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LITERATURE REVIEW ON PRIVATIZATION TO DEVELOP PRIVATIZATION MANAGEMENT MODEL

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ABSTRACT

At the outset proposed research draws the concepts from Economics, Organizational change and marketing management. The intended research is to draw "Successful Disinvestment Program", here Management brings Organizational Change concepts to implement change in economic policy i.e. Investment to Disinvestment. This extensive literature survey finds an enormous research on Privatization in the dimensions of economics, political and on social aspects. There is an acute shortage on how to implement privatization in the management dimension. This research brings change management into economics and intended to design the action plan to implement economic policy change management successfully.

This Extensive Literature survey has studied world Privatization in multifaceted way. This encompassing and in-depth study covers every associated angle of privatization. This study has multiple different chapters which covers Privatization Theories, Organizational Change Theories, Organizational Change Factors (i.e. Communication, Perception, Attitude, Opinion, awareness), Marketing Aspects (Re-branding, Repositioning & Advertising), Previous Investment Communications, benefits-challenges, Implementation Aspects (i.e. process, timing, methodology, strategy), Public Sector Restructuring, Privatization Learning's... This Proposal intended to provide a holistic approach to privatization in-terms of successful implementation.

KEYWORDS :Disinvestment Program, Privatization, Management of Privatization, Management of Disinvest-



ment, Privatization implementation.

2.INTRODUCTION

India is the 4th largest economy in the world in terms purchasing power and having challenges in its path of growth, in her initial years of independence, India adopted Investment in Public sector as a major role of its economic policy however as the time passes, gradually moving from public sector driven economy to liberal private sector economy. This economical movement or transformation faced challenges through electoral changes of government. If Disinvestment is good then what is holding back, a deep analysis shows that previous "Public sector driven economic policy" and its positioning and communication may be blocking changes towards privatization. Since previous communication has

positioned benefits and advantages about public sector hence unless and until Government introduces systematic re-communication and repositioning, implementing Privatization will be a challenging task. Change can be implemented only through organized economic policy change Management.

This extensive literature survey found there is an unattended gap or holistic approach for Privatization implementation and management. Adopting organizational change concepts into economic policy change is not found. Thousands of research shown benefits of privatization, even then privatization faces challenges while implementation, political and social risk unattended. Proposed research "Management of Privatization" intended to provide way to address challenges and resistance. This proposal identified reasons behind challenges and made an honest attempt to bring out acceptable and smooth implementation of privatization.

3.THEORIES ON PRIVATIZATION

This chapter discusses various theories on privatization and illustrates their views. Among such theories agency theory, Property right theory, Transaction cost theory and public choice theory offers the farthest argument about ownership reform.

Michael C Jensen & William H Meckling (1976) integrated the Theory of Agency, Property rights and theory of finance to develop "A theory of Ownership Structure of the firm". Authored define the concept of agency cost, shows its relationship to the 'separation and control' issue and investigates the nature of the agency costs generated by the existence of debt and outside equity, demonstrates who bears the cost and why and investigates the pareto optimality of their existence.

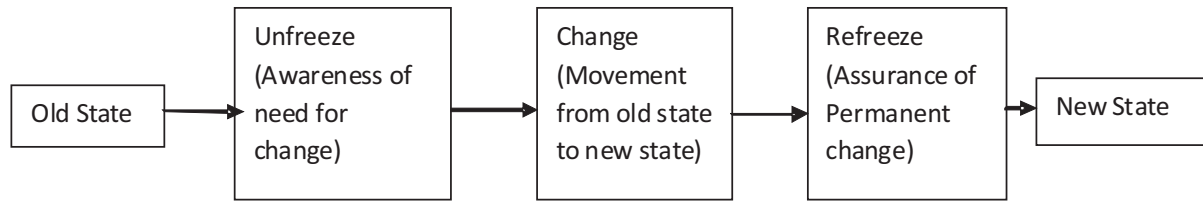
Maja Drakic(2007), discussed and analyzed the phenomenon of Privatization in the contest of different economic theories, arguing that empirical results go in favor of the "Public Choice theory" many theories argue that transition from one economic system into another. For example transition from collectivistic, socialistic system into another capitalism and free market economy with dominant private property. Author says Privatization cannot give results if it's not followed by comprehensive change of economic system, because privatized companies would not be able operate in the old environment.

