

Employees/Workers Perception on Privatization

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Abstract : *This paper includes results of the perception survey of the major stakeholder of privatization i.e. a employees/workers on various aspects of privatization such as necessary and unnecessary means of privatization, processes and modalities followed, its impact, existing policies and role of the government, essential factor for the success of privatization etc. After preparing and administering structured questionnaire. The study had organized to survey five public enterprises from the manufacturing sector. Sample size of the employees/workers in those five enterprises was 160. Only 150 questionnaires were collected. The percentage collected being 98.8 percent. The survey was done on 2007. The studies found out that majority of employees were not in favor of privatization. They agreed in general that the majority of privatization process should go forward only after pursuing a number of essential steps including policy improvement and participation of various stakeholders.*

I. INTRODUCTION

With the onset of economic reforms, privatization of state owned enterprises (SOEs), which were considered as a vehicle of development during the sixties and the seventies, was initiated as SOEs could not deliver, what were expected of them. Nepal initiated privatization of SOEs since 1992. SOEs were plagued with poor management and auditing system, low productivity of workers, very low performance, and employment centre for political interference, corruption and unsatisfactory pricing policies.

Similarly SOEs have become only heavily subsidized inputs requiring the government to invest lot of money in those inefficient enterprises as a subsidy resulting in a high fiscal deficit. Because of these problems state enterprises are still called 'white elephants' which indicates that the government has to invest a lot of money but the return on investment is very low (Acharya, 2000). These enterprises are increasingly perceived as consumers of resource rather than producers. Therefore privatization has been conceived and

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advocated as suitable measure in view of dismal performance of the Public Enterprises (K. C., 1999). Low achievement and inefficiency of the SOEs led the government to attempt privatization programme in Nepal (Adhikari and Adhikari, 2000).

In an attempt to evaluate privatization, it is necessary to understand the views of workers and employees (WEs) as they were determining factors for the success of the privatization. An attempt has been made to understand the reason of privatization and its contribution as perceived by WEs on the basis of questionnaire filled.

II. REVIEW OF THE LITERATURE

Moore (1970) made a study in which he found that private U.S electrical utilities priced more or less at the profit maximizing level, while public enterprises charged prices well below this level.

Aharns (1986) empirical study showed that there was only limited support to the hypothesis that SOEs are less efficient than private firms. According to the study, losses of SOEs may be results of social and political demands on enterprises.

Foreman- Peck and Manning (1988) an international comparison study concluded that British Telecom was apparently less efficient than both Norway (where the company is state-owned) and Denmark (where ownership is mixed but more efficient than those in Spain and Italy (where ownership is also mixed).

Takano (1992) analyzed and compared between the process of Nippon Telegraph and Telephone privatization in order to know the changes before and after privatization. The major findings were the improvement in quality, efficiency, labor conditions along with strengthening the profit maximization.

In the study of Galal, Jones, Tandon and Vogelsang (1994) conducted in twelve privatized firms differentiating between attributable and not attributable to privatization for gains and losses had found that privatization was effective in eleven of the twelve cases examined and it benefited for the enterprises as well as for the national and international economy.

Further, Megginson (1998) also reviewed the impact study of privatization from global prospective including both developed and developing countries. The study concluded that total earnings of the privatized companies increased averagely by twenty five percent, profitability (rate of return on sales) more than double and efficiency in terms of sales per worker increased by sixteen percent and eleven percent respectively in the developing and developed countries within three years of privatization.

APO (1996) published a paper entitled 'Privatizing State-owned Enterprises' in the context of emerging phenomenon of privatization and experiences in Asia- pacific economics which in the compilation of a survey conducted during 1993 and 1994 to collect, compile and analyze empirical evidences of privatization in member countries. And this publication is a compilation of the survey reports prepared by the national experts from thirteen members' countries.

ILO (1999) made a case study of five countries in South Asia in Bangladesh, India, Nepal, Pakistan and Sri-Lanka to examine various issues on privatization in those countries.

In the Nepalese context, different programs, seminars and survey on privatization were conducted before the Privatization Act was enacted in 1994. Some of the major reviews are explained here.

In 1994, Swanson (1994) made an economic assessment of the privatization programme in Nepal. The study was carried out to analyze the performance and the problems of the Nepalese public enterprises.

Council of Retired Public Servants (CRPS) (1995) conducted before and after performance study of eight enterprises privatized from October 1992 to June 1994.. The study concluded that privatization was successful in a narrow range of favorable condition. Out of the eight enterprises four have shown definite improvement.

Auditor General's Office (1998) presented a Performance Audit Report of privatized public enterprises and found that Production and sales increased but profit decreased in most of the privatized enterprises.

DEAN (Development Association of Nepal) (1998) study dealt mainly with the privatization and employment, pattern of labour relations in the public enterprises, impact of privatization on labour relations as well as adequacy and effectiveness of existing policies.

Manandhar (1998) published a book entitled 'public enterprises and privatization.' which is a compilation of the seventeen articles relating to various aspects of public enterprises and the privatization.

A doctoral study of K.C. (1999) on privatization concluded that privatization at micro and macro level presents a divergent picture and that the impact of privatization has not been very positive at least at the national level. It is also stated that the position of privatized enterprises is quite different from that of the originally established private enterprises.

Manandhar and Bajracharya (1999) prepared a discussion paper on 'Privatization in Nepal: Social Effects and Restructuring' which provided a background information on the experiences of privatization in Nepal.

MOF (1999) published a study on performance of privatized enterprises and shown the positive impact on the economy. The impact study however drew significant criticisms.

In January 2000, DFID made an independent review of the privatization program in Nepal. Some of the important findings from that review were that there is neither serious commitment of the government nor any consensus among the leadership. Many criticisms were cited.

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. The study found that the level of transparency followed by the government during the privatization was found to be lacking and has resulted in the termination of contract, mismanagement of

the enterprises, and misuse of public resources

Shrestha (2004) conducted a doctoral study entitled 'privatization and economic performance: A study of selected privatized public enterprises of Nepal. The study concluded that the overall impact of privatized enterprises in Nepal does not seem to be very encouraging even though the general perception regarding the various aspects of privatization was not so negative.

Different writer had used different methodologies in their studies but their studies involved some sort of constraints. Therefore, UN (1995) study had explained that most important point is whether the economy has been better off as a result of privatization. For this too subsidy questions about variable to asses the impact of privatization may arise. The ranking of the valuation of the changes made have themselves become methodological issues.

