

Owners'/Managers' Perception on Privatization

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Abstract: *The present study was conducted to examine the perception of owners on privatization including its necessity and unnecessary, its impact, process and modalities to be adopted, existing policy, role of government etc. A questionnaire survey of 40 owners found that they were in favor of privatization. They want some measures to be followed before privatization. They viewed its benefits are not reached to the targeted people of the society. They suggested policy improvement and mixed modality to be followed.*

I. INTRODUCTION

Privatization process began in Nepal only after the restoration of democracy in 1992, where three public enterprises were privatized. Hitherto, more than 26 state-owned enterprises have been privatized on phase-wise basis. However, the privatization process was not easy. Several charges were made against the privatization process of the government. Such charges were mainly confined on valuation of assets and land, sale proceeds and its utilization. The charges and criticisms on privatization were further fueled up by the misleading reports of an impact study published by MOF (1991). As a consequence, the privatization process rested on the ice box and no more state enterprise was privatized as was planned. Therefore, it seems essential to enquire as to what actually has been the impact of the privatization of 26 public enterprises. For answers to this question, it is necessary to understand the view of owners of those privatized enterprises as they have been the crucial stakeholders of privatization and also the determining factor for their success. The present study is, therefore, directed toward exploring on these issues.

II. REVIEW OF THE LITERATURE

Elliot Berg (1987) views, privatization as the mobilization of private resources, energy, skill, money to more effectively serve the needs of economic and social development

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changes in law and practice deregulation user fees divestiture and wider resort to the private sector for delivery of services (Shirley, 1987)

In the opinion of J.N. Goodrich (1988), privatization refers to any strategy or process that results in the transfer of function, activity, asset or organization in whole or part, which is owned or controlled either directly or indirectly by a government, to a non government body.

Cook and Kirkpatrick (1988) on the other hand explained privatization from three different angles. According to them privatization, firstly, means to a change of ownership of assets or part of it from public sector to private entrepreneur through the process of denationalization or divestiture. Secondly, the privatization can be brought in by allowing the private sector to enter into the areas until now protected for the public sector and thirdly, privatization can be introduced by way of contracting out the services and utilities while retaining the ownership with the Government (Mandal, 1994:14).

Sigmund (1990) has clarified it comparing with nationalization. According to him nationalization signified 'expansion', privatization signifies 'contraction' (Uwe, 1996).

Feigenbaum and Henig (1992) viewed that privatization should be seen as an 'ideology of transformation' rather than 'transformation of a theory peaking any change from public to private hands may be called privatization. (Bhojani, 1994:2).

The impact of the move on our social fabric can be severe if government do not take adequate measures to safeguard the interest of a large numbers of work forces employed in public sector and are likely to be adversely affected (R.Mandal, 1993:60).

Privatization is also defined as a transfer of assets from the state to the private sector along with a radical reallocation of available productive resources, restructuring of the existing institutional setting in which production activities are carried on and the introduction of new method of corporate governance, free from the most vicious kinds of political interference (Thakur, 1994:17).

Mr. Robin Sharma (1995) described it as the transfer from the public to the private sector of various functions and or things of direct significance to these functions. These functions principally cover industries, human services and regulatory privatization in purest form, the other being methods which do not go all the way (Sharma, 1995:27).

It is a tool to open the door for creating the environment of competition. We should know that privatization is necessary (but not sufficient in itself) condition for the creation of a market economy (Young, 1997:28).

Although the word privatization is not a new word it can be taken as one of the search oriented action to find substitution of the government participation in public enterprises (Mishra, 1998:42).

Among the major problem too the 'inconsistent government policy' was a great issue because almost all respondents accepted this fact. There was also an example of a case file by a salt importer, Himal Noon Pvt. Ltd., at Supreme Court against government on the context of contradictory decisions. The cabinet decision on March 22 allowing only

salt trading corporation to deal with import and distribution of salt until the Nine Five year period (1998-2002) effectively bans import and distribution of salt by any other party. This decision had violated Iodized Salt (supply and manufacture) Act 1998. The Act allows entry of capable private firms in salt trade (The Kathmandu post, July 2, 1999:1).

In short, in order to understand the concept of privatization we must have to consider mainly four points. (1) Ownership changes, (2) Efficiency, (3) Competition and (4) Market economy along with social and environmental effect. It should be such that in which the supply side structure is competitive and 'privately owned' and demand side consists of individual purchases (Gupta, 1999:5).