4. ORGANIZATIONAL CHANGE THEORIES

Organizational Change, a vibrant force in the current fast changing scenario of rapid developments, is an inevitable feature of life. The environment within and outside the system is changing at ever increasing pace, creating the need for timely response to the environment and eventually for deep seated transformations within the system itself. Several models of organizational models have been developed by researchers. Few the of the organizational change management theories discussed in detail.

Kurt Lewin's Theory of Change Management

Kurt Lewin suggests that efforts to bring about planned change in the organization should approach change as a multistage process (Lewin, 1951). His model of planned change is made up of three steps – Unfreezing, Change and refreezing – as shown in below figure.

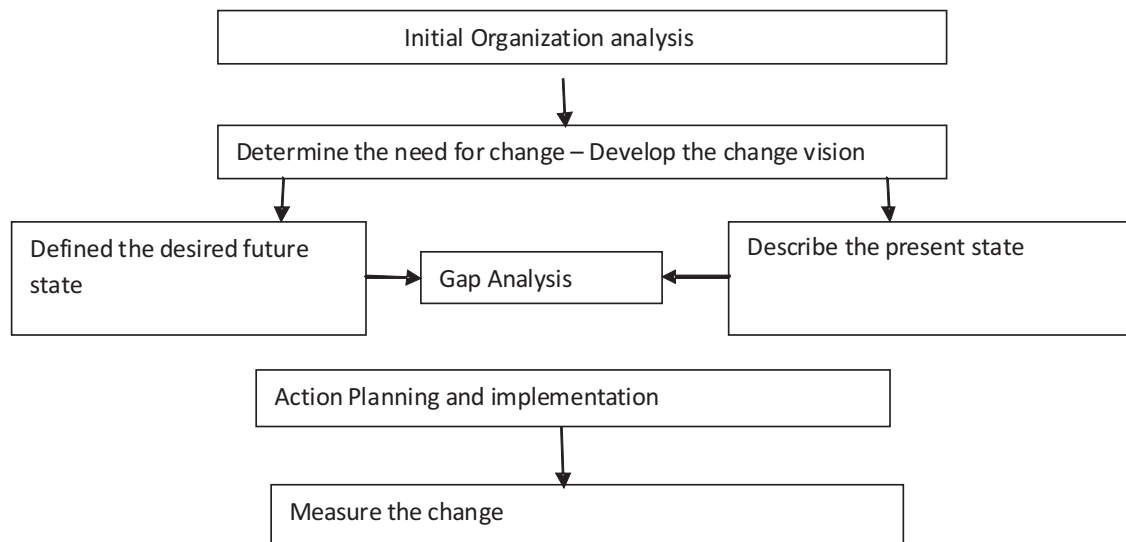


Lewin's three stage model is a powerful tool for understanding change situations. Edgar Schein further improved this model by specifying the psychological mechanisms involved in each stage.

John P. Kotter's Eight Steps to successful Change

John Kotter's highly regarded books "Leading Change" (1995), and the follow up "The heart of change" (2002), describe a helpful model for understanding and managing change. Each stage acknowledges a 8 key principle identified by Kotter relating to people's response and approach to change, in which people see, feel and then change.

Beckhard and Harris Change Model



Change Formula:

$$C = \text{Dissatisfaction} * \text{Vision} * \text{First Step} > \text{Resistance}$$

According to Beckhard and Harris's framework the type of actions that change leaders may take can be categorized fairly simply into eight sets: (1) changes in mission/purpose; (2) redefinition of strategy; (3) shifts in objectives or performance targets; (4) alterations in organization culture, values, or beliefs; (5) organizational restructuring; (6) technology changes; (7) task redesign; and (8) changing people.

5. Organizational Change Factors & Privatization

The experiment of moving from one economic policy to another is less addressed as a holistic approach. The transition from collectivistic, socialistic system into capitalism and free market economy with dominant private property will not happen through few institutions or just stating for change. Well

organized, systematic and professional approach may yield the result of successful change. The holistic approach regarding privatization implementation by using change management theories not found however few of the factors of organizational change are applied on privatization such researches are limited in number.

5.1 Literature on Privatization Attitudes

David D Madzikanda & Ezinne I Njoku (2008) quotes that Privatization is not just an economic project and political philosophy and for it to be successful, human forces require central considerations (Fernandez and Smith 2006). It is important to win the hearts and minds of employees since their attitude will determine whether privatization will succeed or not.

