



**PRIVATISATION AND THE PERFORMANCE OF PUBLIC ENTERPRISES IN
UGANDA: A CASE STUDY OF UGANDA TELECOM LIMITED**

BY

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JANUARY, 2018

DECLARATION

I, Gracious Aryaija hereby declare that this dissertation is my original work; has never been submitted to any other University or Institution of learning for any award.

Sign.....

Date.....

APPROVAL

This study has been conducted under our supervision and the dissertation is now submitted for examination with our approval as the candidate's supervisor.

Signature.....

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Date.....

DEDICATION

I, **Gracious Aryaija**, dedicate this dissertation to my loving mum Mrs. Vanith Sigirenda Bangwa, also, to my loving wife Mrs. Patience Kyomugasho Aryaija and my children; Ashley Ayesiga Aryaija, Achilles Ayesimire Aryaija and Asher Ainomugasho Aryaija. Your untiring encouragement, prayers and the push for resilience enabled me to complete this task. Thank you.

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LIST OF ABBREVIATIONS

BT	British Telecom
CTC	Chile Telecom Corporation
CVI	Content Validity Index
ILO	International Labour Organisation
IMF	International Monetary Fund
IPO	Initial Price Offer
ISP	Internet Service Provider
ITU	International Telecommunications Union
KRC	Kenya Railways Corporation
MOFPED	Ministry of Finance Planning and Economic Development
PERDS	Public Enterprises Restructuring and Divestiture Statute
PEs	Private Enterprises
PPP	Public Private Partnership
PURSP	Privatisation and Utility Sector Reform Project
RVR	Rift Valley Railways
SAPs	Structural Adjustment Programmes
SOEs	State Owned Enterprises
SPSS	Statistical Package for Social Sciences
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communications Commission
UK	United Kingdom
UPTC	Uganda Posts and Telecommunications Company
US	United States
USD	United States Dollar
UTL	Uganda Telecom Limited

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ABSTRACT

The study investigated whether performance of public enterprises like Uganda Telecom Limited is affected by privatisation. It specifically looked at establishing the effect of privatization on quality of services offered by Uganda Telecom Limited; on financial sustainability of Uganda Telecom Limited and on operational efficiency of Uganda Telecom Limited. A case study research design was used basing on qualitative approach and quantitative approaches. A target population of 118 respondents was identified for the study. From 118, 87 consisted in the sample size. Respondents were selected using purposive and simple random sampling techniques. Data was collected using questionnaires and interview schedules. Analysis was done descriptively and inferentially. The study results indicated that there is no significant effect of privatization on performance of Uganda Telecom Limited. This showed that privatisation affected quality of services offered, financial sustainability and operational efficiency. The hypotheses were tested and it was found out that all hypotheses tested were not accepted. For instance, privatisation negatively affected the quality of services offered ($r=-0.669$ & $P=0.522>0.05$), financial sustainability ($r=-0.544$ & $P=0.139>0.05$) and operational efficiency ($r=-0.387$ & $P=0.099>0.05$). It was thus concluded that privatisation has weak effect on performance of UTL. The study thus recommended that operational efficiency of UTL needs to be revitalized by making sure that competent staff are in place, financial resources are mobilized, service quality is improved. For financial sustainability, the instrument of accountability needs to be used to make sure that the organisation departments are accountable.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The rationale for privatisation in public service organisations was basically for improving economic efficiency. Privatisation was adopted after a consistent analysis of how public sector works verses the private sector. The good performance of private sector organisations and the bad performance of the public sector rendered public service to come up with a way of working with private sector to stimulate developments in public service organisations that was deteriorating (Truu 1988). In a number of developing countries, privatisation gained a lot of prominence and was considered as a part of the structural adjustment policies that would turnaround the performance of public sector organisations (Baylis 2002: 604).

This study examined the effect of privatisation on performance of public enterprises in Uganda using a case study of Uganda Telecom Limited (UTL). Privatisation was thus used in this study to represent the independent variable and performance was used to represent the dependent variable. This chapter then consisted of study background, the problem statement that rendered the undertaking of the study, the purpose of the study, the study objectives which this study was based, objectives helped to derive the questions and the hypotheses. The objectives are presented as derived from the conceptual framework, study significances, study justification, research scope as well as the key terms.

1.2 Background of the Study

The background to the study is presented in four themes comprising the historical, theoretical, conceptual, and contextual background.

1.2.1 Historical background

Globally, the term privatisation emerged mostly in 1980s as a new economic trend of ensuring that the private sector can work hand in hand with public sector. It emerged as a neo-liberal policy majorly seconded by politicians of the time and in particular, Ronald Reagan and Margret Thatcher, of USA and UK respectively (Wright 2000; Warner 2004). Privatisation since then became too popular all over the world up to now. Particularly, privatising started in UK as an early popular policy of neo-liberalist reform. This went on and started influencing policies and operations of most countries across the world to transform economies. Privatisation formally began as a nationalisation policy triggered after Second World War (Goodman and Loveman, 1991). Margret Thatcher used this policy to transform British economy from a mixed economic to a competitive economy as answer to the outcry from the public about poor and delayed service delivery from the existing public entities. Parker (2003) indicates that by then, Britain under its public entities, had registered a lot of negative returns especially in making losses, high cost of doing business, low productivity, increased prices of delivering services, poor utilisation of resources and increased customer complaints.

Moore (1992) ascertained that to a high extent, the poor service delivery in government owned institutions came about because of promotion of democratic principles of ownership which seemed ignoring the interests of the masses. Miller (1995) thus indicated that the adoption of privatisation show UK transforming the way of doing business, improving of work efficiency, government involvement reduction, reduced subsidies to public institutions, lowered financial burden on the side of government, transferring of some government funds to other sectors of the economy, increased profitability of public entities and this proved that the government was

delivering better services to the people. This philosophy therefore was adopted all over the world economies to ensure that public investment improves and service delivery is improved.

In developing countries, privatization came as a recommendation of World Bank and the International Monetary Fund (IMF) in 1980s. The overall goals of privatization were to make government look good to the people it serves, increasing on business opportunities for the people, increased public investments and making societies better places to stay in (Osborne and Gaebler, 1993). The successful cases of privatization were mostly recorded in Ghana, Nigeria, South Africa, Kenya and Zambia. Such countries had an idea that by transforming their enterprises from being public to become privatised, it would improve on the efficiency in service delivery. In countries like Kenya, privatizing public utilities can be traced in early 1980s which was introduced under the programme of process to rationalise ministerial operations. This programme came into place to restore and strengthen the operations of public sector for purposes of meeting the primary goal of national development and was to be reflected in making goods and services affordable, sustainable, and effective (Murugaru, 2003).

In Uganda, privatization of public enterprises started after 1986. In 1987, the government of Uganda established the Economic Recovery Program and Public Enterprise Reform and Divestiture (PERD) of 1991 (Stanislaw et al. 2002). These economic reforms are referred to as the Structural Adjustment Programmes/Policies (SAPs). The policy package was founded on the neo-liberal political and economic ideology which stresses free market (deregulation), efficiency (profitability), competition and private enterprises (privatization) as the engine of development. The important features of Structural Adjustment Programmes were in principle centred on efficiency, the market and maximization of profits. On the side of government, the objectives of these programmes were to reduce the role of public sector and to promote the development of an

efficient market led private sector, while reducing the financial burden from government. By 1996, about 2000 investment licenses had been issued to domestic and foreign firms (MOFPED, 2000).

In 1998, Uganda Telecom Limited (UTL) was started to replace the operations of telecommunication that was being done by UPTC. It was in this case that UTL was put in place and government relinquished 51% of shares and sold off other shares to World Tel under the ITU and Detecon which was acting as a subsidiary agency of Deutsche Telecom in Germany in the year 2000. These private investors contributed 33.0million dollars. Despite the privatization of UTL, its performance in terms of quality of services, financial sustainability and operation efficiency has remained being question. It is from this background that this study was undertaken to assess whether privatization has had a role to play in its performance.

1.2.2 Theoretical Background

The Public Choice Theory underpinned this study. This theory was theorized by two great thinkers in 1980s namely James Buchanan and Gordon Tullock. They aimed at explaining how public decisions are made. The Public Choice Theory indicates that there must be an interaction of four different stakeholders of different interests and these should include; the interests of the voters, the interests of politicians themselves, the bureaucratic arena and work action committees. This theory is based on the main assumption that the conduct of any public servant relies on individual interests. For public officials who are unethical, they will always work to ensure that their interests are fulfilled and to those public officials who are ethical, they always work to ensure that they are generous and put the interests of others first. They do not work to maximize their utilities compared to unethical officials. The Public Choice Theory views an individual as a rational being meaning, he or she calculates before making decisions. They

calculate the gains and losses. If the losses outweighs the gains, they do not undertake the choice and if the gains are more than the losses, they will always undertake the deal. Corrupt officials are a rational being who calculates that even if they are caught in such unethical behavior, they can still pay up and retain some money for their own interests. So they always calculate the penalty against the gain. If the penalty outweighs, they do not undertake the act and vice versa. The strength of this theory lies in the potential to disclose what is the mind of public officials and understanding the factors that propel public officials to cause the downfall of some institutions (Schinkel, 2004).

This theory thus was adopted on the basis that privatization can be an ethical and calculated move that can be undertaken by public officials to either improve the performance or destroy the performance of public organizations (Baron, 2000). The adoption of privatization is thought to have improved the performance of public enterprises in terms of improving quality in services offered, financial sustainability and operational efficiency. The theory guided the study in understanding whether privatization of UTL in terms of institutional restructuring, reallocation of ownership, improving management, concessions and semi-autonomous regulations has led to improved performance on expense of choices made by the owners of UTL in terms of meeting quality of services, financial sustainability and operational efficiency.

1.2.3 Conceptual Background

The study was based on two main concepts, that is; privatization and performance. Privatization was conceived as the independent variable. Performance on the other hand was conceived as the dependent variable. In this study, privatization was operationalized to refer to transferring of state or government owned entities or assets and taken in the hand of private people (Cook,

2008). Kay and Thompson (1986) add that privatization refers to changing of working relationship from government to private operations. The rationale behind privatisation was that private individuals tend to deliver goods and services more efficiently and effectively than the public sector. In this study, privatization was conceptualized to mean institutional restructuring, reallocation of ownership, improving management, concessions and semi-autonomous regulations.

On the other hand, performance was considered as an analysis of an enterprises' performance as compared to goals and objectives (Armstrong, 2006). According to Dixon et al (1990), right measures of performance usually help institutions to ensure that their actions are directed at accomplishing organisational strategic goals. Stoner (2003) further defines performance as the capacity for an organisation to have an effective, efficient, profitable, survive, growth and sustainable to threats and opportunities. Therefore, performance was measured using quality of services, financial sustainability and operational efficiency.

1.2.4 Contextual Background

In 1998, Uganda Telecom Limited (UTL) was started to replace the operations of telecommunication that was being done by UPTC. It was in this case that UTL was put in place and government relinquished 51% of shares and sold off other shares to World Tel under the ITU and Detecon which was acting as a subsidiary agency of Deutsche Telecom in Germany in the year 2000. At this initial point, Uganda Telecom required a good financing strategy for purposes of meeting its goal of restructuring and meeting the needs of people. UTL thus underwent through looking for funding to ensure that the telecommunication industry for public service is redeemed. The company required substantial infrastructures like base stations, network

digitalising, equipment instalment, procurement of vehicles, opening up customer care service centres towards innovation and improving service delivery that meets expectations of people (Marshall, 2002). These private investors contributed 33.0million dollars and UTL managed to borrow 13million dollars and 7million dollars were borrowed from Standard Chartered Bank as an additional fund (MoFPED Budget, 2002).

Despite the privatization of UTL, its performance in terms of quality of services, financial sustainability and operation efficiency has remained being question. For instance, since it's licensing, UTL has remained in a puzzle of changing ownership, low profitability and failing to catch up with leading telecommunication companies like MTN and Airtel Uganda. Because of such, UTL has failed totally and performed worse in meeting the initial reasons of why it was privatised (MoFPED, 2015). In the second example, Uganda Telecom borrowed \$38.5million that is in 2007 and this was meant to be paid back in 2013 and given one year grace period. This loan up to this time, it has never been paid and the interest for this loan has been increasing (UTL Financial Reports, 2014/2015). The company has an outstanding debt with external and locally based suppliers and this is showed at \$7million. This kind of debt challenges the growth of UTL and has kept it with no much progress but sizzling in debts. Further, its quality of services among customers is also not satisfying. This is exemplified at the rate at which customers are churning the network to other telecommunication companies and these are reported at a rate of 80,000 clients every year (UBOS, 2010). According to UCC report (2013), it indicated that the subscribers of UTL have not been growing steadily. A big number of UTL clients have started buying other network simcards which they take as affordable in calling and internet services. The

researcher thus picked interest to investigate whether the poor performance of UTL is related to its privatization.