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Privatization is sweeping the world except in some countries like Libiya, Cuba, North Korea, Burma and very few others (Satish Chandra, 1997:3). The first wave focused largely on industrial, financial and commercial ventures. The second wave starting during 1990s concentrated on infrastructure sectors and activities; while the third which includes municipal and local services, is currently gaining strength. The next stage of privatization which are now seen starting to emerge in many countries is reaching to social services including health, education and administrative (Adam Smith Institution, 1999:3).

MOF (1999) published a study on performance of privatized enterprises which has measured the status, complains, problems, remedies, agreements etc. relating to privatization process. The study concluded that most of the privatized enterprises were doing well and it has positive impact on the economy. The impact study however drew significant criticisms.

In Jan 2000, DFID, in agreement with HMG/N, commissioned an independent review of the privatization programme in Nepal. The objective of the review was to address concerns about the pace of privatization to date, transparency of procedures and process and social impact of privatization. Some of the important findings from that review were that there is neither serious commitment of the government nor any consensus among the leadership.

Adhikari and Adhikari (2000), on behalf of Pro-Public conducted a study, the objectives of which were to get insights into the process and the level of transparency followed by the government and evaluate the gains and losses of privatization along with the study of existing policies, acts and regulations and their adequacy.

Shrestha (2004) conducted a doctoral study entitled 'privatization and economic performance: A study of selected privatized public enterprises of Nepal'. The objective of the study was evaluation of the financial performance of selected public enterprises before and after privatization along with opinion survey.

The full economic benefits of privatizing the state's industrial assets will not be that of managing the market, not directing it. (Yusuf, Nabeshima and Perkins, 2006:239).

With the growing trend toward business partnership between the public and private sectors (so called PPPs), the new face of privatization promises even a greater benefits for all –including a better distribution of risk and the eventual turnover of operations to the country hosting the investment, along with the requisite infrastructure technical know-how needed to sustain the investment (www. fdi.net, December 2007).

III. METHODOLOGY

The present study had adopted a Descriptive as well as Analytical Research designs to have detailed study about the perception of the owners/managers of the privatized enterprises mainly in manufacturing sector. The study was conducted on the basis of questionnaire and interview. Out of 50 questionnaires administered and distributed only 40 owners questionnaires were collected. Therefore a total of 40 from the five enterprises were selected as a sample size covering 80% level of success.

The questionnaires were tabulated along with frequencies and percentage. Mean values and rank correlation were also computed. The five point scales of 'strongly agree', 'agree', 'so so', 'disagree' and 'strongly disagree' were used for the study. In the same way mean value were also analyzed.

IV. DATA ANALYSIS

The following tables (from Table 1 to Table 16) indicate the perception of owners/managers on privatization including necessity of privatization, its processes, modalities to be followed, policies to be adopted etc.

Table 1 : Need for Privatization as Perceived by OMs

Yes	No	Total
36	2	38
(94.7)	(5.3)	(100)

Table 1 presents the perception of owners/managers about the need of the privatization of PEs. Of the total 38 respondents, a high majority of them i.e. 36 (94.7% of total respondents) perceived that privatization was necessary and only 2 (5.3%) of them felt it was not necessary. It can, therefore, be concluded that overwhelming majority of the respondents were in favor of privatization.

Table 2 : Perception of OMs on the Need for Sector Wise Privatization

Rank	1	2	3	4	5	6	Total
Manufacturing	26 (68.4)	9 (23.7)	1 (2.6)	-	-	2 (5.3)	38 (100)
Trading sector	9 (23.7)	17 (44.7)	6 (15.8)	4 (10.5)	1 (2.6)	1 (2.6)	38 (100)
Social sector	-	1 (2.9)	4 (11.4)	4 (11.4)	10 (28.6)	16 (45.7)	35 (100)
Public utility sector	4 (11.4)	2 (5.7)	1 (2.9)	11 (31.4)	11 (31.4)	6 (17.1)	35 (100)
Service sector	2 (5.6)	3 (8.3)	6 (16.7)	11 (30.6)	7 (19.4)	7 (19.4)	36 (100)
Financial sector	4 (10.8)	5 (13.5)	17 (45.9)	5 (13.5)	5 (13.5)	1 (2.7)	37 (100)

Table 2 exhibits the OMs perceptions on the need for sector wise privatization. Out of total respondents, majority of them gave first rank to 'manufacturing sector' (68.4%), second to 'trading sector' (44.7%), third rank to 'financial sector' (45.9%), fourth or fifth rank to 'public utility sector' (31.4%), sixth rank to 'social sector' (45.7%). 'Service sector' was also given fourth rank. Thus, it showed that owners viewed to privatize manufacturing sector first followed by trading, financial, public utility and service sector. They gave less emphasis to privatize social sector.

