157
				Adj R-squared =	0.1866
Total	158.758621	28	5.66995074	Root MSE =	2.1475

EMPLOYMENT	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
PRIVATIASA~N	1.277961	.4690094	2.72	0.011	.3156327	2.240288
_cons	.3832237	4.723132	0.08	0.936	-9.307842	10.07429

Source: STATA 10 Output (Primary Data, 2015)

The dependent variable in this study was employment level and the independent variable was privatization. The model presented in the study is

$$\text{Employmentlevel} = 0.383 + 1.278 \text{ privatization.}$$

The study findings reveal that employment level was 0.383 units when privatization is zero. They further reveal that the level of employment would increase by 1.278 units for a unit increase in privatization.

0.2157 (21.57 per cent) is the coefficient of determination which indicates that privatization explained only 21.57 per cent of the level of employment. This is however showed that privatization did not have a significant contribution on the general levels of employment.

The hypothesis to be tested is that;

H₀: there is no significant influence of privatization on the levels of employment.

H₁: there is a significant influence of privatization on the levels of employment.

The study findings from table 4.1 reveal that at 0.5 level of significance, the probability value was 0.011 which is less than the 0.5 significant level. Thus, the findings provided sufficient evidence to accept the hypothesis that there was no significant contribution of privatization on employment level.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of findings, conclusions and recommendations of the study.

5.1 Discussion of findings of the study

The findings of the study were presented in line with the specific objectives that included; (i) finding out the level of employment, (ii) finding the level privatization and (iii) examining the relationship of employment and the level of privatization in Makindye Division Kampala.

5.2 The level of employment.

The study findings on level of employment as indicated by the number of employees per private enterprise on average indicated a low level of employment as implied by the overall mean of 1.467. This was further supported by the findings on the success of the private enterprises in creating employment opportunities which on average revealed a failure implied by the overall mean of 1.5.

5.3 The level of privatization

The research findings according to the study on average indicated a high level of privatization as implied by the mean (mean =3.45). Despite the various constructs that contributed towards the high level of privatization, the major constructs that majority of the people in Makindye are employed by the private sector, and that most of the business enterprises are privately owned contributed greater percentages implied by their average means of 4.11 and 4.6. However, the study findings reveal that government offered less support to the private enterprises indicated by the low average value of the mean of 2.60

5.4 Relationship between level of employment and privatization

The study findings reveal that there was a linear relationship between privatization and the level of employment, although it was weak indicated by the weak correlation of 0.466 between the two variables. The findings further reveal a very small significant

contribution of privatization on employment level as implied by the low coefficient of determination of 21.57 per percent.

The statistics also revealed that privatization had no significant influence on the levels of employment in Uganda, Makindye Division Kampala in particular as implied by the low probability value of 0.011 which is less than the 0.5 level of significance.

5.5 Conclusions

In brief, privatization is, but not a major determinant of employment levels in Uganda. As the level of privatization increases, the level of employment also increases though not with a significant proportion. Private enterprises attached the failure to increase employment to low government support and over taxation by the government.

5.6 Recommendations

Basing on the conclusions of the study findings, the researcher recommends the government to increase support towards the private enterprises and also reduce on the tax burden levied on them so as to encourage and attract more private investments. This will help widen the levels of employment since the study findings revealed that most people in the area of analysis were employed by the private sector.

5.7 Areas for further research

The researcher included only one explanatory variable in determining the level of employment in Uganda. However, there are other variables and therefore prospective researchers should include more variable and also increase on the sample size in determining the level of employment.

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APPENDIX A
Questionnaire for Employees

Dear Respondent,

I am Kapere Olivia Nawakooli, a student of Kampala International University pursuing a Bachelor's Degree in Arts in Economics, year Three (3). I am carrying out a study of effects of privatization on Employment, case study of Makindye Division, Kampala district.

Kindly spare a few minutes of your time and assist me in answering these questions. The information provided will be treated with utmost confidentiality and for academic purposes only.

Thank you in advance.

SECTION A: Respondent's background information.

In this section, tick the appropriate answer in the boxes provided or fill in the spaced provided.

1. Name (optional)

.....