1.3 Statement of the Problem

Privatization was adopted in Uganda as part of the Structural Adjustment Programs (SAPs) with the aim of improving the performance of public enterprises in 1990s (MOFPED, 2000; World Bank, 1996). From onset Privatisation was linked to structural transformation or industrial development. It is from this arrangement that Uganda Telecom Limited was transferred to private investors with aim to improve its operational efficiency, financial sustainability, and improve quality of services offered by UTL (MoFPED, 2000). This company in such a circumstance required having a considerable financing plan to undertake it's restructuring and enhance company value and growth.

However, despite the privatization of UTL, its performance remains queried in terms of quality of services, financial sustainability and operation efficiency. For example, since it's licensing, UTL has remained in a puzzle of changing ownership, low profitability and failing to catch up with leading telecommunication companies like MTN and Airtel Uganda. Because of such, UTL has failed and totally performed worse in meeting the initial reasons of why it was privatised (MoFPED, 2015). In the second example, Uganda Telecom borrowed \$38.5million that is in 2007 and this was meant to be paid back in 2013 and given one year grace period. This loan up to this time, it has never been paid and the interest for this loan has been increasing (UTL Financial Reports, 2014/2015). The company had an outstanding debt with external and locally based suppliers and this is showed at \$7million. This kind of debt challenges the growth of UTL and has kept it with no much progress but sizzling in debts.

Further, its quality of services among customers is also not satisfying (World Telecommunication Development Report, 2015). This is exemplified at the rate at which customers are churning the network to other telecommunication companies and these are reported at a rate of 80,000 clients every year (UBOS, 2010). According to UCC report (2013), it indicated that the subscribers of UTL have not been growing steadily. A big number of UTL clients have started buying other network simcards which they take as affordable in calling and internet services (Muwonge, 2013). If this situation was not addressed, it would be presumed to have a significant impact that may lead to the failure and eventual closure of UTL. It is from such background therefore, that this study endeavoured to investigate the effect of privatization on performance of public enterprises in Uganda while using a case study of UTL.

1.4 Purpose of the study

The study sought to establish the effect of privatization on performance of public enterprises in Uganda using a case study of Uganda Telecom Limited.

1.5 Specific Objectives

The study was guided by the following objectives;

- i)** To establish the effect of privatization on quality of services offered by Uganda Telecom Limited.
- ii)** To examine the effect of privatization on financial sustainability of Uganda Telecom Limited.
- iii)** To assess the effect of privatization on operational efficiency of Uganda Telecom Limited.

1.6 Research Questions

- i) What is the effect of privatization on quality of services offered by Uganda Telecom Limited?
- ii) What is the effect of privatization on financial sustainability of Uganda Telecom Limited?
- iii) What is the effect of privatization on operational efficiency of Uganda Telecom Limited?

1.7. Hypotheses

H₀=There is no significant effect of privatization on quality of services offered by Public Enterprises.

H_A=There is a significant effect of privatization on quality of services offered by Public Enterprises.

H₀=There is no significant effect of privatization on financial sustainability of Public Enterprises.

H_A=There is a significant effect of privatization on financial sustainability of Public Enterprises.

H₀=There is no significant effect of privatization on operational efficiency of Public Enterprises.

H_A=There is a significant effect of privatization on operational efficiency of Public Enterprises.

1.8 Conceptual Framework

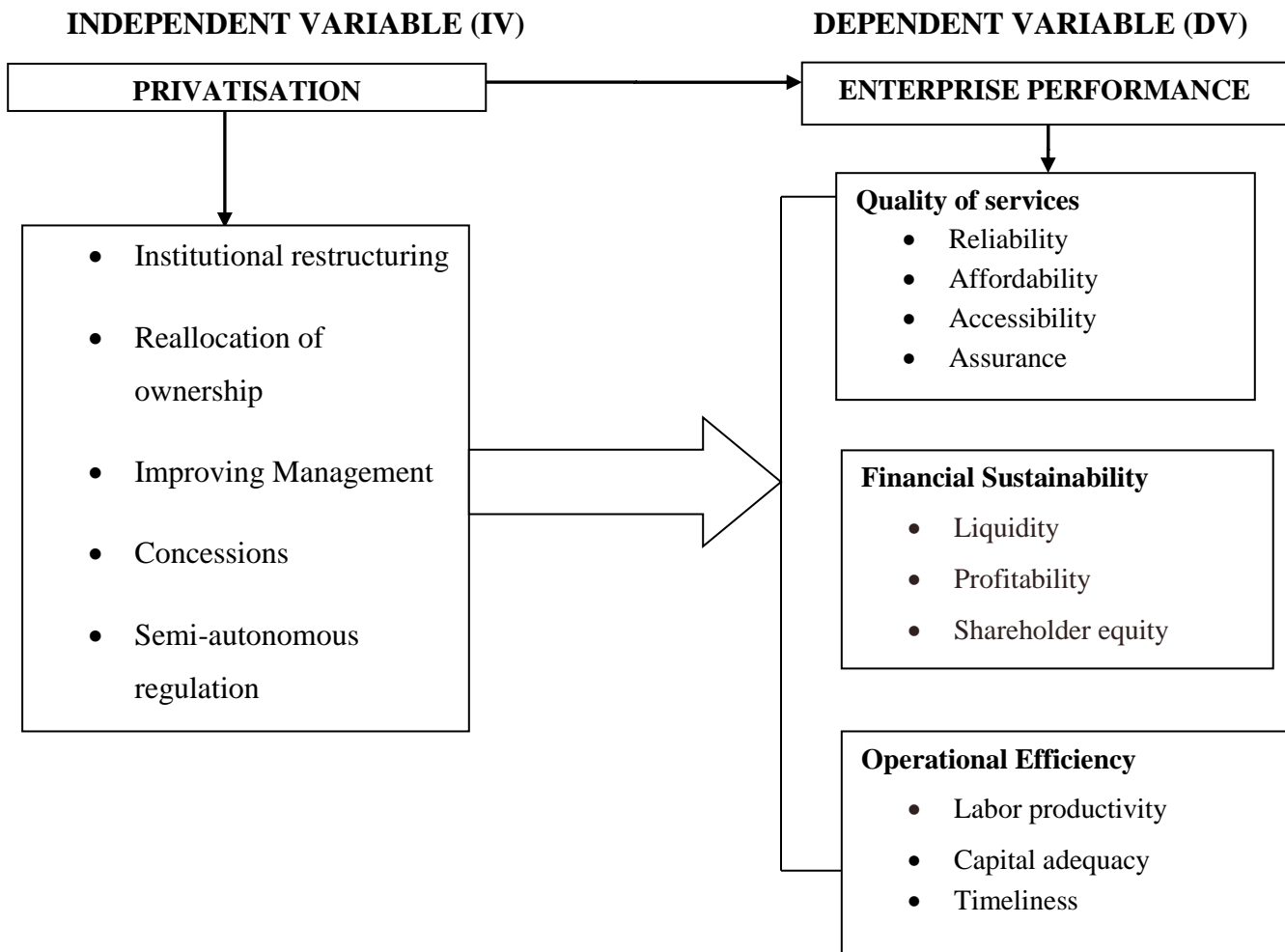


Figure 1: Conceptual Framework for understanding the relationship between privatization and performance of public enterprises

Source: Adapted from Boubakri and Cosset, 1998 and modified by the researcher.

It can be seen in the conceptual framework in Figure 1.1, that privatization has a relationship with performance of public enterprises. Privatization done in form of institutional restructuring, reallocation of ownership, improving management, concessions and semi-autonomous regulation can have significant influence on performance of public enterprises in terms of improving quality of services, financial sustainability and operational efficiency. According to Boubakri and Cosset (1998) explains that privatization refers to changing of working relationship from government to

private operations. The rationale behind privatisation was that private individuals tend to deliver goods and services more efficiently and effectively than the public sector. Therefore, it is not always the case that privatization can lead to improved quality of services, financial sustainability and operational efficiency of public enterprises.

1.9 Scope of the Study

1.9.1 Content Scope

This study was limited on examining the effect of privatization on performance. Privatization in this study formed the independent variable and had the dimensions of institutional restructuring, reallocation of ownership, improving management, concessions and semi-autonomous regulation, whilst, performance formed the dependent variable and was measured by quality of services, financial sustainability and operational efficiency.

1.9.2 Geographical Scope

The study was conducted in UTL main branch located in Kampala district in central part of Uganda, East Africa. This case study was chosen because it would appropriately provide a good reference to the variables under study.

1.9.3 Time Scope

The study focused on years of 2012-2015. This was because UTL was reported to have had inadequate performance (UTL internal Auditor General Reports, 2010-2015).

1.10 Justification of the Study

Across the globe, organisation performance is one of the areas that are given a primary attention. A number of studies have been conducted about performance and privatisation. For instance, a number of reports and dissertations or thesis have been published explaining how privatization

affects the performance of public utilities; however, according to the researcher, there are still a number of gaps in the already done studies that rendered to conducting of this study. In the first place, earlier studies were restricted in other privatized sectors other than telecommunication industry and particularly UTL. This study in summary tried to establish the relationship between privatization and performance of public enterprises in Uganda using a case study of UTL.

1.11 Significance of the Study

It is anticipated that the study may be significant in the following ways;

The findings of this study may be relevant to UTL Management board in making better and informed decisions when undertaking the concession and appraising the impact of the concession to improve service delivery of the corporation.

The policy makers at MOFPED would benefit by guiding the telecom industry to assimilate effective concession change management process in service delivery. MOFPED and UCC under which UTL falls may benefit in terms of monitoring its performance and minimize the risks proactively. The study also added to the existing knowledge bank regarding privatization and performance of public enterprises in Uganda and all over the globe. The researcher will be able to obtain a Master's Degree in Business Administration.

1.12 Operational Definitions of Terms and concepts

Privatization; this was used to refer to the transfer of state owned and controlled enterprises and assets to private individuals, for instance, the transfer of UTL to private owners.

Profitability; this meant the level at which UTL income exceeds its expenses in the process of rendering its services.

Financial sustainability; this referred to whether UTL can ably manage the bank finances profitably.

Operational efficiency; this referred to the lowest cost use of labor, capital and time in the day-to-day operation of the scheme, that is, in calling, internets and mobile money.

Quality: This referred to the extent to which the work produced by the UTL meets the standards set by regulatory authorities or expectations of the public, that is, in terms of efficiency in calls and internet usage.

Performance: in this study, performance referred to means through which management develops plans to operate as a successful entity and be as profitable and efficient as comparable to other businesses in rendering services to the public.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature related to establishing the effect of privatization on performance of public enterprises. The review is conceptualized under the objectives of the study and focuses primarily on privatization on quality of services, financial sustainability and operational efficiency of public enterprises. The review involved systematic identification, location and analysis of documents containing information related to the research problem that was investigated such as, privatisation and divestiture of public enterprises. The literature was reviewed according to the specific objectives of the study. Literature survey includes information from relevant books, reports, journals, magazines and other documents.

2.2 Theoretical framework

The theoretical framework was derived from Public Choice Theory. This theory was theorized by two greater thinkers in 1980s namely James Buchanan and Gordon Tullock. They aimed at explaining how public decisions are made. The Public Choice Theory indicates that there must be an interaction of four different stakeholders of different interests and these should include; the interests of the voters, the interests of politicians themselves, the bureaucratic arena and work action committees. This theory is based on the main assumption that the conduct of any public servant relies on individual interests. For public officials who are unethical, they will always work to ensure that their interests are fulfilled and to those public officials who are ethical, they always work to ensure that they are generous and put the interests of others first. They do not work to maximize their utilities compared to unethical officials. The Public Choice Theory views an individual as a rational being meaning, he or she calculates before making decisions. They

calculate the gains and losses. If the losses outweighs the gains, they do not undertake the choice and if the gains are more than the losses, they will always undertake the deal. Corrupt officials are a rational being who calculates that even if they are caught in such unethical behavior, they can still pay up and retain some money for their own interests. So they always calculate the penalty against the gain. If the penalty outweighs, they do not undertake the act and vice versa. The strength of this theory lies in the potential to disclose what is the mind of public officials and understanding the factors that propel public officials to cause the downfall of some institutions (Schinkel, 2004).

This theory thus was adopted on the basis that privatization can be an ethical and calculated move that can be undertaken by public officials to either improve the performance or destroy the performance of public organizations (Baron, 2000). The adoption of privatization is thought to have improved the performance of public enterprises in terms of improving quality in services offered, financial sustainability and operational efficiency. The theory guided the study in understanding whether privatization of UTL in terms of institutional restructuring, reallocation of ownership, improving management, concessions and semi-autonomous regulations has led to improved performance on expense of choices made by the owners of UTL in terms of meeting quality of services, financial sustainability and operational efficiency.