Table 3 : Reasons for Privatization as Perceived by OMs

S. N.	Reasons	Strongly agree	Agree	So so	Disagree	Strongly disagree	Total
1	Reduce financial and administrative burden of government	29 (74.4)	4 (10.3)	3 (7.7)	3 (7.7)	-	39 (100)
2	Increase revenue	16 (41.0)	11 (28.2)	4 (10.3)	4 (10.3)	4 (10.3)	39 (100)
3	Increase efficiency of the enterprises	25 (64.1)	7 (17.9)	3 (7.5)	4 (10.0)	-	39 (100)
4	Increase private participation	19 (48.7)	10 (25.6)	5 (12.8)	3 (7.7)	2 (5.1)	39 (100)
5	Reduce corruption	25 (64.1)	7 (17.9)	6 (15.4)	6 (15.4)	2 (5.1)	39 (100)
6	Increase employment	5 (12.8)	10 (25.6)	5 (12.8)	9 (23.1)	10 (25.6)	39 (100)
7	Supply better quality of goods/services	20 (51.3)	7 (17.9)	9 (23.1)	2 (5.1)	1 (2.6)	39 (100)
8	Successful operate in the competitive market	19 (48.7)	10 (25.6)	3 (7.7)	5 (12.8)	2 (5.1)	39 (100)

Table 3 shows the reasons for privatization as perceived by the owners/managers. Out of total respondents of 39, majority of the respondents accepted to the statements 'Reduce financial and administrative burden of government' (84.7%), 'increase efficiency of the enterprise' (81.0%), 'increase private participation' (74.3%), 'increase revenue' (69.2%), 'supply better quality of goods/service' (69.2%), 'reduce corruption' (63.1%). However 48.7% of the total respondents did not accept the statement 'increase employment' as the reason for privatization. But a considerable number of respondents (38.4%) accepted this as one of the reasons behind privatization. Thus, owners agreed to most of the statements in the above table as the reason behind privatization.

Table 4 : Reasons Against Privatization as Perceived by OMs

S. N.	Reasons	Strongly agree	Agree	So so	Disagree	Strongly disagree	Total
1.	Poor service/quality of goods to consumers	8 (29.6)	1 (3.7)	6 (22.2)	3 (11.1)	9 (33.3)	27 (100)
2.	Loss of revenue	7 (25.0)	5 (17.9)	1 (3.6)	5 (17.9)	10 (35.7)	28 (100)
3.	Price increase	7 (25.0)	4 (14.3)	9 (32.9)	1 (3.6)	7 (25.0)	28 (100)
4.	Loss of employment	4 (13.8)	5 (17.2)	8 (27.6)	2 (6.9)	10 (34.4)	29 (100)
5.	Creation of private monopoly	9 (30)	4 (13)	8 (26.7)	2 (6.7)	7 (23.3)	30 (100)
6.	Negative effect to employee welfare	5 (16.7)	9 (30.0)	4 (13.3)	4 (13.3)	8 (26.7)	30 (100)

As is revealed in Table 4, some of the owners/managers viewed that it was not necessary to privatize public enterprises and many reasons were provide for it. A large numbers of respondents were favor of the statements given in the above table. Out of total related respondents, most of them were in favor of the statements like 'negative effect to employee welfare' (46.7%), 'creation of private monopoly. (43.3%) and 'price increase' (39.3%). There was considerable number of respondents who disagreed to these statements. Likewise there were majority of disagreed respondents relating to the statements 'loss of revenue' (53.6%), 'poor quality of goods/service to consumers' (44.4%) and 'loss of employment' (41.4%). Considerable numbers of respondents were there who agreed to these statements. This indicated that owners viewed that privatization would not bring 'loss of revenue', 'poor service quality of goods' and 'loss of employment' but it might have negative effects on the 'employee welfare', 'creation of private monopoly' and 'price increase'.

As shown in Table 5, majority of respondents viewed that 'privatization would bring benefits to big business houses (79.0%), 'government/decision makers (65.7%), 'consumer' (44.7%) and lastly to 'employees' (35.1%). They disagreed to accept that

It would bring benefit to 'small investor' (54.0%) and 'general people' (40.5%). This showed that benefit of the privatization might not reach to the targeted people of the society. They viewed that privatization had not brought the distributional efficiency. Its advantages only reached to the richer section of the society.