III. METHODOLOGY EMPLOYED

The perceptions of the workers/employees were analyzed on the basis of survey. The primary data collected through questionnaire and interviews were edited, classified and tabulated along with frequencies and percentages. They were again processed in a micro-computer using the data based programme. Mean values, rank correlation were computed and included in the table. On the basis of these tables various aspects of privatization were analyzed and compared. The tables have five points scales strongly agree, agree, so so, disagree, and strongly disagree. Mean values were analyzed indicating below 2 strongly agree, 2 to 2.5 agree, 2.5 to 3 moderately agree. In the same way 3 to 3.5 moderately disagree, 3.5 to 4 disagree and above 4 strongly disagree. Various aspect of privatization were analysed along with reaction study of the question "what will happen if not privatized."

IV. SURVEY RESULTS

In this section, different opinions regarding necessity and unnecessary of privatization, its processes, transparency, policy improvements, success of privatization etc. were collected in order to analyze the perception of the workers/employees.

In table below (Table 1), out of total respondents of 148, only 36 respondents showed its necessity and 112 respondents opined that it was not necessary.

Table 1 : Necessity of privatization as perceived by WEs

Yes	No	Total
36	112	148
36	112	148
(24.3)	(75.7)	(100)

Note: Number in parenthesis indicates the related percentage in all tables.

Table 1 depicts that 75.7 per cent of the total respondents were against privatization and only 24.3 per cent supported it. It showed that WEs were not in favor of privatization program. It is generally assumed that privatization reduces the financial and administrative burden of the government and it increases the efficiency i.e. increase in production capacity. In this regards out of total 145 respondents in the table 2 below, more than 54 per cent agreed and 35 per cent disagreed that privatization reduces the burden of the government. In the same way as regards to 'increase in production capacity' out of total respondents of 140, 45.2 per cent agreed and 42.1 per cent disagreed showing no significant differences between them. There were majority of disagreed respondents out of related total respondents regarding 'increase employment'(61.0%), 'increase government revenue'(55.2%), 'reduce corruption'(55.0%), 'supply better quality of goods/services'(48.9%) and 'successful operate in the competitive market'(49.2%) implying that these factors were not be improved by privatization.

Table 2 : Reasons for privatization as perceived by WEs

S. N.	Statements	Strongly Agree	Agree	So so	Disagree	Strongly Disagree	Total	Mean	Rank
1.	Reduce financial and administrative burden of government	51 (30.9)	19 (23.6)	16 (9.7)	28 (17.0)	31 (18.8)	145 (100)	2.8	1
2.	Increase revenue	31 (21.4)	16 (11.6)	18 (12.4)	50 (34.5)	30 (20.7)	145 (100)	3.2	4
3.	Increase efficiency of the enterprises	44 (31.4)	19 (13.6)	18 (12.9)	29 (20.7)	30 (21.4)	140 (100)	2.9	2
4.	Increase private participation	34 (25.0)	16 (11.8)	23 (16.9)	33 (24.3)	30 (22.1)	136 (100)	3.1	3
5.	Reduce corruption	42 (30)	11 (7.9)	10 (7.1)	27 (19.3)	50 (35.7)	140 (100)	3.2	4
6.	Increase employment	40 (28.4)	7 (5.0)	8 (5.7)	31 (22.0)	55 (39.0)	141 (100)	3.9	6
7.	Supply better quality of goods/ services	32 (24.4)	14 (10.7)	21 (16.0)	15 (11.5)	49 (37.4)	131 (100)	3.3	5
8.	Successful operate in the competitive market	22 (16.9)	23 (17.7)	21 (16.2)	36 (27.7)	28 (21.5)	130 (100)	3.2	4

Source : Survey 2007

The mean value showed that the statements 'better supply of goods/services' (3.3), 'Decrease revenues'(3.2), 'successful operate in the competitive market' (3.2), 'increase private participation' (3.1) and 'reduce corruption' (3.2) were moderately disagreed. But the statements 'reduce financial and administrative burden of government' (2.8) and 'increase efficiency of the enterprises' (2.9) were moderately agreed. Statement no.6 i.e. 'increase employment' (3.9) was disagreed by the respondents although on the basis of percentage there was no significant difference between agreed and disagreed respondents.

According to Rank Correlation, first, second and third ranks were got by the statement 'reduce financial and administrative burden of the government', 'increase efficiency of the enterprises' and 'increase private participations'. The statement 'increase employment' got last rank.

On the basis of above facts, it is clear that a large number of employees were of the opinion that privatization reduces the financial and administrative burden of the government and increase production capacity. The negative response was more than the positive response in the total statements. Private sector participation is essential for national development but the majority of respondents thought that privatization did not encourage private participation in the true sense.

In Nepal corruption is deeply rooted (Space Time 2058: falgun3). Majority of the respondents did not agree that privatization would lead to reduction in corruption too. The problem is supposed to be serious in the public sector enterprises. It is presumed that privatization will bring better supply of goods to people due to promotion of competition. If the public monopoly is replaced by private monopoly such privatization is expected to be more harmful. But as regard to these factors, majority of the respondents did not think that privatization will encourage competition and bring quality goods and services. Again more than 60 per cent respondents also did not agree that privatization would have a favorable impact on employment. However there were 33 per cent respondents who opined that it would increase employment. In short, the 'increase in employment' was disagreed by the majority of respondents on the basis of percentage (61%), weighted average (3.9) and rank (last).

This showed that WEs perceived that privatization will bring no contribution in the distributional and equality aspect.

In short, in respect to reduction of burden and increase in production capacity as the result of privatization more people agreed hence got first and second rank respectively. While in the rest of the factors like 'increase employment', 'increase revenue', 'better supply of quality goods and services', 'reduce corruption', 'encourage competition' and 'increase private participation' more people disagreed. It shows that in general privatization is not considered to be contributing though strong opposition did not exist as opinion is generally found to be highly divided. Weighted mean value also proves the above facts.