2.3 Review of Related Literature

2.3.1 Privatization and quality of services of a firm

Baylis (2002) asserts that the quality of services provided by the firm were idealised from the proponents of privatisation as supposed to improve due to change of hands in provision of

services. Baylis (2002) however, indicates that despite the fact the quality of services delivered by privatised firms tend to improve, the level of affordability among the people is very low compared to when they are still in the public hands since the private sector works to have more profits made. Pamacheche and Koma (2007) thus ascertain that organisation restructuring creates reliability in services delivered. Reliability is a true definition of quality. For instance, Pamacheche and Koma (2007) undertook a survey in seven companies operating in United Kingdom before and after privatisation. It was established that the quality of services that were being delivered by most of these companies before being privatised were below standards since the government officials only worked for the sake of working and have their salaries paid. However, the quality of services improved 80% under privatisation of these companies. Those which did printing, their printing quality and innovation improved and those in tourism, the new invention in handling tourists improved maximally. Those which were in commercial banking, the number of clients increased due to quality of services. However, Pamacheche and Koma (2007) found out in this survey that the increased quality of services was good but was not affordable to a number of customers.

Nalingigwa (2010) added that after privatisation process in United Kingdom, most of the public companies had their service quality improve. It was found out that a number of clients started appreciating the quality of services especially in those companies that had been privatised was improving and a number of evidence suggested that a number of companies had their services improve like electricity services started improving; water services started improving and banking services also started improving. Pamacheche and Koma (2007) further suggests that privatisation became aggressive and produced new products which are of good quality which satisfy the needs

of the clients. Privatised firms make the business environment more competitive and innovative in the way that service quality generally improves in the whole industry of doing business (Aktan, 2008). Aktan (2008) add that privatised goods and services tend to lower on the prices of consumer goods and this generally brings on board numerous products and services that benefit the general community.

Megginson et al (1994) further reported that the accessibility of consumer goods and services has been improving due to privatisation due to reallocation of ownership and resources. Pamacheche and Koma (2007) further argue that restructuring of firms encourage competitions and improves customer services as well as reducing on the prices. Privatisation has been a factor behind increasing reliability of service delivery because companies are working on angles of improving sustainability of service delivery. Khan et al (2011) ascertained that the manifestation of improvement in the performance of an organisation lies in putting it into the private hands and outsourcing, usually productivity of most public sector organisations is not held in lack of resources, it is held in lack of private occupants who can think in line of acquiring profits and success. Whenever, the owners tend to look at something to do with public good, it becomes hard for a company to have success and its performance is exacerbated.

Furthermore, Okigbo (1998) indicated that privatisation comes about with effective regulations to oversee the performance of private contractors or private investors being put on board. This argument is supported by a World Bank report (2004) which showed that privatisation enhances supervision of the performance and shareholders always look forward to ensure that the company makes a lot of profits. They make sure that they have competent teams in managing and

supervising work being done and this enables the delivery of services in the best quality as possible. Some of the regulations that steers improvement in services is in the number of people that need to be recruited, new management competences, new equipments, new vehicles and new technological advancements always comes up as a recommendation to be ensured by the new restructured or privatised company.

Basing on the literature above, it is clear that there are key gaps that were identified that called for conducting this study. Contextually, it was clear that privatization had a relationship with quality of services in public enterprises. However, the literature ignored the basic indicators of privatization like improved management, restructuring and reallocation of ownership and performance as adopted in this study and did not address what was happening in UTL. This study looked forward to assess whether privatisation of UTL had improved on the quality of its services it delivers to the public. The study findings thus were contrary from what most of the literature reviewed here indicated. For instance, in Uganda Telecom Limited, its performance that is in terms of quality of services offered to people has highly been worsened by privatisation.

2.3.2 Privatization and financial sustainability of a firm

Financial sustainability is a primary measure of performance of an organisation because without being sustainable, it becomes a sign of poor performance of a firm. In this case, Khan et al (2011) agitates that a number of privatised firms lacked sustainability and most of them kept on changing names and the politicians kept on changing managers but still, delivery of services would remain below standards. The introduction of privatisations in developing countries show the improvement in sustainability of parastatals because the essence of attracting shareholders

and meetings the contractual agreements with state, they had to put in place mechanisms and operations that directly show chances of being sustainable because the downfall of organisations serving public goods to the public can mean the failure of governments. The provision of subsidy also called for a lot of opposition from the citizens and this is the areas that showed that privatisation had enhanced on financial sustainability especially when it comes increasing profitability and revenue growth.

In Uganda, according to Nalingigwa (2010), the sale of Housing Finance Bank opened a way of generating more funds from private individuals and this increased its width of doing business. The prices of houses went high, their quality improved and the company level of sustainability became very well established. From this basis, the bank generated a number of clients on board than when it was completely government. To reap the advantages that accrue with privatisation, it becomes important that the company goals are known and all important stakeholders are put on board and this will always guarantee some kind of financial sustainability because if the goal is to merely make profits, many will find the company unsustainable because it will not invest money for structural development but to the serve profit generation. Financial sustainability, guarantee the future of the company since its level of productivity tends to hit high, efficiency and effectiveness increases and the competitive advantage also increases. These in total leads to formation of capital and more investments are always done. It is behind these facts that anyone can conclude that the company is financially sustainable (Ugorji, 1995).

Jerome (2008) further adds that privatisation further comes with financial sustainability of the economy because these private firms tends to generate the required revenue and provide

employee to people as well as tax from individual. All governments now whenever they want to reduce on costs of running a public company, they always seek for privatisation or concessions. There are a number of services that can be delivered by private companies but cannot be delivered under the previous arrangement. Governments these days strive to make sure that they pass resolutions to allow outsourcing and PPPs. The emergency of privatization movements across the world came with a belief that most public service organisations were a big expense and poorly losing psychical advantages Omran, 2001).

Osman (2000) gives details on the performance of 24 cement companies before the introduction of privatisation. He found out that all companies that were privatised, had its quality of services improve, they had their incomes and profits improve. They also had work policies improve, efficiency and effectiveness and these purposively explain the role privatisation can do in steering the performance in terms of improving the sustainability of a company (Perevalov , et al, 2000).

Basing on the literature above, it is clear that there are key gaps that were identified that called for conducting this study. Contextually, it was clear that privatization had a relationship with financial sustainability of public enterprises. However, the literature ignored the basic indicators of privatization like better management, restructuring and reallocation of ownership and performance as adopted in this study and did not address what was happening in UTL. This study looked forward to assess whether privatisation of UTL had improved on its financial sustainability. The study findings thus were contrary from what most of the literature reviewed here indicated. For instance, in Uganda Telecom Limited, it performance-that is in terms of financial sustainability of the company has highly been worsened by privatisation.

2.3.3 Privatization and operational efficiency of a firm

Operational efficiency is key in measuring the performance of an organisation because it tells the analysts that labour productivity has been improving or not, capital used, formed or generated by the firm is adequate and timeliness in delivering services is appropriate (Boubakri and Cosset, 1998). Boubakri and Cosset (1998) thus agitates that the reason of introducing privatization across the world also had a major reason of improving the operational efficiency in state owned. This was because it becomes easy to make new investments in all areas that seem lacking, new technology is introduced and governance of an organisation tends to improve also in the name of improving performance (Jerome, 2008). According to the Government of Kenya Session Paper (2005) on privatization of State Corporation, it indicated that the reason for privatising some state owned enterprises was to ensure that the operational efficiency is improved by making sure that corporate governance and administration is revised. Further, to make sure that the new investments are done in resource generation, new skilling and new equipments be introduced. Further, privatisation was done as a way of introducing a more sophisticated team that can adequately mingle with new technologies and meet service delivery in time. These enable the government of Kenya to reduce on losses that were being incurred. Firms become more accountable and new infrastructures would easily be put up that enhanced the operations of these parastatals (Chebukati, 2014).

Megginson et al (2004) in Namibia, they undertook a study on the operational efficiency of privatised firms. On the 61 firms that were examined, it was found out that 47 on the firms had had their operational efficiency improve due to selling out of most shares to private owners. It was found out that most of employees had become innovative and their productivity at work had increased due to motivation strategies that had been introduced. New technologies of stopping

scam and fraud were put into place and financial losses were reduced. Megginson et al (2004) thus indicated that they found enough evidence to pin the fact that privatisation had increased on the operational efficiency of a big number of firms and those which were not performing well had issues in the way they selected the private owners, investors and management.

Peters (2001) explains there is need to minimize redundancy of functions to prevent effective competition among agencies. Indeed, there is need to minimize redundancy in the regulatory framework where citizens and corporations complain about multiple and conflicting requirements. The belief in the efficiency of markets as means of allocating resources is the root of market approach; if there is effective competition to provide services, there should be minimal redundancy of functions. The service provision should be integrated to provide for greater efficiency for both client and government. The redundancy may enable agencies to play off each other with some agencies running away from the responsibility and accountability. In the case of KRC/RVR, even with regulatory redundancy, it would have been efficient from the perspective of Ministry of Finance seeking to gain information about the financial performance of the corporation working together with the regulated organizations. The integration of services of the agencies is presumed to provide greater efficiency for both parties in this case the Ministry of Finance and transport. However, conflict arose with regards to provision of the quality service where no ministry was ready to take responsibility thus blaming each other.

From the literature reviewed, the various authors opine that privatization process requires effective management for its impact to be felt. Evidently, not all state corporations have positively benefitted from privatization. In certain situations, privatization has been largely negative and failed to meet expectations of the users as intended. In the case of KRC this is due to several factors including inefficient, unreliable, unprofitable performance and dilapidated

operations and obsolete rolling stock among others. Lack of effective policies and political will also eventually affect privatization process. The study findings thus were contrary from what most of the literature reviewed here indicated. For instance, in Uganda Telecom Limited, its performance-that is in terms of operational efficiency has highly been worsened by privatisation.

2.4 Summary of the Literature Review

The literature reviewed clearly indicates that there are a number of studies that established that the effect of privatization on performance of public enterprises. However, key gaps have been identified that call for conducting this study. Contextually, it is clear that privatization has a relationship with performance of public enterprises. However, the literature ignores the basic indicators of privatization like better management, restructuring and reallocation of ownership and performance as adopted in this study and does not address what is happening in UTL. Methodologically; the literature reviewed was designed as a research paper without the required empirical basis of evaluating the study variables in a setting like UTL. Additionally, the literature reviewed was of work done in years below 2016. We are currently in 2017 and this study was called for to verify what may be happening currently about quality of services offered by UTL, financial sustainability and operational efficiency.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter entails how data was collected from the field, how it was analysed, how correlations and regressions were employed and other methodological considerations as depicted in the following sub-themes.

3.2 Research Design

This study used a case study research design. This design is justified on the ground that *UTL* was going to be used to represent other public enterprises of sort in Uganda (Yin, 2013). The design was used because UTL would inform what is happening in other public sector enterprises in Uganda. This design employed both quantitative and qualitative approaches (Amin, 2005). The study also adopted a triangulation approach in which qualitative techniques were used to capture views and opinions of the respondents and to provide an in depth analysis of privatization and of public enterprises. Qualitative techniques were used to capture views and opinions of the respondents and to provide an in depth analysis of privatization and performance of public enterprises. The quantitative techniques were used to examine the relationship between the variables in the study and tested for consistency of findings from both methods. Triangulation was used because the study requires to be studied using a number of tools to get more comprehensive details about the research study.

3.3 Study Population

The population consisted of 118 respondents (UTL Human Resource records, 2015). These consisted of 5 executives from UTL board, 7 senior management staff, 19 supervisory staff and

77 junior staff and 10 customer representatives. The executive members were chosen because they have the responsibility of overseeing the implementation of the performance of UTL. The senior management were chosen in this study because they have that absolute role to manage performance of the company and to see whether they are leading to improved service delivery. The supervisory staffs were chosen since they have the immediate responsibility to see whether service delivery in UTL tallies with what is taught to them. The junior staff members were chosen because they have a direct role to play in this study as they are the very people who can evidently tell much how UTL is performing.

3.4 Determination of the Sample Size

On this, Krejcie and Morgan (1970) Table was used in determining the sample size as indicated in table 1 below.

Table 1: Sample Size of Respondents and Sampling Technique

Category of Population	Access Population	Sample Size	Sampling Technique
UTL Board Members	5	5	Purposive sampling
Senior Management officials	7	5	Purposive sampling
Supervisors	19	7	Simple random sampling
Junior staff	77	65	Simple Random sampling
Customer representatives	10	5	Purposive sampling
Total	118	87	

Source: Primary Data

3.5 Sampling Techniques and procedures

The study employed simple random sampling technique in choosing junior staff in UTL. This was preferred since it was essential to the study picks respondents without being biased. Secondly, simple random sampling was preferred because it was found appropriate for large

sample selection (Mugenda & Mugenda, 2003). Purposive sampling on the other hand was employed to select all UTL Board members and senior management staff, and supervisors and customer group representatives. Only five of the seven supervisors were chosen because they are the only relevant as per study variables. Similarly, only five out of 7 members of senior management were selected for the same reason. These respondents were used because they were known for having the knowledge needed by this study (Sekaran, 2003).

3.6 Data Collection Methods

3.6.1 Questionnaire Survey

In collecting data from junior staffs, a survey questionnaire survey was used. A questionnaire survey was used in collecting data from large samples in a shortest period of time. Survey questionnaire was preferred for this study because the respondents had a chance to pick questions according their perceived truthfulness (Amin, 2005).