Table 5 : Beneficiaries of Privatization as Perceived by OMs

S. N.	Stakeholders	Strongly Agree	Agree	So so	Disagree	Strongly disagree	Total
1.	Big business houses	22 (57.9)	8 (21.1)	6 (15.8)	1 (2.6)	1 (2.6)	38 (100)
2.	Small investors	4 (10.8)	4 (10.8)	9 (24.3)	9 (24.3)	11 (29.7)	37 (100)
3.	Government/decision makers	12 (34.3)	11 (31.4)	5 (14.3)	3 (8.6)	4 (11.4)	35 (100)
4.	Consumers	11 (28.9)	6 (15.8)	9 (23.7)	8 (21.1)	4 (10.5)	38 (100)
5.	Employees	6 (16.2)	7 (18.9)	12 (32.4)	4 (10.8)	8 (21.6)	37 (100)
6.	General people	7 (18.9)	5 (13.5)	10 (27)	7 (18.9)	8 (21.6)	39 (100)

Table 6 : Improvement Needed in the Policy as Perceived by OMs

Yes	No	Total
38 (95)	2 (5)	40 (100)

Table 7 : Preferred Modalities of Privatization as Perceived by OMs

S. N.	Statements	Yes	No	Total
1.	Selling only unprofitable enterprises	21 (56.8)	16 (43.2)	37 (100)
2.	Selling shares to the extent of 51 percent	19 (54.3)	16 (45.7)	35 (100)
3.	Celling the number of shares to be subscribed by a person	16 (50)	16 (50)	32 (100)
4.	Selling shares to employees	32 (84.2)	6 (15.8)	38 (100)
5.	Allowing employees to manage SOEs	22 (66.7)	11 (33.3)	33 (100)
6.	Restructuring the SOEs	27 (77.1)	8 (22.9)	35 (100)
7.	By mixing various modes as per the nature of PE	27 (77.1)	8 (22.9)	35 (100)

Regarding improvement in the existing policy for privatization, majority of respondents wanted improvement, as is revealed in Table 6. Out of 40 total respondents, 38 respondents viewed the necessity of improvement and only two respondents answered in negation.

Table 7 registers the OMs responses on their preferred modalities of privatization. When OMs were asked about how privatization should be done, majority of them accepted almost all statements i.e. 'selling shares to employees (84.2%)', 'restructuring public enterprises (77.1%)', 'by mixing various modes as per the nature of SOEs' (77.1%), 'allowing employees to manage SOEs' (66.7%), 'selling only unprofitable enterprises' (56.8%), 'selling shares to the extent of 51 percent' (54.3%).

As regard to 'ceiling the number of shares to be subscribed by a person there was equal number of positive (50%) as well as negative (50%) respondents. Thus, owners emphasized to sell shares to employees, restructuring SOEs, mixing various modes etc. They gave less emphasis to selling shares to the extent of 51%.

Table 8 : Factors Essential for the Success of Privatization as Perceived by OMs

S. N.	Essential Factors	Strongly Agree	Agree	So so	Disagree	Strongly Disagree	Total
1.	Clear and consistent policy	32 (80)	1 (2.5)	6 (15)	1 (2.5)		40 (100)
2.	Political commitment and stability	28 (70)	5 (12.5)	5 (12.5)	2 (5)		40 (100)
3.	Well developed capital market	22 (55)	7 (17.5)	7 (17.5)	1 (2.5)		37 (92.5)
4.	Bureaucratic support	26 (65)	8 (20)	4 (10)	1 (2.5)		39 (97.5)
5.	Positive public attitude and support	25 (62.5)	9 (22.5)	5 (12.5)	1 (2.5)		40 (100)
6.	Professional management in the private sector	35 (87.5)	3 (7.5)	1 (2.5)	1 (2.5)		40 (100)
7.	Competent and responsible private sector	26 (65)	8 (20)	4 (10)			38 (95)
8.	Improvement in business environment in the country	28 (70)	10 (25)	2 (5)			40 (100)
9.	Commitment and owing by the private sector	24 (60)	7 (17.5)	6 (15)	2 (5)		39 (97.5)

Table 8 reveals that majority of the respondents accepted all the factors essential for the success of privatization. They were 'professional management in the private sector' (95.0%), 'improvement in business environment in the country' (95.0%), 'competent and responsible private sector' (89.5%), 'bureaucratic support' (87.2%), 'political commitment and stability' (85.2%), 'positive public attitude and support' (85.0%), 'clear and consistent policy' (82.5%), 'commitment and owing by the private sector' (79.4%)

and 'well developed capital market'(78.4%). Thus owners viewed that all above factors were very important for the success of privatization in the country. Among them they gave more emphasis to the 'professional management', 'business environment' and 'competent and responsible private sector'. They gave less emphasis to the 'well developed capital market'.