Table 3 : Reasons for not privatization of SOEs as perceived by WEs

S. N.	Reasons	Strongly Agree	Agree	So So	Disagree	Strongly Disagree	Total	Mean	Rank
1.	Poor service/ quality of goods to consumers	65 (45.1)	31 (21.5)	16 (11.1)	17 (11.8)	15 (10.4)	144 (100)	2.2	3
2.	Loss of revenue	49 (36.0)	23 (16.9)	23 (16.9)	34 (25.0)	7 (5.2)	136 (100)	2.3	4
3.	Price increase	88 (63.3)	25 (18.0)	15 (10.8)	1 (0.7)	10 (7.2)	139 (100)	1.7	2
4.	Loss of employment	104 (72.2)	18 (12.5)	8 (5.6)	7 (4.9)	7 (4.9)	144 (100)	1.6	1
5.	Creation of private monopoly	92 (65.2)	19 (13.5)	17 (12.1)	4 (2.8)	9 (6.4)	141 (100)	1.7	2
6.	Negative effect to employee welfare	97 (66.0)	24 (16.3)	12 (8.2)	4 (2.7)	10 (6.8)	147 (100)	1.7	2
7.	Any other								

Source : Survey 2007

Although privatization appears to be a socio economic necessity as advocated by many, particularly those who oppose it view it as unnecessary. The number one reason cited against privatization is the loss of employment opportunities. Above table depicted that out of total 144 respondents more than 84 per cent were in favor of this fact. Out of total related respondents majority of respondents accepted the rest of statements i.e. 'negative effects to employees' (82.3%), 'price increase' (81.3%), 'creation of private monopoly'(78.7%), 'poor service/quality of goods available to consumer'(66.6%) and 'loss of revenue to government'(52.9%).

In terms of mean, the factors like 'loss of employment' (1.6), 'negative effect to employees' (1.7) were strongly agreed by the WEs as the mean values were well below 2. The 'poor service/quality of goods available to consumer' (2.2) and 'loss of revenue to government' (2.3) were also agreed by them. In short, all the statements were accepted by majority of the respondents. Observing the ranking column too, 'loss of employment' stands at first rank whereas all of three i.e. 'price increase', 'creation of private monopoly' and 'negative effect to employee welfare' stand at second rank. 'poor service/quality of goods to consumers' and 'loss of revenue' stand at third and fourth rank. In Nepal, out of 24 privatized SOEs, 21 have reduced the employment and only two namely Shree Raghupati Jute Mills and Bhrikuti Pulp and Paper Ltd. have increased the employment significantly after privatization. The 21 privatized or dissolved SOEs had made 7,554

employees redundant and 2216 persons got voluntary retirement.(Economic Survey, 2004\2005:203) This shows no improvement in the employment situation.

From the above analysis too, it can be said that 'loss of employment' is the main reason taken against privatization as perceived by WEs. This reason was supported by 84 per cent of the total respondents. This showed that majority of the WEs expressed that privatization would not contribute any role in the employment generation by increasing employment in new sectors. The majority of employee also accepted that the price increase without increase in quality of goods and services were also a reason against privatization. They viewed this is due to creation of private monopoly. Since there were more than 78 per cent respondents who believed the creation of private monopoly after privatization, the very objective of reducing private monopoly is not expected to be fulfilled as perceived by the WEs.

Most of the privatized enterprises in Nepal appeared to be suffering from labour problems, which was proved from the response of 82 per cent of the total respondents accepting the statement 'negative effect to employee welfare'. This proved that workers were of the opinion that privatization did not contribute any benefit to their welfare.

All above facts clearly indicated that privatization programme did not contribute any role in the upliftment of socio-economic factors in the country. Both respondents of for and against strongly indicated that privatization not only creates employment problem but also creates private monopoly, price increase, low quality of goods and services to consumers. The realization of contradictions in efficiency and equity represents one of the major challenges for in Asia-Pacific economies. It is equally applied in Nepal too. It is appropriate, therefore to look at privatization policies in greater detail from the view point of equity by designing appropriate modalities (Ed. Geeta Gaur,1992).

Table 4 : Beneficiaries of privatization as perceived by WEs

S. N.	Stakeholders	Strongly Agree	Agree	So So	Disagree	Strongly Disagree	Total	Mean	Rank
1.	Big business houses	128 (88.3)	6 (4.1)	6 (4.2)	2 (1.4)	3 (2.1)	145 (100)	1.3	1
2.	Small investors	7 (5.3)	17 (13.0)	17 (13.0)	40 (30.5)	50 (38.2)	131 (100)	3.8	4
3.	Government / decision makers	88 (62.9)	13 (9.3)	21 (15.0)	11 (7.9)	7 (5.0)	140 (100)	1.8	2
4.	Consumers	12 (8.7)	10 (7.3)	31 (22.5)	24 (17.4)	61 (44.2)	138 (100)	3.8	3
5.	Employees	20 (14.6)	5 (3.6)	13 (9.5)	9 (6.6)	90 (65.7)	137 (100)	4.1	5
6.	General people	9 (6.7)	5 (3.7)	25 (18.5)	25 (18.5)	71 (52.6)	135 (100)	4.1	5

Source : Survey 2007

Table 4 reveals that according to employees 'big business houses' were the main beneficiary of privatization (92% of respondents) then followed by 'government/decision maker' (72%). The least beneficiaries were workers (72%), general people (71%), small investors (68%) and consumers (61%) respectively.

The mean value of 1.3 for the statement 'big business houses' and 1.8 for the 'government /decision maker' also supported the above facts that these two groups were the main beneficiaries of privatization that were strongly agreed by the employees. The statements 'advantage to workers' and ' advantage to general people' were strongly disagreed by them showing mean value of 4.1 in both of the cases.

The first rank was given to the statements 'big business houses' followed by 'government decision maker', 'consumer', and 'small investors'. Both 'workers' and the 'general people' got last rank as beneficiaries of privatization.

These above facts indicated that benefits of privatization reached only on the rich section of the society not to the workers and general people showing inequality in distribution brought by privatization. This may create distributional problems of 'haves and haves-not' in the country in the long run.

It is said that privatization must benefit to consumer, workers and general people on the one hand and increase revenue to government on the other hand. It is because of the benefit of competition. As regards to this, Adhikari and Adhikari (2000) expressed that making handful people richer by exploiting national resources was not justifiable. As a matter of fact social cost benefit and national interest should always been the focal point while privatizing the SOEs but the reality appeared to be reverse.

Table 5 : Need of improvement in policy for privatization as perceived by WEs

Yes	No	Total
90	8	98
(91.8)	(8.2)	(100)

Source : Survey 2007

Since a large section of the society was deprived from the advantages of privatization, it is necessary to improve in the privatization policy and process. With regard to question of improvement in the privatization policy, out of total 98 respondents 91.8 per cent expressed necessity of improvement and 8.2 per cent not necessity of improvement as shown in the table5, Regarding sufficiency of the existing policy, acts and regulation to promote privatization process in Nepal, most of the informants mentioned that changes are required in policies, Acts and Regulations (Adhikari and Adhikari, 2000:103-104). Mr. Chabbi Raj Pant, Director General of the department of labour also opined that the privatization Act is seriously flawed and that there is no coordination between the Labour Act and Privatization Act (The Kathmandu Post: March 15, 2000:5).