3.6.2 Interview

In collecting data from key informants, interview method was used. The interview method was prepared while using an interview guide. This was preferred since it looked appropriate to take time and discuss deeply with key informants and harness their arguments and opinion on the subject of investigation (Sekaran, 2003).

3.6.3 Documentary Review

Secondary data was obtained using a documentary review checklist. This method was preferred since it was important to supplement on the data obtained from other methods of data collection (Mugenda and Mugenda, 2003).

3.7 Data Collection Instruments

3.7.1 Questionnaire

In collecting data from junior staffs, the questionnaire was used. The questionnaire was designed using a Likert-scale format and a semi-structure type as depicted in appendices below (Appendix D). A questionnaire was preferred for this study because the respondents had a chance to pick questions according their perceived truthfulness (Amin, 2005). It was also preferred because it saved time when collecting data from such a huge large sample of junior staffs from Uganda Telecom. 87 people were targeted to be given 87 questionnaires. The questionnaire consisted of only close ended questions.

3.7.2 Interview guide

The researcher used an interview guide which was designed using structured format of interviewing respondents. Face-to-face interviews were conducted with UTL Board members and senior management staff, and supervisors and customer group representatives. The interview guide was prepared while using open-ended questions (Appendix II). This was preferred since it looked appropriate to take time and discuss deeply with UTL Board members and senior management staff, and supervisors and customer group representatives and harness their arguments and opinion on the subject of investigation. This allowed probing and prompting of interviewees more and more to harness their arguments and opinion on the subject of investigation (Sekaran, 2003).

3.7.3 Documentary Review Checklist

Secondary data was obtained using a documentary review checklist (Appendix III). In this case, the researcher investigated a number or a list of documents which were obtained from UTL and

other line ministerial agencies and these included; UTL Annual Reports, UTL strategic plan, Public code of Ethics and UTL performance reports and audit reports.

3.8 Quality control

3.8.1 Validity

Here, the content validity index of each item was established to make sure that the tools that were going to be used was valid. Expert judgement as used in rating the questionnaires that were found valid above 0.7 as said by Amin (2005). As indicated in table 2 below, all items were found valid to be used in the study;

Table 2: Content Validity Indices for the Questionnaire

Variable	Description	No. of Items	Content validity index
Independent	Privatization	10	.868
Dependent	Quality of services	10	.822
	Financial sustainability	9	.796
	Operational efficiency	9	.895

Source: Primary Data (2017)

3.8.2 Reliability

To find out whether the questions would be answered consistently by respondents, they were tested twice. These tools were tested using UTL respondents and it called testing them for the first test. The researcher skipped two weeks and undertook the second test. The results were cross tabulated and all of them were found to have a Cronbach Alpha coefficient which was above 0.7 as said by Amin (2005). Table 3 below has more details.

Table 3: Reliability indices for the respective sections of the questionnaire

Variable	Description	No. of Items	Cronbach alpha
Independent	Privatization	10	.831
Dependent	Quality of services	10	.767
	Financial sustainability	9	.980
	Operational efficiency	9	.767

Source: Primary Data 2017

3.9 Data Collection Procedures

The researcher obtained a letter from Uganda Management Institute introducing him to the UTL and specifying that the data to be collected was solely for study purposes. Upon obtaining the requisite permission, the researcher proceeded with data collection starting with issuing questionnaires to UTL junior staff. After that interviews were conducted with executives, senior management, and supervisors. Lastly, documents were reviewed to ascertain whether the findings obtained from the questionnaires and interview guide were realistic.

3.10 Data Analysis

3.10.1 Analysis of Quantitative Data

Data was analysed using descriptive and inferential statistics established using SPSS. The descriptive statistics were used in analysing the numerical strength of the variable under study and in this case means, percentages and standard deviations were used. On the other hand, inferential statistics were used in establishing the relationships between study variables and the regression analysis was used in establishing the extent to which the variables are related. Inferential statistics were used because they were appropriate for understanding how variables

were related and affecting each other. Spearman's Rho correlation was used in testing hypotheses.

3.10.2 Analysis of Qualitative Data

In analysing qualitative data, thematic analysis was used to establish the themes of the study findings and the content analysis was therefore used in interpreting the meaning of the themes expressed. Under content analysis, quotations and verbatims were used in expressing the views of the respondents and it become easy to compare and contrast study results.

3.11 Measurement of Variables

Variables were measured using Likert-scale format of 1- strongly disagree, 2-disagree, 3-not sure, 4- agree and 5-Strongly agree. The independent variable of privatisation was measured using better management, reallocation if ownership, institutional restructuring and concessions. On the side of dependent variable, performance was measured using quality of services, financial sustainability and operational efficiency.

3.12 Ethical considerations

The major ethical problem in this study was the privacy of the subjects and confidentiality of their information. To ensure privacy, the subjects were informed upfront that indeed their names were not required, that they have the right to leave questions unanswered for which they do not wish to offer the requisite information, and that the researcher was not to put the respondent under pressure. To ensure confidentiality, the subjects were informed upfront that the information they give was solely used for academic purposes and data obtained on private matters was treated in confidence (Amin, 2005). To ensure that there is no plagiarism in this study, all work used in this book was cited for and referenced. The researcher also went ahead to ensure that originality is ensured while using other people's work (Kothari, 2004).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter explains the findings of the study on the effect of privatisation on performance of public enterprises in Uganda using a case study of Uganda Telecom Limited (UTL). The study findings were presented on the effect of privatization on quality of services offered by Uganda Telecom Limited; the effect of privatization on financial sustainability of Uganda Telecom Limited and assessing the effect of privatization on operational efficiency of Uganda Telecom Limited) and the last section handles the testing of hypothesis that were set for this study to prove. The response rate in the whole study is explained in table 4 below;

4.2 Response rate

Table 4: The response rate

Respondents	Sample size	Frequency	Percentage
UTL Board Members	5	3	80%
Senior Management officials	5	4	95.5%
Supervisors	7	5	93.9%
Junior staff	65	59	90.8%
Customer representatives	5	3	80%
Total	87	74	85.1%

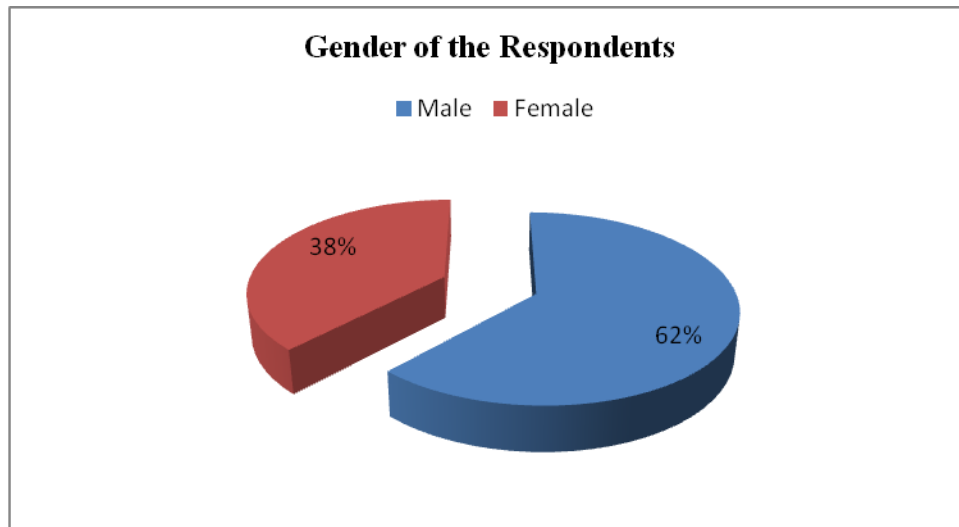
Of the 87 respondents, the study managed to have 74 people responding to the study, giving a rate of 85.1%. Basing on the proposition of Amin (2005), as long as the study finding possesses a response rate of 70% and above, it is recommendable enough to proceed with data analysis. Therefore, 85.1% proved enough for this study to proceed.

4.3 Background of the Respondents

Respondent's sex, age, levels of education and duration at work were examined and their details are explained in the following graphs as they ascend below;

4.3.1 Gender of the respondents

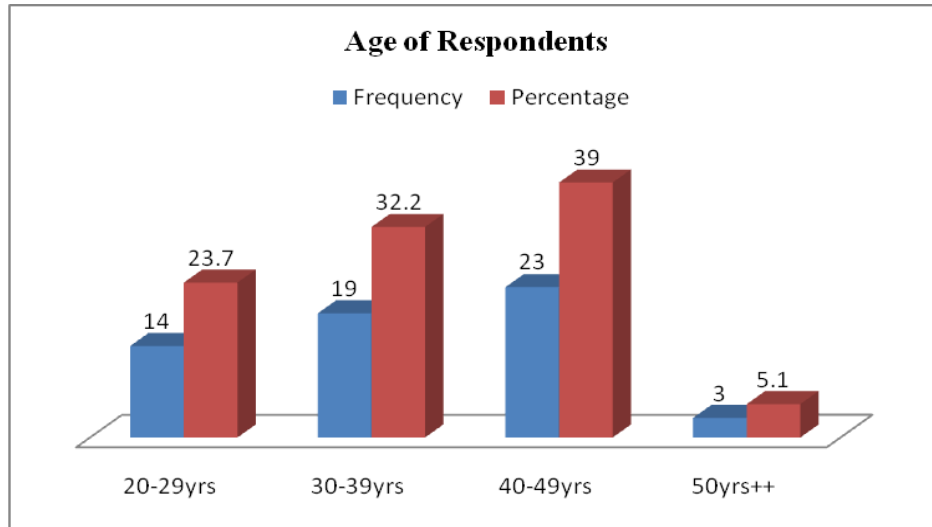
Figure 2: Gender of the respondents



From figure 2, it is indicated that the study in UTL was conducted mainly from the male respondents who constituted 62%. Females on the other hand, were represented by 38% of the respondents. This directly tells us that no matter the percentage of males and females who attended the study, given the fact that males and females attended to the study, the study was gender sensitive.

4.3.2 Age of the Respondents

Figure 3: Age of the respondents



From figure 3, it was found out that most of the respondents in UTL that responded to the study had 40-49years and these took the highest toll of 39%. Those who were in the category of 30-39 constituted 32.2% of the respondents, 20-29years had 23.7% and those who were above 50yrs were represented by 5.1% each. The highest response was registered among people of 30years and above. These were hoped to have the required maturity to attend to the study questions as they put before to them.

4.3.3 Highest Level of Education of the Respondents

Figure 4: Highest Level of education of the respondents

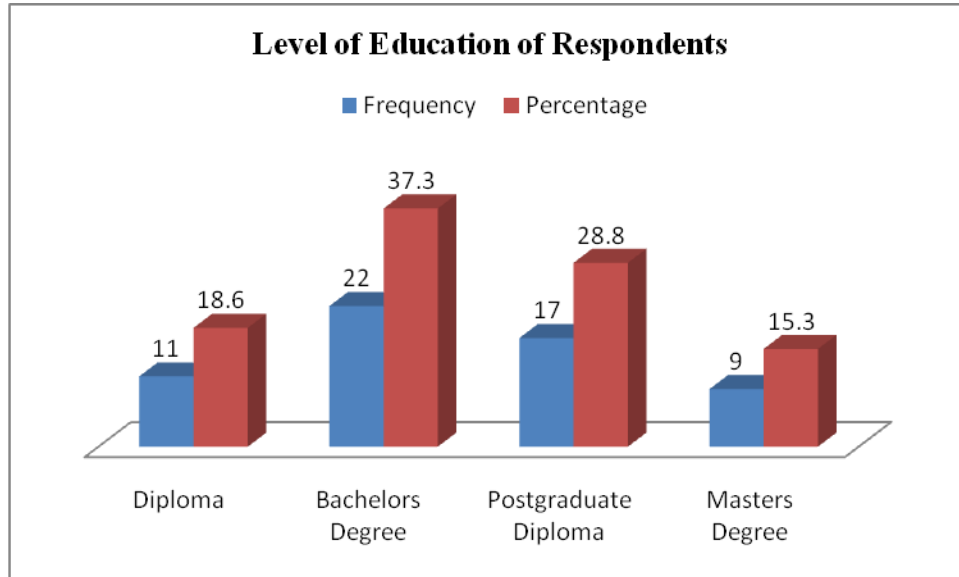


Figure 4 indicates that most of the respondents among UTL officials had attained a bachelor's degree and these constituted 37.3% of the respondents. 28.8% of the respondents had a postgraduate diploma, 18.6% had achieved a diploma level of education. 15.3% of the respondents represented master's degree holders. Basing on the above findings, given the fact that the study was conducted in both much educated and less educated fellow, this completely provides balanced pictures required by the study as per the mental and cognitive capacity of the respondents.