2. Sex

(a) Male ☐

(b) Female ☐

3. Marital Status

(a) Single ☐

(b) Married ☐

(c) Divorced ☐

(d) Widowed ☐

4. Age

(a) 11-20(b) 21-30 ☐

(c) 31-40 ☐

(d) 41-50 ☐

(e) 51 and above ☐

5. Level of education

- (a) Not educated (b) Primary (c) Secondary
 (d) Tertiary (e) Graduate

SECTION B: How to determine the level of employment in Uganda

1. How much capital is employed by your business on a monthly basis?

- (a) 1M-2M (b) 2.1M-3M (c) 3.1M-4M
 (d) 4.1M-5M (e) Above 5M

2. What's the annual sales turnover of your business in Uganda shillings?

- (a) 0.5-1M (b) 1.1-2M (c) 2.1-3M
 (d) 3.1-4M (e) Above 4.1M1

3. Which method do you use to employ workers in your business?

- (a) Job Advertisement (b) On-Job training
 (c) Head hunting (d) Family members

3. (b) Give a reason why you have chosen this method

- (a) Cheap (b) capital friendly (c) readily available

4. How many employees do you employ in your business?

- (a) 2-10 (b) 11-20 (c) above 20.

5. Which types of employees are employed in your business?

- (a) Skilled workers (b) Unskilled workers
 (b) Both skilled and unskilled

5. (b) Give a reason why the chosen type is preferred in your business.

- (a) It is cheap (b) matches the company needs (c) it is effective1

6. Which management strategies do you use to improve the employees performance in your business?

(a) Providing accommodation

(b) Provision of allowances

(c) On- job Training

(d) Staff development

7. How successful have the private enterprises contributed towards the employment of individuals in your community?

(a) Very successful

(b) Successful

(c) Fairly successful

(d) Failure

7. (b) If a failure, what are the reasons for failure?

.....

.....

SECTION C: How to determine the level of privatization in Uganda.

In this section, please circle the appropriate correct answer

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

Statements	Response				
Privatization has helped in the improvement of individuals	1	2	3	4	5
Privatization is undermined by the community despite its performance	1	2	3	4	5
Majority of the individuals in the community are employed by the private sector	1	2	3	4	5
Privatization is supported by the government in my community	1	2	3	4	5
Majority of the companies in my community are privately owned	1	2	3	4	5

Qn.2. How have these perceptions on privatization affected the employment in your community?

1. Positively ☐ 2. Negatively ☐ 3. Non effect ☐

Qn.3. What do you think can be done to improve the negative perceptions on privatization in your community?

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.....
.....

Qn.4. What are the hindrances faced by private sectors in Uganda?

1. Limited capital 2. Stiff competition 3. Limited skilled labor
4. High taxation.

(a) Agree with all the above ☐ (b) a few of the above. ☐

(c) None of the above ☐

SECTION D: Establishing a relationship between privatization and Employment

1. Privatization has greatly improved on the employment of individuals with in your community.

(a) Strongly agree ☐ (a) Agree ☐ (c) Neutral ☐

(d) Disagree ☐ (e) strongly disagree ☐

2. Do you think privatization has greatly helped to curb unemployment in your community?

(a) Yes ☐ (b) No ☐

2. (b) If yes, how has it helped to curb unemployment in your community?

1. Extended employment opportunities ☐

2. Trained people and increased their skills ☐

3. Increased job creators through training. ☐

3. What hindrances is privatization facing while curbing unemployment?

- | | |
|--|----------------------|
| 1. Stiff competition from national corporations. | <input type="text"/> |
| 2. Limited capital for expansion. | <input type="text"/> |
| 3. Increased taxation | <input type="text"/> |
| 4. limited skilled personnel for training labor | <input type="text"/> |

4. What is the major problem affecting privatization while creating employment opportunities?

- | | | | |
|-------------------------------------|----------------------|-----------------------------|----------------------|
| (a) Corruption | <input type="text"/> | (b) Incompetent supervisors | <input type="text"/> |
| (c) Government intervention | <input type="text"/> | (d) Heavy taxation | <input type="text"/> |
| (e) Lack of skills from the workers | <input type="text"/> | | |

5. Please feel free to make any other comments about the impact of privatization on the employment in Uganda which may not have been covered elsewhere in the questionnaire

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Thank you for your time and cooperation

APPENDIX 2
TIME FRAME

		PERIOD			
S/NO.	TASK	MAY	JUNE	JULY	AUGUST
1	Proposal Writing				
2	Data Collection				
3	Report Writing				
4	Dissertation presentation				

**APPENDIX 3
BUDGET**

S/NO.	ITEM DESCRIPTION	COST (SHS)
1	Transport Service	50,000
2	Stationery	60,000
3	Typing and Printing	50,000
4	Binding	50,000
5	Communication	20,000
6	Miscellaneous	50,000
TOTAL		280,000