5.2 Literature on Privatization Communication

Ousanee Sawagvudcharee (2012) in his paper identifies faults in internal communication problems in the privatization program; Author emphasis planned organizational transformation by understanding (1) Environment of the organization (2) Adopting appropriate strategies that match each hierarchical level of organization and (3) Allowing stake holders to participate in smooth manner. This change needs involves change in 1. Attitudes 2. Beliefs and 3. Cultural values of individual people. The study found that most of the time, the employees received unclear communication about the privatization. There were also many unclear viewpoints presented to them.

5.3 Literature on Privatization – Organizational Development perspective

Mpho M Pheko (2013) proposes that OD intervention should be used in effecting privatization. The Burke-Litwin model is recommended as a robust framework for diagnosing the need for change and for the planning of privatization intervention in emerging economies. Author emphasized for a strategic plan that articulates the strategic goals, mission, vision, values, financial goals customer goals, process and technology, employees competency requirements, performance indicators, timelines for achieving objectives, resource requirements, assumptions and risks of implementation. Other areas addressed by author are External Environment assessment, Culture assessment, Leadership and management Practice, Employees.

5.4 Literature on Program Naming / Branding & Repositioning

Rebranding is very much popular in Marketing and Business world however the same powerful tool not seen in Economic Program communication, I strongly believe that there is need of Rebranding of good economic program/policies to communicate correctly. Why to fear or hesitate when economic policy is right Mari Juntunen, Salla Saraniemi & Riitta Jussila (2009) in his paper made an attempt to provide a new Rebranding Framework as a process. Author feels that existing literature lacks a general model describing how the phases of corporate re-branding occur. Author proposes seven main phases in corporate rebranding namely triggering, analyzing and decision making, planning, preparing, launching, evaluating and continuing. Each of these phases consists of sub-processes which might be overlapped, and should not be considered as static.

Marc Gobe (2001) in his book illustrates how to create and need of emotional branding. Branding is a people to people business, not a factory to people business. A brand needs to have human qualities and human values-it needs personality, expressing corporate culture through imagery that engages people. If you can make consumers desire a partnership with your brand, you have created an emotional connection that spells long connection. The Ten commandments of emotional branding are

(1).The to consumers to People (2).From Products to Experiences (3).From Honesty to Trust (4).From Quality to Preference (5).From Notoriety to Aspiration (6).From Identity to Personality (7).From Function to Feel (8).from Ubiquity to Presence (9).From Communications to Dialogue (10).From Service to Relationship. The Four pillars of emotional branding are Relationship, Sensorial Experiences, Imagination and Vision.

Paul Ryan, Mike Moroney, Will Geoghegan & James Cunningham (Aug 2007) in his paper explores the concept and process of strategic repositioning based on the case of Bulmer's Cider in Ireland. Author quotes that Repositioning is a conscious adaption to a changing environment, representing fundamental shift in the firms value proposition (Turner 2003). A Framework for successful Repositioning proposed with elements is Core Strategic Values, Strategic Flexibility/Learning capabilities, Customer Awareness and Sensitivity, External Orientation, Management Commitment and Belief in the Product and Brand. Author found the image problem with the product but nothing problem with the product and most people would tell you in response, 'No, but my perceived idea is that it is jungle juice'. Bulmer's embarked upon a strategy to change consumer prejudice about their cider brand. Repositioning helped company to increase its market share from 31% in 1990's to 81% in 2003.

David A Aaker& J Gary Shansby (1982)extensively discussed on positioning strategies. Author identifies positioning in different meaning for different people it may be segmentation for few, it may be image question for many for others positioning may be emphasizing on product features... A Product or organization has many associations which combine to form a total impression. The positioning decision often means selecting those associations which are to be built upon and emphasized and those associations which are to be removed or de-emphasized. The Positioning is crucial strategic decision for a company because positioning is central to customer perception. Most frequently used positioning strategy is associating a product with an attribute, a product feature or customer benefit.

Ries & Trout (1992) beautifully explained importance of Positioning and Repositioning in their book named "positioning: The battle for your Mind". Author says that "You know that you and your company are special, but your potential customers won't know unless you tell them". It's more than just showing the features of your product; you have got to explain the benefits. Positioning is not what you do to a product – it's what you do to a prospect's mind to condition how he/she thinks about the product. By focusing on the customer rather than the product....you learn principles and concepts that can greatly increase your communication effectiveness. The crux of repositioning is to undercut an existing concept, product (or person). The importance of Name is vital to products. Because Name stands for something amidst the cluttered market place. Naming Begins the Positioning Process. The better names often tell the prospect about the major benefit.