4.3.4 Time spent working with UTL

Figure 5: Time spent working with UTL

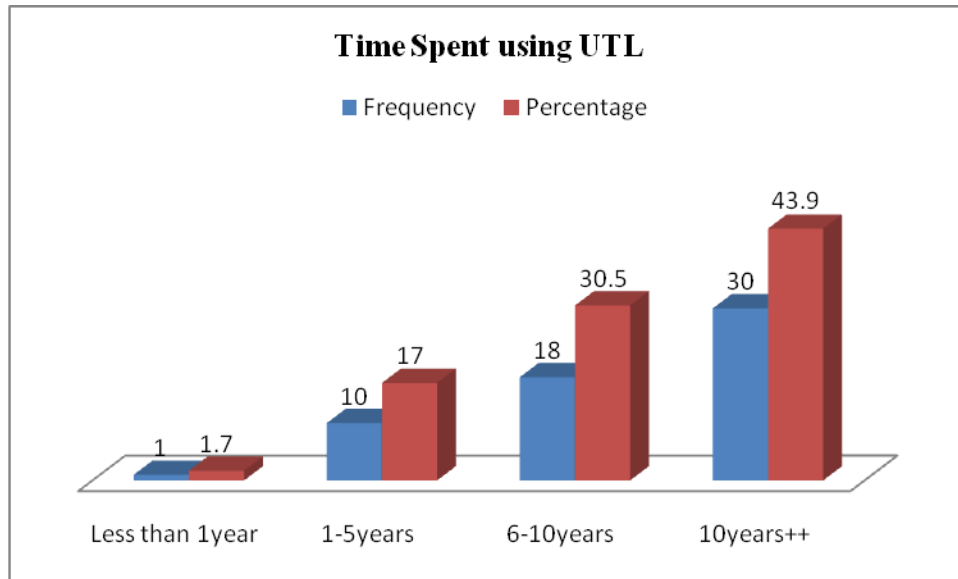


Figure 5 above indicates that most of the respondents had been working with UTL for over 10 years and these took 43.9% of the respondents. 30.5% of the respondents had spent 6-10 years, those between 1-5 years working with UTL were represented by 17% and the last category of less than one year were 1.7%. This therefore, means that the study was based on the people who had enough experience as far as privatization and performance of UTL is concerned.

4.4. Empirical findings on privatization and performance of UTL

In this section, the research findings are presented as per the objectives adopted for the study. These findings were thus obtained on the effect of privatization on quality of services offered by Uganda Telecom Limited; the effect of privatization on financial sustainability of Uganda Telecom Limited and the effect of privatization on operational efficiency of Uganda Telecom Limited. In this case therefore, to understand whether there is an effect of privatization on the performance of UTL, respondents were introduced to different pre-conceived statements as per

each variable to listen to their views and below are the findings that were found on each dimension.

Standard deviation is a measure of agreement between raters provides some idea about the distribution of scores around the mean, “mean” is the “average” 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the extent of traffic congestion in Kampala city which were categorized according to their percentages and means

4.4.1 Findings on privatization process of UTL

On analysing this, the Likert-scale was used to establish the strength of the variable under the study. It was thus established that those respondents that were found above 3.0 were in support and those which were below 3.0 on the Likert scale were not in support. Table below has details;

Table 5: Descriptive Statistics on Privatization of UTL

	Percentage responses (%)					Mean	Std. Deviation
	SD	D	N	A	SA		
Budgetary discipline has highly improved due to privatization	3.9%	3.9%	7.8%	39.4%	44.7%	3.00	1.021
Privatization of UTL enabled restructuring to take place which has increased on the masts used by the company	3.9%	2.6%	6.5%	53.9%	34.2%	3.04	1.181
The expansion of UTL services improved after privatization	5.2%	11.8%	5.2%	42%	35.5%	3.73	.700
The capital of UTL increased after privatization	2.6%	3.9%	7.8%	59%	26.3%	4.00	.689
Rehabilitation of masts and other equipments has been done due to privatization	1.3%	1.3%	31.5%	61.8%	3.9%	4.02	.507
Accountability is highly emphasized at	1.3%	1.3%	3.9%	71.8%	21.5%	4.07	.497

UTL after privatization took place							
The quality of our network very much improved after privatization took place	0%	0%	7.8%	50%	42.2%	4.11	.640
The quality of staff recruited at UTL has been improving since privatization took place	0%	0%	2.6%	50%	47.3%	4.37	.639
UTL masts customer service centres are widely spread after privatization	0%	0%	21.5%	37%	41.3%	4.43	.666
Privatization led to improvement in the management of UTL	14.4%	9.2%	36.8%	28.9%	7.8%	4.44	.467

Basing on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.0 indicates existence of the variables understudy. This thus, statistically means that the financial performance of Uganda Telecom Limited was promising.

36.8% of the respondents tend towards agreement with the statement that privatization led to improvement in the management of UTL, while, 28.9% of the respondents agreed, 7.8% strongly agreed with the statement, 9.2% of the respondents disagreed and 14.4% of the respondents strongly disagreed. The mean was 4.44 at a standard deviation of 0.467. Despite the fact that majority (35%) disagreed that privatization led to improvement in the management of UTL, a big number remained undecided. This means that respondents were not clearly sure whether privatization led to improvement in the management of UTL.

On whether UTL masts customer service centres are widely spread after privatization (4.43). Majority of respondents (41.3%) strongly agreed with this statement. This was further agreed on by 37% of respondents and 21.5% remained neutral. The mean stood at 4.43 at a standard

deviation of 0.666. Since over and above 75% of respondents were in agreement, it can be believed that UTL masts customer service centres are widely spread after privatization

On whether the quality of staff recruited in UTL has been improving since privatization took place. Majority of respondents (47.3%) strongly agreed with this statement. This was further agreed on by 50% of respondents and 2.6% remained neutral. The mean stood at 4.37 at a standard deviation of 0.639. Since over and above 90% of respondents were in agreement, it can be believed that the quality of staff recruited in UTL has been improving since privatization took place.

On whether the quality of our network very much improved after privatization took place. Majority of respondents (42.2%) strongly agreed with this statement. This was further agreed on by 50% of respondents and 7.8% remained neutral. The mean stood at 4.11 at a standard deviation of 0.640. Since over and above 92% of respondents were in agreement, it can be believed that the quality of our network very much improved after privatization took place.

On whether accountability is highly emphasized in UTL after privatization took place. Majority of respondents (71.8%) agreed with this statement. This was further strongly agreed on by 21.5% of respondents and 3.9% remained neutral. The mean stood at 4.07 at a standard deviation of 0.497. Since over and above 93% of respondents were in agreement, it can be believed that accountability is highly emphasized in UTL after privatization took place.

61.8% of the respondents agreed with the statement that the expansion of UTL services improved after privatization. This was further strongly agreed on by 39%. However, 31.5%

remained neutral. The remaining percentage disagreed. The mean stood at 4.02 at a standard deviation of 0.507. Since over and above 60% of respondents were in agreement, it can be believed that the expansion of UTL services improved after privatization.

Other items also has a positive connotation like: The capital of UTL increased after privatization (4.00); The expansion of UTL services improved after privatization (3.73); Privatization of UTL enabled restructuring to take place which has increased on the masts used by the company (3.04); Budgetary discipline has highly improved due to privatization (3.00).

These above study findings mean that privatization of UTL has been a strong factor in improving the management of UTL because it is indicated in the study findings above that UTL masts customer service centers are widely spread after privatization; The quality of staff recruited in UTL has been improving since privatization took place; The quality of network very much improved after privatization took place; Accountability is highly emphasized in UTL after privatization took place; The expansion of UTL services improved after privatization; The capital of UTL increased after privatization; The expansion of UTL services improved after privatization; Privatization of UTL enabled restructuring to take place which has increased on the masts used by the company; and Budgetary discipline has highly improved due to privatization in UTL.

On the side of Key informants, it is clear that a largest portion seemed to support the above claim expressed in the questionnaire that privatization of UTL improved its management and performance. For instance, these key informants expressed that UTL before it was privatized; it

had problem of masts and their management. This would affect its processing of communication and the quality of communication in UTL and other networks was in danger. Currently, this has highly improved that UTL can be best used all over Uganda and out of Uganda. One of the key informants was quoted saying:

“UTL is a public enterprise as you know, the reason why this company was privatized are well known and I think we all know where UTL came from....we have so far registered big improvements in communication especially....UTL supports at least every communication network in Uganda but before privatization, we did not have such capacity....we also have one the best broadband internet in Uganda and all these are products of privatization...”

The quotation above implied that privatization has contributed a lot to continued growth and performance of UTL in Uganda especially when it comes to improvement in masts, rehabilitating them and expansion of broadband internet in Uganda.

Further, other key informants reported that privatization led to restructuring of UTL production all over the country. Before privatization in 1990s, UTL used to charge high rates of service fee and airtime to its subscribers but currently these have been scrapped. The capacity to work in such a high competitive environment was pointed out by many of the respondents as the contribution of privatization because this increased on the capital securities in the enterprise.

However, the above position expressed in the questionnaires and interview guide, seems contrary to what documents reviewed indicated. For instance, according to Parliamentary Committee Report (2016), it indicated that privatization of UTL has highly contributed to its downfall

because the number of subscribers for this oldest communication network has been reducing daily and its one of the players in the market with the least number of subscribers who even use UTL simcards as second option. Further, privatization only expanded issues of budgetary indiscipline and corruption since the company debt seems widening every year. All these are clear examples of what is happening amidst privatization (UTL Financial Report, 2015/16).

4.4.2 Findings on Quality of Services offered by UTL

On analysing this, the Likert-scale was used to establish the strength of the variable under the study. It was thus established that those respondents which were found above 3.0 were in support and those which were below 3.0 on the Likert scale were not in support. Table below has details;

Table 6: Descriptive Statistics on Quality of Services offered by UTL

Items	1	2	3	4	5	Mean	Std Deviation
UTL is very clear in all parts of Uganda	61.8%	31.5%	1.3%	1.3%	3.9%	1.03	1.604
UTL Customer care centers are widely spread all over the country	61.8%	25%	0%	3.9%	9.2%	1.09	1.282
UTL has one of the best customer care	53.9%	34.2%	3.9%	2.6%	6.5%	1.11	1.195
UTL network is reliable in all parts of Uganda	42%	35.5%	5.2%	5.2%	11.8%	1.18	1.506
The number of clientele for UTL has been increasing for a good number of years	45%	28.5%	9%	6%	10.5%	1.30	1.165
When there is a faulty in M-Cash services, it is fixed as early as possible	36%	27%	0%	10.5%	25.5%	1.31	.756
The quality of network on UTL is very clear	59%	26.3%	2.6%	3.9%	7.8%	1.41	.926
UTL has one of the best call quality	17.1%	34.2%	26.3%	9.2%	21%	2.08	1.777
The charge rates of UTL are affordable	47.3%	50%	0%	0%	2.6%	2.25	.886
UTL internet services are good	3%	3%	22.5%	40.5%	30%	4.37	1.309

Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of below 3.0 indicates non-existence of the variables under study. This thus, statistically means that the quality of services offered by UTL is poor.

On whether UTL is very clear in all parts of Uganda. Majority of respondents (61.8%) strongly disagreed with this statement. This was further disagreed on by 31.5% of respondents. The mean stood at 1.03 at a standard deviation of 1.604. Since over and above 93% of respondents were in disagreement, it can be believed that UTL is not very clear in all parts of Uganda.

On whether UTL Customer care centres are widely spread all over the country, majority of respondents (61.8%) strongly disagreed with this statement. This was further disagreed on by 25% of respondents. The mean stood at 1.09 at a standard deviation of 1.282. Since over and above 87% of respondents were in disagreement, it can be believed that UTL Customer care centres are not widely spread all over the country.

On whether UTL has one of the best customer care, majority of respondents (53.9%) strongly disagreed with this statement. This was further disagreed on by 34.2% of respondents. The mean stood at 1.11 at a standard deviation of 1.195. Since over and above 88% of respondents were in disagreement, it can be believed that UTL does not have one of the best customer care.

On whether UTL network is reliable in all parts of Uganda, majority of respondents (42%) strongly disagreed with this statement. This was further disagreed on by 35.5% of respondents. The mean stood at 1.18 at a standard deviation of 1.506. Since over and above 77.5% of respondents were in disagreement, it can be believed that UTL network is not reliable in all parts of Uganda.

Further, 45% of the respondents strongly disagreed that the number of clienteles for UTL has been increasing for a good number of years. 28.5% of the respondents disagreed with this statement. The remaining percentage of 20.3% remained neutral, agreed or strongly agreed with the above statement. The mean stood at 1.30 at a standard deviation of 1.165. Since over and above 70% of respondents were in disagreement, it can be believed that the number of clienteles for UTL has not been increasing for a good number of years.

Other items were also strongly disagreed on and agreed on by majority of respondents and these include; When there is a faulty in M-Cash services, it is fixed as early as possible (1.31); The quality of network on UTL is very clear (1.41); The quality of network on UTL is very clear (2.08); The charge rates of UTL are affordable (2.25).