Table 9 : Problems in Privatization Efforts in Nepal as Perceived by OMs

S.N.	Problems	Strongly Agree	Agree	So so	Disagree	Strongly disagree	Total
1.	Poor valuation of assets/properties	20 (50)	5 (12.5)	3 (7.5)	2 (5)	6 (15)	36 (100)
2.	Poor technical capacity of bidder	17 (30.6)	8 (22.2)	12 (33.3)	2 (5.6)	3 (8.3)	36 (100)
3.	Poor financial status of bidder	10 (28.6)	7 (20)	11 (31)	1 (2.9)	6 (17.1)	35 (100)
4.	Lack of transparency in decision	20 (54.1)	10 (27.0)	6 (16.2)	-	1 (2.7)	37 (100)
5.	Poor policies regarding employees	15 (41.7)	10 (27.8)	7 (19.4)	2 (5.6)	2 (5.6)	36 (100)
6.	Inability to implement in a short period	13 (35.1)	15 (40.5)	9 (24.3)	-	-	37 (100)
7.	Lack of national consensus	14 (37.8)	11 (29.5)	6 (16.2)	6 (16.2)	-	37 (100)
8.	Lack of commitment	19 (51.4)	10 (27)	7 (18)	-	1 (2.7)	37 (100)

Table 10 : Role of Government Towards Labour as Perceived by OMs

S. N.	Statements	Strongly Agree	Agree	So so	Disagree	Strongly disagree	Total
1.	Guarantee the labour right and interest in the privatized enterprises	21 (55.3)	6 (15.8)	4 (10.5)	4 (10.5)	3 (7.9)	38 (100)
2.	Guarantee the rights and interest of all the workers	14 (50)	5 (17.9)	4 (14.3)	2 (7.1)	3 (10.7)	28 (100)
3.	Guarantee the rights and interest of all the consumers	13 (34.2)	11 (28.9)	6 (15.8)	5 (13.2)	3 (7.9)	38 (100)
4.	Let the public enterprises remain in the existing state	8 (21.1)	3 (7.9)	6 (15.8)	7 (18.4)	14 (36.8)	38 (100)
5.	Increase social security	10 (28.6)	12 (34.3)	8 (22.9)	4 (11.4)	1 (2.9)	35 (100)

The OMs responses on the problems associated with the privatization efforts have been presented in Table 9. As is shown by the table, majority of the respondents accepted the statements 'lack of transparency in decision'(81.1%), 'inability to implement in a short period'(75.6%), 'poor valuation of assets/properties(69.5%), 'poor policies regarding

employees'(69.5%), 'lack of national consensus'(67.5%), 'lack of commitment' (58.4%), 'poor technical capacity of bidder'(52.8%) and poor financial status of bidder'(48.6%). Thus, OMs agreed all above statements as the problems associated with privatization in Nepal. They opined that lack of transparency, inability to implement in a short period, poor valuation of assets/properties and poor policies regarding employees as major problems or issues of the privatization process.

Regarding the role to be played by the government, as per the records in Table 10, out of the total respondents, majority of them emphasised on the statements 'guarantee the labour right and interest in the privatized enterprises' (71.1%), 'guarantee the labour right and interest of all the workers' (67.9%), 'guarantee the labour right and interest of all the consumers' (63.1%) and 'increase social security' (62.9%). They did not agree to the statement 'let the public enterprises remain in the existing state' (55.2%). Thus, owners viewed that labour right and interest in the privatized enterprises as well as of that of all workers and consumers should be protected and guaranteed. They also suggested that government should increase social security but needed further privatization of SOEs.

Table 11 : Perception of OMs Regarding Issues Related to Privatization Process in Nepal

S. N.	Issues	Highly satisfied	Satisfied	So so	Dissatisfied	Strongly dissatisfied	Total
1.	Existing policy of privatization	-	7 (17.9)	15 (38.5)	12 (30.8)	5 (12.8)	39 (100)
2.	Benefits as regard to objectives	2 (5.4)	9 (24.3)	13 (35.1)	11 (29.70)	2 (5.4)	37 (100)
3.	Institutional arrangement (set up of privatization)	2 (5.4)	5 (13.5)	16 (43.2)	13 (35.1)	1 (2.7)	37 (100)
4.	Transparency with valuation of assets	1 (2.6)	4 (10.3)	11 (28.2)	13 (33.30)	10 (25.6)	39 (100)
5.	Selling process	2 (5.9)	6 (17.6)	12 (35.3)	10 (29.4)	4 (11.8)	34 (100)
6.	Employee's conditions	1 (2.6)	6 (15.8)	16 (42.1)	10 (26.3)	5 (13.2)	38 (100)
7.	Assets valuation	1 (2.6)	5 (13.2)	15 (39.5)	13 (34.2)	4 (10.5)	38 (100)
8.	Land valuation	1 (2.8)	7 (19.4)	12 (33.3)	12 (33.3)	4 (11.1)	36 (100)
9.	Payment agreement		9 (25)	18 (50)	6 (16.7)	3 (8.3)	36 (100)
10.	Modality adopted	1 (2.8)	7 (19.4)	16 (44.4)	7 (19.4)	5 (13.9)	36 (100)
11.	Monitory system	2 (5.5)	5 (13.9)	15 (41.7)	9 (25)	5 (13.9)	36 (100)