Table 6 : Criticisms against privatization as perceived by WEs

S. N.	Criticisms	Strongly Agree	Agree	So So	Disagree	Strongly Disagree	Total	Mean	Rank
1	Selling national silverware to buy groceries (in the sense of short terminism)	50 (35.5)	13 (9.2)	7 (5.0)	33 (23.4)	38 (26.9)	141 (100)	3.0	7
2	Selling the country to the foreigners	33 (22.8)	10 (6.2)	7 (4.8)	59 (40.7)	36 (24.8)	145 (100)	3.4	8
3	Making under the table deal (in the sense of lack of transparency)	55 (39.9)	29 (21.0)	10 (7.2)	27 (19.6)	17 (12.3)	138 (100)	2.4	2
4	Concentration of wealth in few hands (in the sense of equity issue)	34 (23.8)	44 (30.8)	10 (7.0)	33 (23.1)	22 (15.4)	143 (100)	2.7	5
5	Selling the enterprises at a trash value (in the sense of under valuation of assets)	52 (36.4)	32 (22.4)	8 (5.6)	33 (23.1)	18 (12.6)	143 (100)	2.5	3
6	Inducing enterprises in losses and privatizing them	44 (31.9)	33 (23.9)	7 (5.1)	37 (26.8)	17 (12.3)	138 (100)	2.6	4
7	Reducing social obligation of the government	62 (44.3)	32 (22.7)	17 (12.1)	21 (15)	8 (5.7)	140 (100)	2.2	1
8	Lack of monitoring by the government from time to time among privatized enterprises	58 (41.4)	37 (26.5)	17 (12.1)	17 (12.1)	11 (7.9)	140 (100)	2.2	6

Source : Survey 2007

There are many criticisms levied against the process of privatization in Nepal. Among them, selling national silverware to buy groceries (50%) and selling country to foreigners (65%) which were disagreed by majority of respondents. The other criticisms made were 'reducing social obligation of the government'(67%), 'lack of monitoring by the government from time to time among privatized enterprises'(67%), 'selling the enterprises at a trash value' (65%), 'lack of transparency in the process of privatization'(60%), 'enterprises were induced in losses and then privatized'(55.8%) and 'concentration of wealth in few hands' (in the sense of equity issue)(54.6%).

In terms of weighted mean, the first and second statement of criticism got 3 and 3.4 respectively meaning moderately disagreement. In the rest, the weighted mean was in between 2 to 3 showing either the statements were agreed or they were moderately agreed. This showed that almost all the criticisms levied were accepted by the WFs though with varying intensity.

On the basis of rank, first rank was given to the statements 'reducing social obligation of the government' second to 'lack of transparency' and third to 'under valuation of assets'. In the rest of the statements the last rank was given to the statement 'lack of monitoring by the government' showing less emphasis by them although majority of them accepted this fact.

Thus, there were criticisms mainly on the two aspects of privatization. The first on privatization policy of Nepal which has resulted in complete withdrawal of government from particular sector after its privatization not even as a regulator to ensure the supply of goods and provision of services to consumers at an affordable price and second on the privatization process in which the government has been accused for its improper approaches such as under valuation of the sold enterprises, lack of transparency and improper and unbalance utilization of the revenue generated from the proceeds of the sick SOEs. (Adhikari and Adhikari, 2000:62). The most vocal criticisms on privatization came from the Auditor Generals' office which had undertaken privatization audits in the year 1998 and 1999. Criticisms have been leveled on the valuation of privatization units, laxity in collecting and using privatization dues and the lack of post privatization monitoring actions (Manandhar, 2001:146).

Table 7 Observation on changes before and after privatization as perceived by WEs

Factors	Improved	No change	Decreased	Total
1. Management	51 (36.7)	52 (87.4)	36 (25.9)	139 (100)
2. Marketing	56 (38.1)	83 (56.5)	8 (5.4)	147 (100)
3. Cost efficiency	42 (29.0)	77 (53.1)	25 (18.0)	145 (100)
4. Quality management	34 (22.8)	64 (43.0)	51 (34.2)	149 (100)
5. Productivity management	64 (44.1)	51 (35.2)	30 (20.7)	145 (100)
6. Human resource development activities	13 (9.6)	71 (49.3)	60 (41.7)	144 (100)

Source : Survey 2007

In Table 7, comparison of situation before and after privatization in various pertinent sectors of SOEs was carried out in order to see whether the privatization program had been successful or not. In the table, majority (44%) of the respondents expressed improvement in the field of productivity management. But when respondents of 'no change' (35.2%) and 'decreased' (20.7%) were totaled (55.9%), it cannot be said that there is improvement in the field of productivity management too. Other factors like in the field of management (87.4%), marketing (56.5%), cost efficiency (53.1%), human resource development activities (49.3%) and quality management (43%) they viewed 'no change' after privatization of their enterprises. It is said that workers were compelled to work more hours after privatization. Their leaves were also minimized. That is why some improvements were seen in productivity otherwise there may have been unfavorable impact in the performance of SOEs as well as on the WEs. In this sense privatization is still not helped to increase performance of the enterprise.

Table 8 : Impact of privatization on different factors as perceived by WEs

S. N.	Factors	Increase	No change	Decrease	Total
1.	Investment	68 (46.3)	61 (41.5)	18 (12.2)	147 (100)
2.	Employee size	40 (29.9)	37 (27.6)	57 (42.5)	134 (100)
3.	Working condition	8 (5.4)	91 (62.0)	48 (32.7)	147 (100)
4.	Employment condition	14 (9.8)	57 (39.9)	72 (50.4)	143 (100)
5.	Worker's exploitation	67 (47.2)	59 (41.6)	16 (11.3)	142 (100)
6.	Security	5 (3.5)	73 (51.4)	64 (45.0)	142 (100)
7.	Social security (Insurance, pension, gratuity)	3 (2.1)	69 (47.3)	74 (50.7)	146 (100)
8.	Retirement benefits	2 (1.4)	42 (29.4)	99 (69.2)	143 (100)
9.	Capacity utilization	60 (42)	53 (37.1)	30 (21.0)	143 (100)
10.	Performance change	27 (19.3)	87 (62.1)	26 (18.6)	140 (100)
11.	Output	87 (62.1)	27 (19.3)	26 (18.6)	140 (100)
12.	Sales	82 (58.2)	33 (23.4)	26 (18.4)	141 (100)
13.	Profit	79 (57.7)	22 (16.1)	36 (26.2)	137 (100)
14.	Rate of return	52 (44.1)	36 (30.5)	30 (25.4)	118 (100)
15.	Role of trade union	38 (27.0)	53 (37.6)	50 (35.5)	141 (100)
16.	Price	96 (70.1)	30 (21.9)	11 (8.0)	137 (100)
17.	Quality	30 (21.9)	54 (39.4)	53 (38.7)	137 (100)
18.	Share value	22 (18.3)	29 (24.2)	69 (57.5)	120 (100)
19.	Bonus	5 (3.8)	33 (25.2)	93 (71.0)	131 (100)
20.	Retirement benefits	9 (6.8)	30 (22.6)	94 (70.7)	133 (100)
21.	Wages/salaries	20 (13.7)	39 (26.7)	87 (59.6)	146 (100)
22.	Allowance	- (-)	26 (19.8)	105 (80.2)	131 (100)
23.	Leave	1 (0.9)	49 (42.6)	65 (56.5)	115 (100)
24.	Salary and benefits when compared with similar enterprises	8 (6.2)	21 (61.2)	101 (77.7)	130 (100)
25.	Revenue to Government	14 (16.3)	30 (34.9)	42 (48.8)	86 (100)