The above statements implied that UTL has a big problem in the quality of services it offers. This is exemplified in the fact that UTL lacks clear network compared to other communication networks in Uganda; lacks below in customer care; has unreliable network in most parts of Uganda; decreasing clienteles for UTL; taking long to attend to its communication faults; poor quality of network and high charge rates. These implied that UTL has poor quality of services offered to its clients and this may explain its poor performance exacerbated by privatization. It only scored on the quality of its internet.

The above reportage seemed contrary to what key informants indicated in an interview. For instance, a good number of key informants showed that there has been much progress done on the quality of services offered by UTL. They exclaimed that the attitude some people have towards its services are ill-founded and political. One of them was quoted in details as below:

“The fact is that the quality of our services keep improving annually...UTL had a bad beginning because it never had enough money and kept relying on government but the moment the company was privatized....much more capital, knowledge, technology and others came into play that is why we are the leading suppliers of broadband internet in Uganda and a big number of clients keeps working with UTL....the call quality has very much improved in all parts of the country...”

Further, other interviewees showed concern of poor quality especially from customer representatives. Perhaps, all these seemed questioning the quality of services offered by UTL. To them, they think that even if the quality of services in UTL has improved but it cannot match other communication networks like MTN and Airtel which came after UTL. To them, there is some mismanagement in UTL and something must have gone wrong. One of them was quoted:

“UTL has been my network for a while but by now I cannot lie to you, I do not take it as the first priority line of communication. I have three Simcards and I know where each serves better but for UTL, I usually keep it as a puppet in my handbag...it has poor network, call rate high, and poor call quality in many parts of Uganda....”

The above quotation confirms the responses from the questionnaire that UTL has poor quality of services and this suggests that the public enterprise is not performing well and this can be assumingly attributed to privatization as it will be correlated in the upcoming sections. This position therefore, is highly supported by documents reviewed. For instance, MOFPED Annual Report (2015) shows that UTL has had a problem of mismanagement and lost touch with the

economy of the country. The company no longer makes profits and its debt keep increasing. Further, the World Telecommunication Development Report (2015) indicates that customers using UTL are highly unsatisfied with its services and its network and internet is too slow when compared to other networks in Uganda. It is just a nominal public enterprise.

4.4.2.1. Correlation results for Privatization and Quality of Services offered by UTL

The first null hypothesis stated, “There is no significant effect of privatization on quality of services offered by Uganda Telecom Limited.” Spearman correlation coefficient (r) was used to test the hypothesis. Table 7 presents the test results.

Table 7: Correlation results

			Privatization	Quality of services
Spearman's rho	Privatization	Correlation Coefficient	1.000	-.669**
		Sig. (2-tailed)	.	.522
		N	59	59
	Quality of services	Correlation Coefficient	-.669**	1.000
		Sig. (2-tailed)	.522	.
		N	59	59

** . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a negative correlation ($rho = -.669$) between privatization and quality of services offered by Uganda Telecom Limited. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .522$) is greater than the recommended critical significance at 0.05. Thus, the relationship was not significant. Because of this, the hypothesis “*There is no significant effect of privatization on quality of services offered by Uganda Telecom Limited*” was accepted.

Thus, the implication of the findings was that the privatization of UTL has had a negative effect on the quality of services offered by UTL. This means that privatization has not adequately improved on the quality of services offered by UTL. The negative effect implies that a change in privatization relates to a negative change in quality of services offered by UTL. The negative nature of the correlation implied that privatization needs to be revised if quality of services offered by UTL is to improve.

4.4.2.2. Regression results for Privatization and Quality of Services offered by UTL

A further analysis was conducted using a regression to determine the effect of privatization on the quality of Services offered by UTL, findings are presented in Table 8, accompanied by analysis and interpretation.

Table 8: Model summary

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.102	.170		6.467	.000
	Privatization	.306	.054	.500	5.693	.000
Dependent variable: Quality of Services						
	R square	.122 ^a			F-statistics	3.098
	Adjusted R Square	.015			Sig.	0.01

The study findings $R^2 = 0.122$ and adjusted $R^2 = 0.015$ implies that for every unit change in quality of Services offered by UTL, 1.5% change in quality of Services offered by UTL is explained by privatization as shown in table 8. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 3.098 which is less than 4.

This implies that there is no significant relationship between privatization of UTL and the quality of services offered by UTL.

4.4.3 Findings on Financial Sustainability of Uganda Telecom Limited

On analysing this, the Likert-scale was used to establish the strength of the variable under the study. It was thus established that those respondents which were found above 3.0 were in support and those which were below 3.0 on the Likert scale were not in support. Table below has details;

Table 9: Descriptive Statistics on financial sustainability of UTL

Items	1	2	3	4	5	Mean	Std Deviation
UTL has never registered losses ever since it was privatized	17.1%	34%	9.2%	26.3%	21%	2.18	1.021
Our Net Interest Margin has also improved for the last three years	25%	26.3%	22.3%	23.6%	6.5%	2.29	1.181
Portfolio At Risk (PAR) has improved in the last three years	11.8%	13%	5.2%	47.3%	22.3%	3.04	.700
Our net income supersedes our operating costs ever since privatization took place	13%	7.8%	13%	38%	27.6%	3.05	.689
UTL 's asset base has greatly increased over time	7.8%	22.3%	2.6%	42%	25%	3.05	.507
UTL's income increases every year	15.7%	10.5%	0%	51.3%	22.3%	3.05	.497
Every year UTL increases shareholder's equity	5.2%	21%	3.9%	35.5%	26.3%	3.08	.578
Our Return on Equity has increased for the past three years	14.4%	6.5%	11.8%	34.2%	30.2%	3.64	.493
All UTL anticipated revenue is dully collected in a given financial year	7.8%	14.4%	9.2%	28.9%	36.8%	4.58	.467

Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.0 indicates existence of the variables under study. This thus, statistically means that the UTL is financially sustainable.

On whether all UTL anticipated revenue is dully collected in a given financial year, majority of respondents (36.8%) agreed with this statement. This was further strongly agreed on by 28.9% of respondents. The mean stood at 4.58 at a standard deviation of 0.467. Since over and above 65% of respondents were in agreement, it can be believed that to high extent all UTL anticipated revenue is dully collected in a given financial year.

On whether the company Return on Equity has increased for the past three years, majority of respondents (34.2%) agreed with this statement. This was further strongly agreed on by 30.2% of respondents. The mean stood at 3.64 at a standard deviation of 0.493. Since over and above 64% of respondents were in agreement, it can be believed that to high extent UTL's Return on Equity has increased for the past three years.

On whether every year UTL increases shareholder's equity, majority of respondents (35.5%) agreed with this statement. This was further strongly agreed on by 26.3% of respondents. The mean stood at 3.08 at a standard deviation of 0.578. Since over and above 62% of respondents were in agreement, it can be believed that to high extent every year UTL increases shareholder's equity.

On whether UTL's income increases every year, majority of respondents (51.3%) agreed with this statement. This was further strongly agreed on by 22.3% of respondents. The mean stood at

3.05 at a standard deviation of 0.497. Since over and above 72% of respondents were in agreement, it can be believed that to high extent UTL's income increases every year.

Other items were also in agreement with most of the respondents and these included; UTL's asset base has greatly increased over time (3.05); Our net income supersedes our operating costs ever since privatization took place (3.05); Portfolio At Risk (PAR) has improved in the last three years (3.04).

The above responses thus mean that UTL scores high in financial sustainability. This is because the enterprise collects dully all its revenue; its return on equity has been increasing for the past three years; the enterprise is increasing its shareholder's equity every year, its income increases every year; UTL's asset base is also greatly increasing over time and its net income supersedes its operating costs ever since privatization took place. These are clear indicators of financial sustainability of the company.

However, on the other hand, some of the respondents indicated that the company was not financially sustainable. For instance, some of the items that confirm such a claim included; UTL has never registered losses ever since it was privatized (3.09) Our Net Interest Margin has also improved for the last three years (2.58). This implies that UTL is still incurring losses and its debts are keeping on expanding. These partly threaten the financial sustainability of the company and can later lead to its downfall.

Congruent with the study findings above, a big number of interviewees seemed supportive of the fact that UTL is financially stable and sustainable. They admitted that the company has had some challenges including financial challenges due to some losses in certain undertakings but it has remained stable in communication network in Uganda. They further pointed that UTL does a lot of things in communication not necessarily calling but activities like broadband internet, cordial relationship with other communication business, media airtimes, corporate social responsibilities and so many others. These have been the cornerstone of its high financial stability in businesses in Uganda. One of the key informants had this to say:

“We have always been called in parliament and presented our performance reports and a big number of them on committee appreciate because they know the environment which we work in...though we having been battling with issues of management...we have remained a strong company and financially very stable...I think UTL still has the bigger asset base than any company in Uganda....and all telecommunication companies still uses our masts and pay us accordingly...so this should tell you that UTL will never be declared bankrupt or failed”

The above information implies that UTL is still financial stable and sustainable and this is attributed to its asset base and the tax base collected from other telecommunication companies using its services. However, this partly threatens its sustainability because its keeps relying heavily on money collected from other telecommunication companies and in case these companies get their own masts and other partner in business and leave UTL, the company might become non-sustainable since it lacks direct sales with clients in Uganda.

The above findings seemed verily contrary to what documents read. According to UTL Annual Report (2016), UTL in its endeavour to finance operations, it decided to raise the additional

capital through debt to finance company assets. The company started by borrowing USD13 million and another additional top up of USD 7 million from Standard Chartered Bank, then proceeded to issue a 5year corporate bond of UGX 54 billion in 2002 where it managed to raise UGX 24 billion at an interest rate of 21.462% (MoFPED Budget, 2002). Secondly, Uganda Telecom borrowed over USD 38.5million in 2007 to be repaid in six years with a grace period of 1year, however, this loan has up to now still stands and the company has to repay a lot of interests (UTL Financial Reports, 2014/2015). The outstanding debt to foreign and local suppliers stands at a staggering figure of over USD7million. The debt burden standing at a tune of UGX 32 billion and \$38.5million, incurred by Uganda Telecom Limited posed a serious challenge to the company’s growth activities and subsequent transformation of its Value.

4.4.3.1 Correlation results on Privatization and Financial Sustainability of UTL

The second null hypothesis stated, “There is no significant effect of privatization on financial sustainability of Uganda Telecom Limited.” Spearman correlation coefficient (r) was used to test the hypothesis. Table 10 presents the test results.

Table 10: Correlation results

			Privatization	Financial sustainability
Spearman's rho	Privatization	Correlation Coefficient	1.000	-.544**
		Sig. (2-tailed)	.	.139
		N	59	59
	Financial sustainability	Correlation Coefficient	-.544**	1.000
		Sig. (2-tailed)	.139	.
		N	59	59

** . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a negative correlation ($\rho = -.544$) between privatization and financial sustainability of Uganda Telecom Limited. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .139$) is greater than the recommended critical significance at 0.05. Thus, the relationship was not significant. Because of this, the hypothesis “*There is no significant effect of privatization on financial sustainability of Uganda Telecom Limited*” was accepted.

Thus, the implication of the findings was that the privatization of UTL has had a negative effect on the financial sustainability of UTL. This means that privatization has not adequately improved on financial sustainability of UTL. The negative effect implies that a change in privatization relates to a negative change in financial sustainability of UTL. The negative nature of the correlation implied that privatization needs to be revised if financial sustainability of UTL is to improve.

4.4.3.2. Regression results for Privatization and financial sustainability of UTL

A further analysis was conducted using a regression to determine the effect of privatization on the financial sustainability of UTL, findings are presented in Table 11, accompanied by analysis and interpretation.

Table 11: Model summary

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.102	.170		6.467	.000
	Privatization	.376	.054	.572	5.693	.000
Dependent variable: financial sustainability						
	R square	.137 ^a			F-statistics	3.776
	Adjusted R Square	.029			Sig.	0.01

The study findings $R^2 = 0.137$ and adjusted $R^2 = 0.029$ implies that for every unit change in financial sustainability of UTL, 2.9% change in financial sustainability of services offered by UTL is explained by privatization as shown in table 11. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 3.776 which is less than 4. This implies that there is no significant relationship between privatization of UTL and its financial sustainability.

4.4.4 Findings on operational efficiency of Uganda Telecom Limited.

On analysing this, the Likert-scale was used to establish the strength of the variable under the study. It was thus established that those respondents which were found above 3.0 were in support and those which were below 3.0 on the Likert scale were not in support. Table below has details;

Table 12: Descriptive Statistics on operational efficiency of Uganda Telecom Limited

Items	1	2	3	4	5	mean	Std Deviation
The repayment of our loans has been done on the due debt	23.6%	36.8%	30.2%	6.5%	3.9%	2.14	1.589
All UTL services are usually on time	21%	30.2%	18.4%	22.3%	21%	2.19	1.540

All customer complaints are addressed promptly	9.2%	32.8%	19.7%	25%	14.4%	2.24	1.444
UTL has enough capital to undertake its plans	15.7%	39.8%	12.8%	22%	17.6%	2.43	1.444
The performance has attracted new investors	10.5%	19.7%	30.2%	22.3%	14.4%	3.16	1.307
UTL has a good investment portfolio	3%	28.5%	31.5%	30%	6%	3.24	0.765
The competence of our staff is good enough	11.8%	25%	48.6%	0%	15.7%	3.26	.667
UTL has the required labour force	3.9%	3.9%	7.8%	52.6%	31.5%	4.12	.433
UTL sells a number of products and services	2.6%	2.6%	6.5%	53.9%	34.2%	4.14	.476
UTL operates 24hrs a day	0%	5.2%	16.6%	44%	33.1%	4.22	.498

Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of below 3.0 indicates non-existence of the variables under study. This thus, statistically means that UTL lacks in operational efficiency on a high extent.