Table 11 indicates different issues relating to privatization process in Nepal. Owners' level of satisfaction and dissatisfaction in these grounds were analysed and found that out of total respondents majority of them dissatisfied with the statements 'transparency with valuation of assets' (58.9%), 'assets valuation' (44.7%), 'land valuation' (44.4%), 'existing

policy of privatization' (43.6%), 'selling process' (41.2%), 'employees condition' (39.5%), 'monitoring system' (38.9%), 'benefits as regard to objectives' (35.1%) and 'modality adopted' (33.3%).

There were equal number of satisfied (25%) and dissatisfied (25%) respondents regarding 'payment agreement' with 50% 'so so' respondents. There were 43.2% of total respondents who expressed 'so so' relating to the institutional arrangement. Thus, owners were mainly not satisfied with the transparency in the valuation of assets.

Table 12 : Criticisms of Privatization as Perceived by OMs

S. N.	Criticisms	Highly satisfied	Satisfied	So so	Dissatisfied	Strongly dissatisfied	Total
1.	Selling national silverware to buy groceries (in the sense of short terminism)	3 (7.7)	9 (23.7)	12 (30.8)	10 (25.6)	5 (12.8)	39 (100)
2.	Selling the country to the foreigners	2 (5)	4 (10)	5 (12.5)	18 (45.0)	11 (27.5)	40 (100)
3.	Making under the table deal (in the sense of lack of transparency)	6 (15.4)	9 (23.1)	11 (28.2)	5 (12.5)	8 (20.5)	39 (100)
4.	Concentration of wealth in few hands (in the sense of equity issue)	7 (17.9)	9 (23.1)	6 (15.4)	14 (35.9)	3 (7.7)	39 (100)
5.	Selling the enterprises at a trash value (in the sense of under valuation of assets)	6 (15.8)	13 (32.5)	10 (25.0)	6 (15.0)	5 (12.5)	40 (100)
6.	Inducing enterprises in losses and privatizing them	6 (15.8)	8 (21.1)	10 (26.3)	12 (31.6)	2 (5.3)	38 (100)
7.	Reducing social obligation of the government	3 (7.7)	17 (43.6)	8 (20.5)	7 (17.9)	4 (10.3)	39 (100)
8.	Lack of monitoring by the government from time to time among privatized enterprises	13 (33.3)	13 (33.3)	7 (17.9)	3 (7.7)	3 (7.7)	39 (100)

Privatization in Nepal was criticized under several grounds. In Table 12, different statements of criticisms for privatization have been presented and perception of owners on these criticisms were analysed. Out of total respondents, most of them agreed to the statements 'lack of monitoring by the government from time to time among privatized enterprises' (66.6%), 'reducing social obligation of the government' (51.3%), 'selling the enterprises at a trash value' (47.5%) and 'making under the table deal' (38.5%). There were also majority of disagreed respondents relating to the statements 'selling the country to the foreigners' (72.5%), 'concentration of wealth in few hands' (43.6%) and 'selling national silverware to buy groceries' (38.4%). There were equal respondents of agreed (36.9%) and disagreed (36.9%), relating to the statement 'inducing enterprises in losses and privatizing them'. However 26.3% of the total respondents appeared in 'so

so' response in this case. Thus, there was agreed and disagreed respondents to different criticisms of privatization. The main criticisms were about 'monitoring', 'social obligation' 'selling SOEs at a trash value', 'making under the table deal' etc. They disagreed about the statement 'selling the country to foreigners', 'concentration of wealth' and 'selling national silverware to buy groceries'.