Source : Survey 2007

Table 8 is presents to show different factors 'increased', 'decreased' or 'no change' after privatization. There were eight factors in which maximum respondents expressed as 'increase' after privatization. There were only five factors in which majority of respondents felt ('no change'). The majority of the respondents expressed 'decrease' in twelve factors.

Table 9 : Impact of Privatization on Different Factors as Perceived by WEs

S.N.	Factors	Increase	No change	Decrease
1	Investment	45.3%	-	-
2	Employment size	-	-	45.9%
3	Working condition	-	62%	-
4	Employment condition	-	-	50.4%
5	Workers exploitation	47.2%	-	-
6	Security	-	51.4%	-
7	Social security	-	-	50.7%
8	Retirement benefits	-	-	69.2%
9	Capacity utilization	42.0%	-	-
10	Performance change	-	62.1%	-
11	Production	62.1%	-	-
12	Sales	58.2%	-	-
13	Profit	57.7%	-	-
14	Rate of return	44.1%	-	-
15	Role of trade union	-	37.6%	-
16	Price	70.1%	-	-
17	Quality	-	39.4%	-
18	Share value	-	-	57.5%
19	Bonus	-	-	71.0%
20	Retirement benefits after leaving services	-	-	70.7%
21	Wages and salaries	-	-	60.4%
22	Allowance	-	-	76.1%
23	Leave	-	-	61.2%
24	Salary and benefits when compared with similar enterprises	-	-	77.3%
25	Revenue to government	-	-	48.8%

Source : Survey 2007

Observing Table 9, it can be said that majority of WEs were of the opinion that privatized enterprises have increased price of the products/services (70.1%), production (62.1%), workers' exploitation (47.2%), investment (45.3%) and capacity utilization (42%) without improvement in the working condition (62%), change in performance (62.1%), security (51.4%), quality of goods (39.4%) and role of trade union (37.6%). Again the table depicted that respondents viewed increased in sales (58.2%), profit (57.7%), and rate of return (44.1%). Looking the social aspect of the privatized enterprises as expressed by the majority of respondents was not satisfactory. They expressed that allowance (76.1%), bonus (71%), retirement benefits (69.2%), leave (61.2%), and social securities (50.7%), employment condition (50.4%), and employment size (45.9%) was decreased after privatization. Thus more than 70 per cent of the total respondents expressed that their bonus, retirement benefits, allowance etc. have 'decreased' after privatization. About 77 per cent of the total respondents complained that their salaries and benefits were lower when compared with similar other enterprises. This proved that privatization programme has failed in contributing socio-economic goals of the nations. If one analyses the sum of total of these indicators, it can never be claimed that the privatization programme has been successful. But the government is cheating the general people and international donors saying that all is well (Adhikari and Adhikari, 200:56). Privatization is often seen as abdicating social obligation by the government (K.C., 1999: 223). Workers were badly affected by the privatization programme. That is the reason why almost all privatized units appeared to be affected by labour problem. Therefore government must play a significant role in this case.

Table 10 : Change in Skilled manpower as perceived by WEs

Yes	No	Total
99 (68.8)	45 (31.2)	144 (100)

Source :

The responses in Table 10 clearly indicate that the workers have suffered from the privatization programme. In regard to changes in skilled manpower brought by privatization, out of 144 respondents 68.8 per cent expressed that there was a change in skilled manpower whereas 31.2 per cent did not observe it.

Table 11 : Change in the size of Skilled Manpower as perceived by WEs

Yes	No	Total
45 (49.5)	46 (50.6)	91 (100)

Source : Survey 2007

In Table 11, out of total respondents of 91 'yes' respondents, 49.5 per cent expressed that there was an 'increase' in the skilled manpower' after privatization whereas 50.6 per cent expressed 'decrease' in skilled manpower. It clearly indicated that there may not have significant change in the skilled manpower after privatization. It proves that privatization programme has not affected the size of the skilled manpower in a sizable manner.

Table 12 : Impact on the labour related factors after privatization as perceived by WEs

S. N.	Factors	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied	Total	Mean	Rank
1.	Salary and wages	4 (2.7)	24 (16)	58 (38.7)	64 (42.7)	150 (100)	3.2	1
2.	Opportunities promotion	5 (3.5)	7 (4.9)	54 (38.0)	76 (53.5)	142 (100)	3.4	3
3.	Incentive and benefits	4 (2.8)	11 (7.7)	51 (35.7)	77 (53.6)	143 (100)	3.4	3
4.	Security	4 (2.8)	10 (7.0)	57 (40.1)	71 (50)	142 (100)	3.4	3
5.	Working condition	4 (2.8)	18 (12.7)	59 (41.6)	61 (43.0)	142 (100)	3.3	2
6.	Labour management relations	5 (3.6)	20 (14.2)	49 (34.8)	67 (47.5)	141 (100)	3.3	2

Source : Survey 2007

In Table 12, response of the WEs relating to salaries and wages, promotional opportunities, incentives and benefits security etc. were asked. In reply, majority of the respondents were dissatisfied with promotional opportunities (91.5%), security (90.1%), incentive and benefits (89.3%), working condition (84.6%), labour management relation (82.3%) and salaries and wages (81.4%).

In terms of weighted mean too all the factors showed negative response showing value of more than 3 but rank column showed first rank to salaries and wages showing strong dissatisfaction on it. The second rank was given to both working conditions and labour management relations. Rest of the factor got third rank.