5.5 Public Preference and Opinion& Perception

As per the Perception Survey of "The Department of Political Science and Public Administration" (2002) of "University of Dar Es Salaam", 55.2% respondents were of the opinion of Privatization itself is indeed a good policy. The survey found that only 24.1% respondents saying Privatization policy is bad. However in the overall survey, educated respondents favored Privatization.

Leisha Dehart-Devis, Gordon Kingsley(2005)has made an attempt fill the prevailing gap in identifying managerial perception on privatization. Author expected that manager with stronger professional identity would have more negative privatization perception. Negative reactions to privatization were expected based on the potential for contracting-out to violate this autonomy, blur operational boundaries, and shift managers away from the work of their training and towards contract

management. The data provide mixed support for this expectation. When measured as a preference for technical work over consultant management, professional identity is strongly correlated with negative perceptions of privatization's agency, but not personal impact.

Okechukwu Dominic Nwankwo & Uche G Akam (2011) in their paper investigated the perceptions of different categories of workers on privatization of Nigerian Public Enterprises, Author included Private as well as Public sector employees for his research at different levels, total 1009 respondent's surveyed using cluster sampling for this purpose. Author in his research found that Employees support for Privatization as they are frustrated by political economy of government. However employees expect that the entire program must be conducted in an honest and transparent manner so nation gets benefit out of it.

5.6 Previous Communication on Public Sector Investment and Benefits Record

While building each public sector enterprises, benefit of such enterprises aggressively communicated through various channels and at various occasions. This kind of previous communication on public sector investment is relatively more in democratic countries especially during elections and yearly budget announcements. This research has found such relevant communications on investment. Hence argues for unfreezing such beliefs and refreeze benefit of open economy without public sector.

National Annual Budget: In a democratic country like India public sector enterprises built with great celebration. This celebration starts from project announcement, designing, planning, foundation laying, and completion. These projects were the main talking point during elections. I.e. Previous Strong Positive Positioning in favor of Public Sector Enterprises. Here I am quoting some parliament budget of previous governments as example.

Planning Commission Records: - Planning Commission In its approach to the Seventh Five Year Plan '1985-90' said that the establishment of a competent 'National Power Grid' by 1990 and a modern efficient communication system in the power sector must be provided. Planning Commission in its approach to Eighth Five Year Plan gave more preference social orientation of Public Sector Enterprises.

6. OFFICIAL REPORTS BY GOVERNMENT SET UP COMMISSIONS

Rangarajan Committee Report-1993:

The Indian government set up a committee under the chairmanship of C.Rangarajan to enunciate a policy on disinvestment. The major recommendations of the committee were as follows: (Committee submitted its report on April 1993 to Indian Government)

- The percentage of equity to be disinvested should be 49 percent in the industries reserved for public sector and 74 percent in other cases
- Instead of year-wise targets of disinvestments, a clear action plan should be evolved
- Advised on corporatization of PSU's, Debt restructuring and setting up an independent regulatory commission for the sector
- Share valuation need to consider social and commercial aspects
- Preferential shares to employees need to be devised
- 10% of the proceeds to need to be reserved for PSU's development plans
- A standing committee on disinvestment may be constituted to oversee the action plan for reforms.

Rangarajan Committee Report -1998:

Fifty PSU's were referred to the commission by the government for advice and recommendation on disinvestment. By March 1998, the commission has examined 41 PSU's. The commission formulated a 3 part recommendation- disinvestment at various levels for 12 PSU's, strategic sale of equity in 21 enterprises, and no disinvestment in 8 enterprises. The commission recommended greater operational autonomy for the PSU's and induction of non-official, outside directors on the boards. The dismantling of APM was specified as a pre-condition for disinvestment of equity in companies in the petroleum sector. The commission also gave its views on important issues such as Voluntary Retirement Scheme (VRS) and Employees' Pension-cum-Insurance scheme.

7. OPPOSITION TO PRIVATIZATION & LEARNING'S OF PRIVATIZATION

Privatization never been an easy program, since beginning of the program, It has faced several types of oppositions. According to John Nellis, Privatization won many kinds of war but failed to win political war. Apart from the Political opposition, we notice resistance from labor organizations, civil society movements against privatization, corruption, legal battles, price rise and unemployment concerns. Some detailed research discussed below in detail.