Table 13 : Ways for More Successful Privatization as Perceived by OMs

Easy transfer			Condition about:-						Support by government in:-					
			Employment			Land sale			Financing			Payment period		
Yes	No	Total	Re-tain	Re-move	Total	Retain	Re-move	Total	Need-ed	Not need-ed	Total	Need-ed for extension	Not need-ed for extension	Total
29	10	39	28	11	39	24	10	34	23	14	37	28	11	39
(74.4)	(25.6)	100	(71.8)	(28.2)	(100)	(70.6)	(29.4)	(100)	(62.23)	(37.8)	(100)	(71.8)	(28.2)	(100)

For the successful privatization, respondents were asked to respond on easy transfer, conditions about employment and land sale, support by government in financing and payment period. As revealed by Table 13, of total respondents 74.4% showed necessity of easy transfer, more than 70% were in favor of retaining condition about employment and land sale. Majority of them (62.2%) showed need of financing by government and extension of payment period (71.8%).

Table 14 : Timing of Privatization as Perceived by OMs

S. N.	Statements	Strongly agree	Agree	So so	Disagree	Strongly disagree	Total
1.	Privatization should not be done	8 (20.5)	1 (2.6)	1 (2.6)	5 (12.8)	24 (61.5)	39 (100)
2.	Privatization should be done only after adopting appropriate measure	29 (72.5)	9 (22.5)	1 (2.5)		1 (2.5)	40 (100)
3.	Privatization should be done only after restructuring and evaluating	25 (64.7)	8 (20.5)	4 (10.3)	1 (2.6)	1 (2.6)	39 (100)
4.	Certain sectors should not be privatized	25 (62.5)	3 (7.5)	7 (17.5)	2 (5.0)	3 (7.5)	40 (100)
5.	Privatization should be done on a time bond basis	10 (25)	15 (37.5)	5 (12.5)	2 (5.0)	8 (20.0)	40 (100)
6.	There should be gradual privatization	10 (25.6)	14 (35.9)	10 (25.6)	3 (7.7)	2 (5.1)	39 (100)
7.	There should be immediate privatization to reduce losses and worms of SOEs	17 (42.5)	7 (17.5)	5 (12.5)	6 (15.0)	5 (12.5)	40 (100)

In a question of proper timing of privatization, respondents were asked to express their opinion over different statements. Their responses are presented in Table 14 and as per the table, majority of respondents agreed to the statements 'privatization should be done only after restructuring and evaluating' (84.6%), 'certain sector should not be privatized' (70.0%), 'privatization should be done on a time bond basis' (62.5%), 'there should be steady privatization to reduce losses and worsen of SOEs' (60.0%). Majority of them (74.3%) disagreed to the statement 'privatization should not be done'. Thus owners liked to adopt appropriate measures, restructuring etc. before privatization. They felt the necessity of privatization but agreed that certain sectors should not be privatized. They preferred time bound, immediate or steady privatization as circumstances demanded.

Table 15 : Existing Problems of Enterprises as Perceived by OMs

S. N.	Statements	Yes	No	Total
1.	Inconsistent government policy	31 (88.6)	4 (11.4)	35 (100)
2.	Employee's commitment	20 (60.6)	13 (39.4)	33 (100)
3.	Increased competitiveness	28 (80)	7 (20)	35 (100)
4.	Financial problems	22 (61.1)	14 (38.9)	36 (100)
5.	Trade unionism	12 (36.4)	21 (63.6)	33 (100)
6.	Uncertain market	20 (57.1)	15 (42.9)	35 (100)
7.	Small market	24 (66.7)	12 (33.3)	36 (100)
8.	Increasing cost of production	26 (78.8)	7 (21.2)	33 (100)
9.	Cheap imports	14 (48.3)	15 (51.7)	29 (100)

Table 16 : Perception of OMs Regarding if SOEs not privatized

S. N.	Statements	Strongly agreed	Agreed	So so	Disagreed	Strongly disagreed	Total
1.	Will have to be liquidated	14 (40)	8 (22.9)	5 (14.3)	3 (8.6)	6 (14.3)	35 (100)
2.	Increase government burden	20 (52.6)	9 (23.7)	3 (7.4)	2 (5.3)	4 (10.5)	38 (100)
3.	Public resources will be wasted	16 (44.4)	8 (22.2)	2 (5.6)	4 (11.1)	6 (16.7)	36 (100)
4.	Even the limited value commit be protected	17 (47.2)	9 (25)	6 (16.7)	2 (5.6)	2 (5.6)	36 (100)
5.	PE resources will be unable to meet even employee obligation	20 (57.1)	6 (17.1)	2 (5.7)	3 (8.6)	4 (11.4)	35 (100)

In Table 15, OMs perceptions in terms of their responses on the existing problems of privatized enterprises have been shown. Majority of the respondents accepted these statements like 'inconsistent government policy' (88.6%), 'increased competitiveness' (80%), 'increase cost of production' (78.8%), 'small market' (66.7%), 'financial

problems(61.1%), 'employees commitment'(60.6%) and 'uncertain market'(57.1%). They did not think 'trade unionism' (63.6%) and 'cheap imports' (51.7%) as their problems. Thus, owners felt inconsistent government policy, competition and increase cost of production as the major problems of enterprises.