On the basis of above analysis it can be said that human resonance development appeared to be neglected after privatization. There was no motivation for the WEs to work because their wages, salaries, benefits, incentives, promotional opportunities all have been reported to have decreased after privatization. Their working conditions appeared to be unsatisfactory. In such cases, their level of performance cannot be increased. Even labour management relation that is very necessary for the entrepreneur development is not good. In the absence of labour management relation, the enterprises cannot go ahead

successfully. Even the permanent workers were either minimized or laid off because of afraid of their voice in the management. The workers expressed that permanent workers once retired their post were never created again. This is one of the great -unforeseen loss to the WEs and gain to the employers brought by privatization programme. On the absence of job security, it will be very difficult to get positive attitude from the workers, though there had been some increase in the salaries and benefits in the post privatization period but this has been accompanied by increased in working hours and for reduction in leaves and other facilities.

Table 13 : Role of government toward labour as Perceived by WEs

S. N.	Statements	Strongly Agree	Agree	So So	Disagree	Strongly Disagree	Total	Mean	Rank
1	Guarantee the labour right and interest in the privatized enterprises	124 (83.8)	11 (7.4)	9 (6.1)	1 (0.7)	3 (2.0)	148 (100)	1.3	2
2	Guarantee the rights and interest of all the workers	119 (90.8)	9 (6.9)	2 (1.5)	1 (0.8)	- (-)	131 (100)	1.1	1
3	Guarantee the rights and interest of all the consumers	104 (70.7)	23 (15.6)	17 (11.6)	2 (1.4)	1 (0.7)	147 (100)	1.5	3
4	Let the public enterprises remain in the existing state	95 (65.1)	16 (11.0)	9 (6.2)	18 (12.3)	8 (5.5)	146 (100)	1.8	5
5	Increase social security	89 (62.7)	24 (16.9)	20 (14.1)	3 (2.1)	6 (4.2)	142 (100)	1.7	4

Source : Survey 2007

In the table above (Table 13), out of total respondents, 97.7 per cent were in views of guaranteeing rights and interests of all workers by the government, 91.2 per cent expressed that the government must guarantee labour right and interest in the privatized enterprises, 86.3 per cent expressed that government must guarantee rights and interest of the consumers, 76 per cent want to remain public enterprises in the existing stage and 79.6 per cent want government to increase social security.

Thus most of the respondents expressed that the rights and duties of all workers must be protected by the government and should increase social security to have positive support from the WEs towards privatization. They also expressed that consumers' interest must be protected in order to have successful privatization. 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 (Mandal, 1993:60). Therefore due consideration must be given to the workers

of the privatized enterprises too. Since the privatization in Nepal has created problems between workers and employers government must play positive role towards workers. It is the government, which can protect the interest of the workers and consumers by bringing necessary legal formalities. The workers always demanded improved labor act.

Table 14 : Existing problems of privatized enterprises as perceived by WEs

S.N.	Problems	Yes	No	Total
1.	Inconsistence government policy	139 (94.6)	8 (5.4)	147 (100)
2.	Employee's commitment	108 (74.0)	38 (26.0)	146 (100)
3.	Increased competitiveness	51 (34.2)	98 (65.8)	149 (100)
4.	Financial problems	119 (81.5)	27 (18.5)	146 (100)
5.	Trade unionism	42 (31.6)	91 (68.4)	133 (100)
6.	Uncertain market	34 (25.8)	98 (74.2)	132 (100)
7.	Small market	42 (29.6)	100 (70.4)	142 (100)
8.	Increasing cost of production	95 (65.1)	51 (34.9)	146 (100)
9.	Cheap imports	49 (36.0)	87 (64.0)	136 (100)

Source : Survey 2007

From Table 14, it is clear that the major problem of the privatized enterprises as perceived by workers was 'inconsistent government policy' (94.6%), 'financial problem' (81.1%), 'employees' commitment' (74%), 'increasing cost of production' (65.1%). Other problems were 'cheap imports' (36%), 'increase competitiveness' (34.2%), 'trade unionisms' (31.6%), 'small market' (29.6%) and 'uncertain market' (25.8%). 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). Majority of the respondents also felt no problems of competition. That means privatization did not lead to competition. If there was no competition there would be no gain from privatization.

Table 15 : Perception of WEs regarding privatization process

S. N.	Factors	Highly satisfied	Satisfied	So so	Dissatisfied	Strongly dissatisfied	Total	Mean	Rank
1.	Existing policy of privatization	2 (1.4)	14 (9.8)	14 (9.8)	60 (42.0)	53 (37.1)	143 (100)	4.0	3
2.	Benefits as regard to objectives	11 (7.5)	18 (12.3)	10 (6.9)	79 (54.1)	28 (19.2)	146 (100)	3.7	1
3.	Institutional arrangement (set up of privatization)	12 (8.6)	19 (13.6)	9 (6.4)	65 (46.4)	35 (25.0)	140 (100)	3.7	1
4.	Transparency with valuation of assets	6 (4.2)	9 (6.3)	13 (9.0)	64 (44.4)	52 (36.1)	144 (100)	4.0	3
5.	Selling process	2 (1.4)	19 (13.0)	23 (15.8)	73 (50.0)	29 (19.9)	146 (100)	3.7	1
6.	Employee's conditions	3 (2.2)	13 (9.6)	17 (12.6)	55 (40.7)	47 (34.8)	135 (100)	4.0	3
7.	Assets valuation	4 (1.5)	10 (13.7)	16 (14.5)	69 (40.5)	41 (29.8)	140 (100)	4.0	3
8.	Land valuation	2 (1.5)	18 (13.7)	19 (14.5)	53 (40.5)	39 (29.8)	131 (100)	3.8	2
9.	Payment agreement	4 (2.9)	16 (11.4)	22 (15.7)	58 (41.4)	40 (28.6)	140 (100)	3.8	2
10.	Modality adopted	7 (4.9)	5 (3.5)	12 (8.5)	72 (50.7)	46 (32.4)	142 (100)	4.0	3
11.	Monitory system	1 (0.8)	7 (5.3)	12 (9.2)	48 (36.7)	63 (48.1)	131 (100)	4.3	4

Source : Survey 2007

In the table 15, all the factors presented were not satisfactory for the respondents. There were majority of 'negative' respondents in all statements i.e. monitoring system (84.8%), modality adopted (83.1%), transparency with valuation of assets (80.5%), existing policy of privatization (79.1%), employee condition (75.5%), benefit as regard to objectives(73.3%), privatization set up (71.4%), land valuation (70.3%), payment agreement (70.1%), selling process(69.9%), assets valuation (60.3%). More than 60% of the respondents in all cases showed the negative response.

Weighted mean of 4.3 showed strong dissatisfaction on the monitoring system and rest of the factors got in between 3.5 to 4 mean showing again dissatisfaction.