On whether the repayment of loans has been done on the due debt, majority of respondents (36.8%) disagreed with this statement. This was further strongly disagreed on by 23.6% of respondents. 30.2% remained undecided. The mean stood at 2.14 at a standard deviation of 1.589. Since over and above 60% of respondents were in disagreement, it can be believed that to high extent the repayment of loans has not been done on the due debt.

On whether all UTL services are usually on time, majority of respondents (30.2%) disagreed with this statement. This was further strongly disagreed on by 21% of respondents. 18.4%

remained undecided, whilst, 22.3% were in agreement and 21% strongly agreed with the statement. The mean stood at 2.19 at a standard deviation of 1.540. Since over and above 50% of respondents were in disagreement, it can be believed that to high extent that all UTL services are not usually on time.

On whether all customer complaints are addressed promptly, majority of respondents (32.8%) disagreed with this statement. This was further strongly disagreed on by 9.2% of respondents. 19.7% remained undecided, whilst, 25% were in agreement and 14.4% strongly agreed with the statement. The mean stood at 2.24 at a standard deviation of 1.444. Since, it appears that over 40% were in total disagreement and 39% were in agreement. This means that there is a lot of unawareness envisaged in the reportage done. This was only confirmed by key informants who indicated that all customer complaints are addressed promptly.

Further, 39.8% of the respondents disagreed that UTL has enough capital to undertake its plans. This was further strongly disagreed on by 15.7%. 22% were in agreement, while 17.6% were in strongly agreed. The mean stood at 2.43 at a standard deviation of 1.444. Since, it appears that over 55% were in total disagreement. This means that UTL has no enough capital to undertake its plans.

On whether, the performance of UTL has attracted new investors, 30.2% of the respondents tended towards undecided, 22.3% agreed with the statement, 19.7% disagreed. The mean stood at 3.16 at a standard deviation of 1.307. Since, it appears that majority were indecisive, it is clear

that most of the respondents were doubting the performance of UTL to have attracted new investors and this is a good measure of poor performance.

Last statements were on the other hand, agreed and strongly agreed on by majority of respondents and these included; The performance has attracted new investors (3.16); UTL has a good investment portfolio(3.24); The competence of our staff is good enough(3.26).

The above findings implied that UTL has operational impediments and these lies in high debt demanded to the company that consumes much of its incomes, late delivery of services, increasing levels of complaints from clients which are not addressed promptly due to lack of resources, lack of required capital to undertake its plans in time, lack of good climate to attract new investors; poor investment portfolio of the company and undoubted competence of UTL staff. These threaten the performance of UTL.

On the other hand, some of the items were indicated with means above 3.0 which meant that UTL partly had no impediments in its operations. Among these items included: UTL has the required labor force (4.12); UTL sells a number of products and services than it was before (4.14); UTL operates 24hrs a day (4.22). This thus means that to a certain extent UTL operates efficiently since it has the required human resources, sell more and different products by now and the company operates all the time. These are signals of operational efficiency.

The findings from the interviewees seemed incongruent to what most of the respondents in the questionnaire had indicated. For instance, a bundle of key informants reported that UTL

operations are only affected by external unbearable factors but internally the company operates very well. They indicate that the company has been growing at a speed of light ever since it was privatized. The company was reported to have enough staff and capital to run the business.

However, in line with the major finding in questionnaire above, some of the key informants did not believe that UTL had operational efficiency. This was because they indicated that the media is full of reports that confirm company poor performance and mismanagement. The ever increasing debt demanded to UTL has also threatened its operational efficiency, lack of adequate capital to fund its operations especially expansion. It was quoted from one of the key informants saying:

“I do not think that there are no serious investors who can invest in UTL. The performance of UTL is not good at all because, the company is staggering with high debts, it is not still directly competitive in the market, but rather, the market is limited to MTN and Airtel Uganda. This should signal something to anyone who would love to credit the operational efficiency of UTL in Uganda.

The views from the interviewees seemed to tally with what the documents reviewed indicated. They showed that the operational efficiency of UTL is very low and media reports continually confirm this assertion. New Vision (2016) showed UTL is now left with broadband internet which has no much competition. Therefore, it can be reached that operational efficiency of UTL is highly questioned. This study will assess whether operational efficiency of UTL has a relationship with privatization.

4.4.4.1 Correlation results on privatization and operational efficiency of UTL

The second null hypothesis stated, “There is no significant effect of privatization on operational efficiency of Uganda Telecom Limited.” Spearman correlation coefficient (r) was used to test the hypothesis. Table 13 presents the test results.

Table 13: Correlation results

			Privatization	Operational efficiency
Spearman's rho	Privatization	Correlation Coefficient	1.000	-.387**
		Sig. (2-tailed)	.	.099
		N	59	59
	Operational efficiency	Correlation Coefficient	-.387**	1.000
		Sig. (2-tailed)	.099	.
		N	59	59

** . Correlation is significant at the 0.05 level (2-tailed).

Findings show that there was a negative correlation ($\rho = -.544$) between privatization and operational efficiency of Uganda Telecom Limited. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .099$) is greater than the recommended critical significance at 0.05. Thus, the relationship was not significant. Because of this, the hypothesis “*There is no significant effect of privatization on operational efficiency of Uganda Telecom Limited*” was accepted.

Thus, the implication of the findings was that the privatization of UTL has had a negative effect on operational efficiency of UTL. This means that privatization has not adequately improved on operational efficiency of UTL. The negative effect implies that a change in privatization relates

to a negative change in operational efficiency of UTL. The negative nature of the correlation implied that privatization needs to be revised if operational efficiency of UTL is to improve.

4.4.4.2. Regression results for Privatization and operational efficiency of UTL

A further analysis was conducted using a regression to determine the effect of privatization on the operational efficiency of UTL, findings are presented in Table 14, accompanied by analysis and interpretation.

Table 14: Model summary

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.102	.170		6.467	.000
	Privatization	.433	.054	.609	5.693	.000
Dependent variable: operational efficiency						
	R square	.200 ^a			F-statistics	2.065
	Adjusted R Square	.087			Sig.	0.05

The study findings $R^2 = 0.200$ and adjusted $R^2 = 0.087$ implies that for every unit change in operational efficiency of UTL, 8.7% change in financial sustainability of services offered by UTL is explained by privatization as shown in table 14. The results of Analysis of variance (ANOVA) for regression coefficients revealed that the significance of F statistics is 2.065 which is less than 4. This implies that there is no significant relationship between privatization of UTL and its operational efficiency.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summaries of the findings, discussions of objectives set for the study, conclusions derived from the findings, and the recommendations that will help in improving performance of Uganda Telecom Limited based on the findings of the study. Limitations, contributions of the study and areas of further study are also suggested.

5.2 Summary

The study established a number of findings, the summary of the findings are outlined here under; The study was based on three performance attributes which included quality of services offered, financial sustainability and operational efficiency and the results indicated that, Uganda Telecom Limited undertakes the all three attributes (quality of services offered, financial sustainability and operational efficiency) are threatening the performance of UTL. The study established that the effect of privatization on performance of UTL was inadequately weak, negative and not significant.

5.2.1 The effect of privatization on quality of services offered by Uganda Telecom Limited.

The hypothesis that there is no significant effect of privatization on quality of services offered by Uganda Telecom Limited was tested and accepted. This was because of the unfavourable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is - 0.669, in respect to the hypothesis and statistically not significant at 0.522 which is greater than 0.05 (level of significance). This means that the lower the privatisation, the worse the quality of services offered by Uganda Telecom Limited.

5.2.2 The effect of privatization on financial sustainability of Uganda Telecom Limited

The hypothesis that there is no significant effect of privatization on financial sustainability of Uganda Telecom Limited was tested and accepted. This was because of the unfavourable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is - 0.544, in respect to the hypothesis and statistically not significant at .139 which is greater than 0.05 (level of significance). This means that the lower the privatisation, the worse the financial sustainability of Uganda Telecom Limited.

5.2.3 The effect of privatization on operational efficiency of Uganda Telecom Limited

The hypothesis that there is no significant effect of privatization on operational efficiency of Uganda Telecom Limited was tested and accepted. This was because of the unfavourable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is - 0.387, in respect to the hypothesis and statistically not significant at 0.099 which is greater than 0.05 (level of significance). This means that the lower the privatisation, the worse the operational efficiency of Uganda Telecom Limited.

5.3 Discussion of the study findings

The discussion of the study findings has been made as per the study objectives below;

5.3.1 The effect of privatization on quality of services offered by Uganda Telecom Limited

The first hypothesis stated, “There is no significant effect of privatization on quality of services offered by Uganda Telecom Limited.” The inferential statistics indicated that there is no significant effect of privatization on quality of services offered by Uganda Telecom Limited. This finding is in line with the literature of Baylis (2002) who had earlier asserted that the quality

of services provided by the firm were idealised from the proponents of privatisation as supposed to improve due to change of hands in provision of services. Baylis (2002) however, indicates that despite the fact the quality of services delivered by privatised firms tend to improve, the level of affordability among the people is very low compared to when they are still in the public hands since the private sector works to have more profits made. Pamacheche and Koma (2007) thus ascertain that organisation restructuring creates reliability in services delivered. Reliability is a true definition of quality. For instance, Pamacheche and Koma (2007) undertook a survey in seven companies operating in United Kingdom before and after privatisation. It was established that the quality of services that were being delivered by most of these companies before being privatisation were below standards since the government officials only worked for the sake of working and have their salaries paid. However, the quality of services improved 80% under privatisation of these companies. Those which did printing, their printing quality and innovation improved and those in tourism, the new invention in handling tourists improved maximally. Those which were in commercial banking, the number of clients increased due to quality of services.

Nalingigwa (2010) in support of the above findings added that after privatisation process in United Kingdom, most of the public companies had their service quality improve. It was found out that a number of clients started appreciating the quality of services especially in those companies that had been privatised was improving and a number of evidence suggested that a number of companies had their services improve like electricity services started improving; water services started improving and banking services also started improving. Pamacheche and Koma (2007) further suggests that with privatisation become aggressive and produce new

products which are of good quality which satisfy the needs of the clients. Privatised firms make the business environment more competitive and innovative in the way that service quality generally improves in the whole industry of doing business (Aktan, 2008). Aktan (2008) add that privatised goods and services tend to lower on the prices of consumer goods and this generally brings on board numerous products and services that benefit the general community.

Megginson et al (1994) on contrary, reported that the accessibility of consumer goods and services are has been improving due to privatisation due to reallocation of ownership and resources. Pamacheche and Koma (2007) further argue that restructuring of firms encourage competitions and improves customer services as well as reducing on the prices. Privatisation has been a factor behind increasing reliability of service delivery because companies are working on angles of improving sustainability of service delivery. Khan et al (2011) ascertained that the manifestation of improvement in the performance of an organisation lies in putting it into the private hands and outsourcing, usually productivity of most public sector organisations is not held in lack of resources, it is held in lack of private occupants who can think in line of acquiring profits and success. Whenever, the owners tend to look at something to do with public good, it becomes hard for a company to have success and its performance is exacerbated.

The theory supported that without proper adherence to privatisation, the quality of services provided at UTL is worse. Therefore, privatisation can be used to explain the poor quality of services offered by the company.

5.3.2 The effect of privatization on financial sustainability of Uganda Telecom Limited

The second hypothesis stated, “There is no significant effect of privatization on financial sustainability of Uganda Telecom Limited.” The inferential statistics indicated that there is no significant effect of privatization on financial sustainability of Uganda Telecom Limited. These findings are confirmed by the works of Khan et al (2011) who had earlier agitated that a number of privatised firms lacked sustainability and most of them kept on changing names and the politicians kept on changing managers but still, delivery of services would remain below standards. The introduction of privatisations in developing countries show the improvement in sustainability of parastatals because the essence of attracting shareholders and meetings the contractual agreements with state, they had to put in place mechanisms and operations that directly show chances of being sustainable because the downfall of organisations serving public goods to the public can mean the failure of governments. The provision of subsidy also called for a lot of opposition from the citizens and this is the areas that showed that privatisation had enhanced on financial sustainability especially when it comes increasing profitability and revenue growth.