Avihay Dorfan & Alon Harel (2012) considers Privatization is certain form of violence. Its primary foci are the Privatization of Prisons and the use of mercenaries in wars. The article maintains that some governmental decisions simply cannot be executed by private entities. While private individuals may act in conformity with the states orders, such conformity cannot count as an execution of the order of state and cannot be attributed to state. This article challenges first, some governmental decisions simply cannot be successfully executed by private entities as the goods resulting from these decisions can be realized only if the state performs these tasks; and second, execution by state requires the direct involvement of public officials.

Privatization is facing resistance in transition countries as an evidence Author uses opinion poll survey across developing countries such as Russia, Mexico, Latin America, Srilanka, Vietnam, China and India.

Randall S Wood(2004) in his paper strongly defended the privatization by quoting the benefits of efficiency gains, positive effect on GDP, Positive fiscal effect, Economic growth, productivity, social welfare, positive effect on labor and employment and positive effect on income distribution. Author finds that corruption in privatization program creates a popular opposition to privatization program, Author also points that wrong process and methodology results into opposition. Author gives example of Bolivia water privatization, Tanzania Electric supply company privatization....

8. LEARNING'S OF PRIVATIZATION

Violeta & Perez-Corral(1999) discussed important learning's out of previous disinvestment across the world. Some of the important points as follows (1).Privatization fought with formidable obstacles (2).Eight important points are privatization works best when efficiency is promoted like in UK, Chile and New Zealand, Regulation is critical, scope to privatizing management with ownership transfer like contracting & leasing, restructuring is the mantra for large company privatization, Transparency is critical, social safety need to be developed, encouraging competition should be on priority and Developing private sector should not be neglected (3)Privatization is not a cure for all (4)Making Privatization to work-important points are Political Transparency, right institutional frame work, privatize the easy first, broaden the capital market, valuation according to market (5)Privatizing Social services – Chile, Columbia and Argentina may be referred as a model for education, health and pension

reforms. (6)Privatizing utilities – Experience from Africa, America, Asia and Europe can be referred. (7)Having right privatization policy.

Lesley Davies, Kathryn Wright & Catherine Waddams Price has synthesized privatization research and its impact on utility sector in different countries. This paper identifies issues to be considered by policy makers concerned with economic reform, including the implication of sequencing privatization together with competition, regulation and industry restructuring, the role and importance of independent regulatory agency.

Corporate affairs division, Directorate for Financial and Enterprise affairs, OECD (2009) countries has raised privatization proceeds approximately US \$487 billion over the period of 8 years during 2000 – 2007. The report aimed to record the good practices of privatization among OCED countries. Report addressed issues like Administrative Responsibility, Legal consideration and approvals, regulation and competition. Report also addressed Privatization Process related areas like Decision to privatize, preparing the company for privatization, privatization methods, timing and sequencing, the role of external advisors and assessment and auditing of the privatization process. Corporate governance and transfer management also taken up in the report.

Rachael E, Goodhue, Gordon C, Rausser and Leo k Simon (1998) challenges the view that Privatization and market advancement are broadly thought to be reciprocal changes experiencing significant change economies. Creator supposition is if privatization sought after energetically, privatization may hinder the move procedure taking after advancement. Creator utilized unequivocal model of market learning process, which is a natural segment of any move from communist economy – in which markets and market establishments are either nonexistent or exceedingly twisted by government mediations to a completely working business sector economy. Creator contends for recognizing such areas which are having relative favorable position, as these are mutilated through sponsorships, charges, generation standards and non-showcase impacts.

Jie Jan (2008) detailed experience and lessons of Chinese Privatization. Author says China adopted gradual Privatization unlike Shock Therapies of Central and Eastern Europe. Large scale privatization occurred in late 1990s especially during 1995 – 2005, china has sold approximately 100000 firms valuing 11.4 trillion RMB worth of assets. China adopted multiple approaches to privatizing its SOEs. These approaches included share issue privatization (SIP), joint ventures with foreign firms, management buy-outs (MBO), and sales to outsiders, etc. Author also points that least availability of Data on Chinese Privatization. China has adopted the policy of retain the large and release the small, as per the policy except large 300 corporate rest all were sold through regional governments. Management buy-outs (MBOs) are by far the most popular method, accounting for about half (47%) of all privatization programs. The second most important method is selling to outsiders, which is used in 22% of privatization events.

9. LITERATURE ON RESTRUCTURING OF PUBLIC SECTOR ENTERPRISES

Economist has advised restructuring of public sector enterprises especially with monopoly public enterprises. The argument is to establish competition and accountability. Corporatization and commercialization are the two buzz words in the restructuring program. Below are the few research papers for more details.