Table 16 reveals the statements of what would happen if PEs were not privatized and the responses of owners thereon. Out of total respondents majority of them accepted that if PEs were not privatized it would 'increase government burden' (76.3%), 'SOEs' resource would be unable to meet even employee obligation' (74.2%), 'even limited value cannot be protected' (72.2%), 'public resources will be wasted' (66.6%) and lastly 'would have to be liquidated' (62.9%). Thus, owners opined that privatization was essential for the betterment of the enterprises.

V. MAJOR FINDINGS

Owners were in favor of privatization but opined that certain sectors should not be privatized. They wanted privatization of manufacturing sector first then followed by trading, financial, public utility and service sector. The last emphasis was given to privatization of social sector. Majority of them expressed that privatization reduces financial and administrative burden of the government, increase efficiency of government and private participation but the considerable number of owners viewed that privatization will not bring loss of revenue, poor service quality and loss of employment but it will lead to negative effect to employee welfare, creation of private monopoly and price increase.

Privatization brings more benefits to the big business houses, government/decision makers and then only to consumers and employees. The owners felt necessity of improvement in the existing policy for privatization. They preferred on selling shares to employees, restructuring and mixing various modes of privatization. They gave more emphasis on the professional management and competent and responsible private sector but lesser emphasis to the well developed capital market.

Among the different problems associated with privatization efforts in Nepal, major problem perceived by the owners were 'lack of transparency', inability to implement in a short period', 'poor valuation of assets/properties' and 'poor policies regarding employment'.

As regards to role of the government toward labor, respondents opined that labor rights and interest in privatized enterprises as well as that of all workers and consumers should be protected and guaranteed. They also suggested that government should increase social security.

Major criticisms were about 'monitoring', 'social obligation', 'selling SOEs at a trash value', 'and making under the table deal'. They disagreed to the statement 'selling the country to foreigners', 'concentration of wealth' and 'selling national silverware to buy groceries'.

Relating to the ways far more successful privatization, majority of the respondent

favor necessity of easy transfer, retention of condition about employment and land sale, need of finance by government and extension of the payment period.

The owners preferred to adopt appropriate measure i.e. restructuring before privatization. They preferred time based or immediate or steady privatization as circumstances demanded.

The owners felt 'inconsistent government policy, competition and increased cost of production' as a major problem of enterprises. They did not think 'trade unionism' and 'cheap imports' as their problems.

They perceived that if SOEs were not privatized, it will increase government lenders, SOEs resources will be unable to meet even employee obligation, 'limited value cannot be protected', etc. In short they opined that privatization is essential for the betterment of the enterprises.

VI. CONCLUSION

Major issues on privatization in Nepal were transparency, with valuation of assets and properties, existing policies of privatization and selling process. The privatization had not brought the distributional efficiency. The benefits of privatization were not reached to the targeted people of the society. The government had not been monitoring the privatized enterprises and once they handed over not bearing the social obligations. In consistent government policy, lack of competition, increase cost of production was seemed to be major problems faced by privatized enterprises. Professional management, business environment, competent and responsible private sectors are the most essential factors of the success of privatization even if capital market is not well developed. Right and interest of all the privatized and not privatized enterprises should be protected to have positive result of privatization. Selling shares to employees could be one of the effective modalities to be adopted. Thus, privatization should not be a means of transferring government burden to the shoulders of private sector nor should it be transferring public properties to the hand of private hands.

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- Although the privatization process in Nepal has been ongoing since the early 1990s, the process has been slow and the results have been mixed. The government has been reluctant to privatize the large, loss-making state-owned enterprises (SOEs) and has instead focused on privatizing the small, profitable SOEs. This has led to a concentration of ownership in the hands of a few individuals, which has raised concerns about the transparency and accountability of the process. The government has also been slow to implement the necessary reforms to the legal and regulatory framework to support privatization. This has led to a lack of confidence among potential investors and has slowed the process down. The government has also been slow to address the issues of employee rights and social security, which has led to a lack of support from the public. The privatization process in Nepal has been a long and difficult one, and it is clear that there is still a long way to go.

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