In Uganda, according to Nalingigwa (2010), the sale of Housing Finance Bank opened a way of generating more funds from private individuals and this increased its width of doing business. The prices of houses went high, their quality improved and the company level of sustainability became very well established. From this basis, the bank generated a number of clients on board than when it was completely government. To reap the advantages that accrue with privatisation, it becomes important that the company goals are known and all important stakeholders are put on

board and this will always guarantee some kind of financial sustainability because if the goal is to merely make profits, many will find the company unsustainable because it will not invest money for structural development but to the serve profit generation. Financial sustainability, guarantee the future of the company since its level of productivity tends to hit high, efficiency and effectiveness increases and the competitive advantage also increases. These in total leads to formation of capital and more investments are always done. It is behind these facts that anyone can conclude that the company is financially sustainable (Ugorji, 1995).

Jerome (2008) further adds that privatisation further comes with financial sustainability of the economy because these private firms tends to generate the required revenue and provide employee to people as well as tax from individual. All governments now whenever they want to reduce on costs of running a public company, they always seek for privatisation or concessions (Nalingigwa, 2010). There are a number of services that can be delivered by private companies but cannot be delivered under the previous arrangement. Governments these days strive to make sure that they pass resolutions to allow outsourcing and PPPs. The emergency of privatization movements across the world came with a belief that most public service organisations were a big expense and poorly losing psychical advantages Omran, 2001).

The theory supported that without proper adherence to privatisation, the financial sustainability of UTL is worse. Therefore, privatisation can be used to explain the financial sustainability of the company.

5.3.3 The effect of privatization on operational efficiency of Uganda Telecom Limited

The third hypothesis stated, “There is no significant effect of privatization on operational efficiency of Uganda Telecom Limited.” The inferential statistics indicated that there is no significant effect of privatization on operational efficiency of Uganda Telecom Limited. These findings confirmed the works of Boubakri and Cosset (1998) who had earlier agitated that the reason of introducing privatization across the world also had a major reason of improving the operational efficiency in state owned. This was because it becomes easy to make new investments in all areas that seem lacking, new technology is introduced and governance of an organisation tends to improve also in the name of improving performance (Jerome, 2008). According to the Government of Kenya Session Paper (2005) on privatization of State Corporation, it indicated that the reason for privatising some state owned enterprises was to ensure that the operational efficiency is improved by making sure that corporate governance and administration is revised. Further, to make sure that the new investments are done in resource generation, new skilling and new equipments be introduced. Further, privatisation was done as a way of introducing a more sophisticated team that can adequately mingle with new technologies and meet service delivery in time. These enable the government of Kenya to reduce on losses that were being incurred. Firms become more accountable and new infrastructures would easily be put up that enhanced the operations of these parastatals (Chebukati, 2014).

Meggison et al (2004) in Namibia, they undertook a study on the operational efficiency of privatised firms. On the 61 firms that were examined, it was found out that 47 on the firms had had their operational efficiency improve due to selling out of most shares to private owners. It was found out that most of employees had become innovative and their productivity at work had

increased due to motivation strategies that had been introduced. New technologies of stopping scam and fraud were put into place and financial losses were reduced. Megginson et al (2004) thus indicated that they found enough evidence to pin the fact that privatisation had increased on the operational efficiency of a big number of firms and those which were not performing well had issues in the way they selected the private owners, investors and management.

Peters (2001) explains there is need to minimize redundancy of functions to prevent effective competition among agencies. Indeed, there is need to minimize redundancy in the regulatory framework where citizens and corporations complain about multiple and conflicting requirements. The belief in the efficiency of markets as means of allocating resources is the root of market approach; if there is effective competition to provide services, there should be minimal redundancy of functions. The service provision should be integrated to provide for greater efficiency for both client and government. The redundancy may enable agencies to play off each other with some agencies running away from the responsibility and accountability. In the case of KRC/RVR, even with regulatory redundancy, it would have been efficient from the perspective of Ministry of Finance seeking to gain information about the financial performance of the corporation working together with the regulated organizations. The integration of services of the agencies is presumed to provide greater efficiency for both parties in this case the Ministry of Finance and transport. However, conflict arose with regards to provision of the quality service where no ministry was ready to take responsibility thus blaming each other.

The theory supported that without proper adherence to privatisation, the operational efficiency of UTL is worse. Therefore, privatisation can be used to explain the operational efficiency of the company.

5.4 Conclusions

5.4.1 The effect of privatization on quality of services offered by Uganda Telecom Limited

The first objective was “To establish the effect of privatization on quality of services offered by Uganda Telecom Limited.” The research question was “What is the effect of privatization on quality of services offered by Uganda Telecom Limited? The researcher had hypothesized that, “There is no significant effect of privatization on quality of services offered by Uganda Telecom Limited.” The findings of this study showed that privatization negatively affect the quality of services offered by Uganda Telecom Limited ($r=-0.669>0.05$). Centered on the empirical results of this study, it is concluded that Uganda Telecom Limited needs to ensure that they revise their customer services, improves it call quality, network quality and internet.

5.4.2 The effect of privatization on financial sustainability of Uganda Telecom Limited

The second objective was “To establish the effect of privatization on financial sustainability of Uganda Telecom Limited.” The research question was “What is the effect of privatization on financial sustainability of Uganda Telecom Limited? The researcher had hypothesized that, “There is no significant effect of privatization on financial sustainability of Uganda Telecom Limited.” The findings of this study showed that privatization negatively affect financial sustainability of Uganda Telecom Limited ($r=-0.544>0.05$). Centered on the empirical results of this study, it is concluded that Uganda Telecom Limited needs to ensure that capital base and resources are added to meet financial needs of UTL for sustainability.

5.4.3 The effect of privatization on operational efficiency of Uganda Telecom Limited

The third objective was “To establish the effect of privatization on operational efficiency of Uganda Telecom Limited.” The research question was “What is the effect of privatization on operational efficiency of Uganda Telecom Limited? The researcher had hypothesized that, “There is no significant effect of privatization on operational efficiency of Uganda Telecom Limited.” The findings of this study showed that privatization negatively affect operational efficiency of Uganda Telecom Limited ($r=-0.387>0.05$). Centered on the empirical results of this study, it is concluded that Uganda Telecom Limited needs to ensure that much is invested on institutional restructuring and concessions if operational efficiency is to improve at UTL.

Generally, this means that the less the practicing of privatisation, the worse the quality of services offered by Uganda Telecom Limited.

5.5 Recommendations

In light of the above conclusions, below are the suggested recommendations as each study objective;

5.5.1 The effect of privatization on quality of services offered by Uganda Telecom Limited

The study recommends that Uganda Telecom limited should revise the quality of its services especially call quality, network coverage, charges and customer care services. These are too imperative if privatized firms like UTL are to meet the demands of the people and capture the market. This can be achieved by use of public private partnership that can allow easy outsourcing

some services like marketing, management, accounting and others can see the service quality offered by UTL.

5.5.2 The effect of privatization on financial sustainability of Uganda Telecom Limited

Further, it is important that consistent auditing of books is done and reports be disseminated to the public. This can be done by ensuring that management of UTL are consistently grilled in the Parliament of Uganda to establish the exact answers on the problems that is holding the financial sustainability of UTL.

5.5.3 The effect of privatization on operational efficiency of Uganda Telecom Limited

Thirdly, there is a lot of political interference in decision making of privatized firms, UTL being a government agency, the ministry responsible and UCC needs to make sure that UTL is monitored and meeting all the operational prerequisites. Therefore, operational efficiency of UTL needs to be revitalized by making sure that competent staff are in place, financial resources are mobilized, service quality is improved and many others.

5.6 Areas recommended for further study

- i)** The study recommends that further research in this area could maintain the variables and the same methodology but larger samples and a broader geographical area preferably from another public enterprise in Uganda
- ii)** The study recommends research into how privatization mechanism used by the government affect performance of public enterprises in Uganda.
- iii)** The study also recommends that further research in this area could maintain the variables and the same methodology but use another study population.

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APPENDICES

APPENDIX I:

QUESTIONNAIRE FOR JUNIOR OFFICIALS AT UGANDA TELECOM LIMITED

INTRODUCTION

Dear Respondent,

The researcher is a student of Masters of Business Administration at Uganda Management Institute (UMI), Kampala, Uganda. He is undertaking a research to generate data and information on “The effect of privatisation on performance of public enterprises in Uganda using a case study of Uganda Telecom Limited (UTL)”. You have been selected to participate in this study because you are in the best position to have a say as far as this study is concerned. The information you provide is solely for academic purposes and will be treated with utmost confidentiality. Kindly spare some of your valuable time to answer these questions by giving your views where necessary or ticking one of the alternatives given. Indeed your name may not be required. Thank you for your time and cooperation.

SECTION A: BACKGROUND DATA

Please circle the numbers representing the most appropriate responses for you in respect of the following items:

- 1. Your gender a) Male b) Female

- 2. What is your age group? a) 20-29, b) 30-39, c) 40-49, d) 50 and above

- 3. What is your highest level of education?
a) Post Grad Diploma, b) Bachelor’s degree, c) Masters’ degree d) Doctorate
e) Others (specify) -----

4. For how many years have you been using UTL?

- a) Less than one year b) 1-5 years c) 6-10 years 4) Over 10 years

SECTION B: INDEPENDENT VARIABLE – PRIVATISATION

In this section please tick in the box that corresponds to your opinion/view according to a

scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No	Statement	1	2	3	4	5
1	Privatization led to improvement in the management of UTL					
2	Privatization of UTL enabled restructuring to take place which has increased on the masts used by the company					
3	The expansion of UTL services improved after privatization					
4	The capital of UTL increased after privatization					
5	UTL masts customer service centers are widely spread after privatization					
6	The quality of staff recruited in UTL has been improving since privatization took place					
7	The quality of our network very much improved after privatization took place					
8	Budgetary discipline has highly improved due to privatization					
9	Rehabilitation of masts and other equipments has been done due to privatization					
10	Accountability is highly emphasized in UTL after privatization took place					

SECTION C: DEPENDENT VARIABLE – PERFORMANCE OF UTL

i) Quality of Services offered by UTL

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	UTL has one of the best call quality					
2	The quality of network on UTL is very clear					
3	The number of clientele for UTL has been increasing for a good number of years					
4	UTL has one of the best customer care					
5	UTL network is reliable in all parts of Uganda					
6	When there is a faulty in M-Cash services, it is fixed as early as possible					
7	The charge rates of UTL are affordable					
8	UTL Customer care centers are widely spread all over the country					
9	UTL is very clear in all parts of Uganda					
10	UTL internet services are good					

ii) Financial Sustainability

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	Our Return on Equity has increased for the past three years					
2	Our Net Interest Margin has also improved for the last three years					
3	Portfolio At Risk (PAR) has improved in the last three years					
4	All UTL anticipated revenue is dully collected in a given financial year					
5	UTL 's asset base has greatly increased over time					
6	UTL's income increases every year					
7	Our net income supersedes our operating costs ever since privatization took place					
8	Every year UTL increases shareholder's equity					
9	UTL has never registered losses ever since it was privatized					

iii) Operational efficiency

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	Statement	1	2	3	4	5
1	All my complaints are addressed promptly					
	UTL operates 24hrs a day					
2	All UTL services are usually on time					
3	The performance has attracted new investors					
4	UTL has a good investment portfolio					
5	UTL sells a number of products and services than it was before					
6	UTL has enough capital to undertake its plans					
7	UTL has the required labor force					
8	The competence of our staff is good enough					
9	The repayment of our loans has been done on the due debt					

THANK YOU FOR YOUR PARTICIPATION!

APPENDIX II:

**INTERVIEW SCHEDULE FOR EXECUTIVES AND SUPERVISORS AT UGANDA
TELECOM LIMITED**

1. As an administrator, do you think privatization of UTL has improved the quality of services offered in UTL? *Please tick the appropriate option.*

- a) Yes b) No

b) If yes? What shows? (Probe areas of quality of service improvement)

.....
.....

c) How has privatization improved on quality of services at UTL?

.....

2) As an administrator, do you think privatization of UTL has improved its financial sustainability? *Please tick the appropriate option.*

- a) Yes b) No

b) If yes? What shows? (Probe areas of financial sustainability of the firm)

.....
.....

c) How has privatization improved on financial sustainability at UTL?

.....

3) As an administrator, do you think privatization of UTL has improved operational efficiency at UTL? *Please tick the appropriate option.*

- a) Yes b) No

b) If yes? What shows? (Probe areas of operational efficiency improvement)

.....
.....

c) How has privatization improved on operational efficiency of UTL?

.....

THANK YOU SO MUCH

APPENDIX III:

DOCUMENTARY REVIEW

	Documents	Aim
	UTL annual Reports (2010-2016)	Performance of UTL in terms of quality, operational efficiency and financial sustainability
	UTL strategic plan (2013-2018)	<ul style="list-style-type: none">• Privatization strategies• Performance Plan• Quality assurance
	UTL budget (2016/2017)	Financial sustainability
	UTL budget performance (2016/2017)	<ul style="list-style-type: none">• Performance plans• Performance implementation strategies
	UTL Audit reports (2016)	Performance of UTL

APPENDIX IV:

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie & Morgan (1970, as cited by Amin, 2005)

Note.

N is population size.

S is sample size.