The first rank on the basis of dissatisfaction got by three factors i.e. 'benefits as regard to objectives', 'privatization set up' and 'selling process'. Second rank was given to 'land valuation' and 'payment agreement' whereas third rank to 'transparency with valuation of assets', 'employees condition', 'assets valuation' and 'modality adopted'.

In order to start privatization programme successfully there must be effective and strong institutional setup for privatization which will conduct all the process of privatization.

The institutional frame work must be sole authority to undertake the privatization programme in an efficient and transparent manner without politicization and unionization on it. These qualities were not found in the privatization process of Nepal as responded by the majority of the WEs. The transparency is possible only when there is clear and consistent setup of privatization procedures that can be applied to each privatization transaction.

Benefits as regard to objectives, 'institutional arrangement' and 'selling process' were seemed as great issues related to privatization process in Nepal appearing in the first rank showing dissatisfaction by the majority of the respondents. Monitoring system got only fourth rank. However going through percentages, about 85 per cent of total related respondents were dissatisfied with it and assessing on the basis of mean too, it showed strong dissatisfaction with the mean value of 4.3. Government had monitored privatized enterprises only after twelve years gap and result obtained was again dissatisfied to most of the people.

Table 16 : Timing of privatization as perceived by WEs

S. N.	Statements	Strongly agreed	Agree	So so	Disagree	Strongly disagreed	Total	Mean	Rank
1.	Privatization should not be done	107 (72.8)	8 (5.4)	21 (14.3)	5 (3.4)	6 (4.1)	147 (100)	1.6	1
2.	Privatization should be done only after adopting appropriate measures	76 (52.1)	46 (31.5)	20 (13.7)	1 (0.7)	3 (2.1)	146 (100)	1.7	2
3.	Privatization should be done only after restructuring and evaluating	95 (64.6)	25 (17.0)	18 (12.2)	1 (0.7)	8 (5.4)	147 (100)	1.7	2
4.	Certain sectors should not be privatized	94 (65.3)	31 (21.5)	12 (8.3)	2 (1.4)	5 (3.5)	144 (100)	1.6	1
5.	Privatization should be done on a time bond basis	70 (49.3)	26 (18.3)	23 (16.2)	6 (4.2)	17 (12.0)	142 (100)	2.1	3
6.	There should be gradual privatization	48 (34.5)	25 (18.0)	14 (10.1)	14 (10.1)	38 (27.3)	139 (100)	2.8	5
7.	There should be immediate privatization to reduce losses and worsen of SOEs	40 (43.5)	10 (10.9)	10 (10.9)	17 (18.5)	15 (16.3)	92 (100)	2.5	4

Source : Survey 2007

In Table 16, an attempt has been made to study the views of the WEs regarding when privatization to be started.

Above table showed that 83.6 per cent of the related respondents want privatization only after adopting appropriate measures. There were some respondents who did not feel the need of privatization (78.2%). Majority of them agreed that privatization is needed through some restructure and evaluation before privatization (81.6%). Majority of them also expressed that certain sectors should not be privatized at all (86.8%). Other viewed that it should be on time bond basis (67.6%). Some liked immediate privatization to reduce losses (54.4%). Again some liked steady privatization (52.5%). In short, all the statements were viewed positively by majority of the respondents showing multiple responses. It is clear that some sort of measures must be taken by government before privatizing SOEs. When and how the privatization deal should be started depends also on the nature of privatization itself. Despite some criticisms to privatization process, it had been agreed to be necessary.

From the view point of mean, the statement from no.1 to no.4 were highly accepted by the respondents showing the weighted mean value less than 2 in all cases. The statement no.5 and no.7 were also accepted but statement no.6 was only moderately satisfactory to the respondents showing mean value 2.8.

On the basis of rank the first rank was allotted to the statement no.1 and 4 i.e. privatization should not be done and certain sectors should not be privatized. Third, fourth and fifth rank were given to the statement no.5, 6 and 7 respectively.

Table 17 : Preferred modalities of privatization as perceived by WEs

S. N.	Statements	Yes	No	Total
1.	Selling only unprofitable enterprises	84 (60.9)	54 (39.1)	138 (100)
2.	Selling shares to the extent of 51 percent	63 (46.3)	73 (53.7)	136 (100)
3.	Ceiling the number of shares to be subscribed by a person	88 (66.7)	44 (33.3)	132 (100)
4.	Selling shares to employees	94 (79.7)	24 (20.3)	118 (100)
5.	Allowing employees to manage SOEs	127 (92.7)	10 (7.3)	137 (100)
6.	Restructuring the SOEs	114 (85.7)	19 (14.3)	133 (100)
7.	By mixing various modes as per the nature of PE	102 (77.9)	29 (22.1)	131 (100)

Source : Survey 2007

Table 17 makes clear that majority of the employees liked to share in the management of SOEs (92.7%). They liked restructuring (85.7%) and mixing various modes as per the nature of public enterprises (77.9%). Majority of them interested to get share of privatized enterprises (79.7%) and they viewed only to privatize unprofitable enterprises (60.9%). However, majority of them disliked about ceiling 51 per cent shares by the government to privatized public enterprises (53.7%). This showed that they emphasized to employee buy outs, restructuring and mixed modes of privatization. The workers approved sell of only unprofitable enterprises but disliked ceiling 51 per cent shares by the government to privatized SOEs.

Table 18 : Factors affecting success of privatization as perceived by WEs

S. N.	Essential Factors	Strongly Agree	Agree	So so	Disagree	Strongly disagree	Total	Mean	Rank
1.	Clear and consistent policy	110 (75.3)	20 (21.7)	13 (8.9)	2 (1.4)	1 (0.7)	146 (100)	1.4	1
2.	Political commitment and stability	74 (50.7)	29 (12.2)	25 (17.1)	10 (6.9)	8 (15.5)	146 (100)	2.0	5
3.	Well developed capital market	87 (60)	27 (18.1)	14 (9.7)	12 (3.8)	5 (3.5)	145 (100)	1.8	4
4.	Bureaucratic support	99 (71.2)	21 (13.8)	9 (6.5)	9 (6.5)	1 (0.7)	139 (100)	1.5	2
5.	Positive public attitude and support	97 (66.0)	31 (21.1)	10 (0.7)	6 (4.1)	3 (2.0)	147 (100)	1.6	3
6.	Professional management in the private sector	99 (71.7)	19 (15.1)	12 (8.7)	7 (5.1)	1 (0.7)	138 (100)	1.5	2
7.	Competent and responsible private sector	94 (63.1)	27 (18.6)	26 (17.4)	1 (0.7)	1 (0.7)	149 (100)	1.6	3
8.	Improvement in business environment in the country	89 (60.5)	18 (19.9)	23 (15.7)	11 (7.5)	6 (4.1)	147 (100)	1.8	4
9.	Commitment and owing by the private sector	76 (53.1)	31 (13.7)	27 (18.9)	5 (3.5)	4 (2.8)	143 (100)	1.8	4

Source : Survey 2007

From the response of WEs in Table18, it is clear that majority of the respondents felt necessity of 'competent and responsible private sector' (96.2%), 'clear and consistent policy'(89%), 'public'(87.1%) as well as 'bureaucratic' support (86.3%) and 'professional management'(81.2%) for the success of privatization. They also emphasized to the 'well developed capital market' (78.6%), 'commitment and owing by the private sector' (74.8%), 'improvement in business environment in the country' (72.7%), and 'political commitment and stability' (70.4%) as the essential factors for the success of privatization.

Though the statement 'political commitment and stability was only agreed by the respondents showing mean value of 2, rest of the factors were strongly agreed by them showing mean value below 2 in all cases.

The respondents also gave first rank to the statement 'clear and consistent policy', second to the both 'bureaucratic support' and 'professional management in the private sector' and third to 'public attitude and support' as well as to the 'competent and responsible private sector'. Last rank was given to 'political commitment and stability.'

Thus almost all the respondents agreed to all of the above factors essential for the success of privatization. But they gave great emphasis to clear and consistent policy as an essential factor for the success of privatization. They agreed in general that privatization process should go forward only after pursuing a numbering of essential steps including policy improvement and participation of various stakeholders.

Table 19 : Improvement needed in the privatization process as perceived by WEs

Easy transfer				Condition about:				Support by government in :-			
				Employment		Land scale		Financing		Payment period	
Yes	No	Total	Retain	Remove	Total	Retain	Remove	Total	Needed	Not needed	Total
79 (57.2)	59 (42.8)	138 (100)	139 (100)	-- (--)	139 (100)	82 (71.3)	33 (28.7)	115 (100)	76 (60.3)	50 (39.7)	126 (100)
									49 (43.0)	65 (57.0)	114 (100)

Source :**Table 20 : Perception of WEs on the impact if SOEs not privatized**

S. N.	Statements	Strongly agreed	Agreed	So so	Disagreed	Strongly disagreed	Total	Mean	Rank
1	Will have to be liquidated	36 (26.1)	12 (8.7)	14 (10.1)	39 (28.3)	37 (26.8)	138 (100)	3.2	5
2	Increase government burden	55 (39.3)	40 (28.6)	16 (11.4)	1 (7.1)	19 (13.6)	140 (100)	2.3	1
3	Public resources will be wasted	44 (30.3)	26 (17.9)	27 (18.6)	14 (9.7)	34 (23.5)	145 (100)	2.8	2
4	Even the limited value cannot be protected	42 (30.0)	21 (15)	14 (10)	32 (22.9)	31 (22.1)	140 (100)	2.9	3
5	PE resources will be unable to meet even employee obligation	43 (31.2)	15 (10.9)	16 (11.6)	27 (19.6)	37 (26.8)	138 (100)	3.0	4

Source : Survey 2007

When the respondents were asked to express whether easy transfer is also one of the elements of success of privatization or not, out of 138 respondents 57.2 per cent agreed to this fact and 42.8 per cent rejected it. Similarly 100 per cent respondents expressed the need for keeping condition of employment and again 71.3 per cent showed the necessity of keeping condition about land sale too. Regarding support by government, 60 per cent of the related respondents showed not necessary. In the matter of payment period, majority of the respondents (57%) showed no need for extension. The reason behind this may be the difficulty in collecting privatization dues. However there were still 43 per cent respondents who liked to extend the payment period.

Thus majority of the WEs showed the necessity of keeping condition about employment and land sale. They believed easy transfer is necessary. But majority of them expressed no need for extension of payment period because they felt that privatization dues were very difficult to collect. So they expressed no need for the extension but most of privatized enterprises suffered from financial need. So they expressed need from government in financing. So they want financing by government. The views seemed to be contradictory.

In Table 20, respondents were asked a question of 'what will happen if SOEs were not privatized' providing several choices to answer. One of the choices was SOEs will have to be liquidated which was disagreed by 55.1 per cent and agreed by 34.8 per cent respondents. According to disagreed respondents SOEs never should be liquidated if they were managed properly. Out of total related respondents 67.9 per cent accepted the fact of 'increasing government burden' if they were not privatized. About 48 per cent respondents were of the opinion that public resource will be wasted if they were not privatized, however 33.2 per cent disagreed to this view. Again equal percent of 45 per cent of the total respondents agreed and disagreed to a choice 'even the limited value cannot be protected' if not privatized. There were no significant difference between the agreed (42%) and disagreed (46.4%) respondents regarding the statement 'SOEs resource will be unable to meet even employees' obligation' if they were not privatized.

Mean values of 2.3 and 3 for the statement 'will have to be liquidated' and 'SOEs resource will be unable to meet even employee obligation' indicated moderate dissatisfaction by them whereas the statements 'public resource will be wasted' and 'even limited value cannot be protected' were rated moderately as shown by the mean value of 2.8 and 2.9 respectively. 'Increase government burden' was agreed with the mean value of 2.3.

On the basis of rank, the first emphasis was given to the statement 'increase government burden' and last to the statement 'will have to be liquidated'.

Thus majority of WEs were of the opinion that if the SOEs were not privatized, the government burden will be increased but they will not have to be liquidated because they considered that privatization is not only one means for solution.

V. CONCLUSION

Institutional arrangement and selling process were seemed as great issues relating to privatization process in Nepal. Criticisms were mainly on two aspects of privatization

i.e. first on the privatization policy of Nepal which has resulted in complete withdrawal of government from the particular sector after its privatization not playing even as a regulator to ensure the supply of goods and provision of services to consumers at an affordable price, second on the process bringing undervaluation of the sold enterprises, lack of transparency, unbalance utilization of sale proceeds all of which were supported by auditor's reports too. It was perceived that privatization reduces only the financial and administrative burden of the government and increases production capacity. As regards to modes of privatization, employee buy outs, restructuring and mixed modes of privatization were emphasized. The increase in the salaries and benefits in the post privatization has been accompanied by increase in working hours, reduction in leaves and other facilities. Demanding the protection of the rights and duties of all workers for positive support and social securities majority of them emphasized to have clear and consistent policy for the success of privatization agreeing in general that the privatization process should go forward only after pursuing a number of essential steps including policy improvement and participation of various stake holders. It was also perceived that PEs, if were not privatized the government burden will be increased but not their liquidation because privatization is not only one means for solution.

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