Peter T Calcagno, Frank Hefner & Marius Dan (2006) argued in favor of enterprise restructuring before privatization by taking example of Romanian Steel Industry. The economic transformation from centrally planned economy to market based economy may have many issues and need to be addressed very carefully. Government has to choose either gradual process or big bang (shock therapy /

spontaneous privatization) approach based on pragmatic approach. Author points Cohen (1993) argument of gradualism is the key for the success of the transition process in Eastern Europe. He claims that rapid transition will fail and the outcome will be massive unemployment, bankruptcies, and social distress ultimately requiring the intervention of the state. Author also points out Sachs (1992) argument of Privatization of enterprises is important for a successful transition. Sachs (1992) claims that commercialization should be first step toward privatization. Commercialization converts the enterprises into a treasury owned joint-stock company. After commercialization, the next step requires the restructuring of the enterprises.

Economic & Social Commission for Asia and the Pacific (2003), in its paper intended to support the Asia & Pacific countries with respect to Railway restructuring, specifically assist policy makers, transport planning authorities and railway managers...The report aimed at railway restructuring in terms of effective management, market aligned, commercially responsive and financially independent organization. Identifying alternative models of railway restructuring and providing details on railway restructuring in Asian and European countries. The report emphasizes separation of Railway Infrastructure from railway operations to bring efficiency in the system and commercialization of railway support companies along with creating competition among railway operation companies will yield result.

10. LITERATURE ON PRIVATIZATION METHODS

Jonathan P Doh & Hildey J Teegen (2002) studied either to go for Full Privatization or partial scale privatization in Telecom Sector by using proprietary data base of emerging economies and tried to investigate what all the factors involved and responsible for kind of privatization. Author has drawn the idea from Strategic Management and Financial Economics in his paper. Author has tried to fill the research gap in the field of partial vs. full privatization. Research could evaluate the "strategic fit" between state and investing firm to predict the anticipated benefits of merger to the strategy of the acquirer based on the congruence or complementarity of the assets and operations of the merging firms (Chatterjee 1986, Uhlenbruck and Decastro 1998)

11. LITERATURE ON PRIVATIZATION STRATEGY

Arben Malaj & Fatmir Mema (2003), in their paper titled "Strategic Privatization, Its achievement and Challenges", discussed on how to improve the privatization image, through new strategies, concepts and approaches. Paper stressed on Multi sector, Transparent, fast effective and continuous privatization program. Paper also discusses on institutional and legal frame work for Privatization Program which emphasizes on Selecting Strategic Investor, Criteria for selection, appraising offers and revenue utilization after privatization. Author also reviewed Social impact and Future of privatization. Key points of the paper are "Identifying the right company, Transparency, Effective way, Selecting suitable investor and support after privatization". Author identified 3 effects of privatization 1. Privatization will not bring economic growth immediately 2. Employment security will be concern due to competition and 3. Financially beneficial to government in the immediate condition.

Lili Xu & Sang Ho Lee (2012), in their paper discussed on strategic choices on privatization policy in an international mixed market under an open economy. Author examined the relationship between optimal privatization and tariff policies in an international market. Author shown that the equilibrium degree of privatization depends not only on the relative efficiency between state owned enterprise and private firms, but also on trade policy. Competitive optimal degree of privatization in the local country is always lower than the global optimum, but the competitive optimal degree of tariffs in the local

country is always higher than the global optimum. Therefore international competitive equilibrium involves less privatization and a higher tariff. Even though they are jointly sub optimal.

“PEEPA Strategic Plan 2011-2016” This strategic plan prepared majorly to face the economic crisis that created socio-economic problems. This strategic plan introduces a major shift in activities and practices across the privatization dept. This plan allows PEEPA to prioritize its activities and to monitor these on a monthly, quarterly and yearly basis. Plan includes advising government on the strategies for privatization as well as implementing approved transaction. PEEPA shall identify fundamental, structural, regulatory, administrative and legislative adjustments that needed to be made for the effective delivery of the privatization Programme. Initially PEEPA will focus on to build highly skilled and competent organization with proper process, procedures and documentation system.

12.KNOWLEDGE ON ECONOMIC – POLITICAL – SOCIAL FACTORS OF PRIVATIZATION

Nancy Birdsall and John Nellis (2002) has distinguished that Privatization programs likely compounded dissemination of advantages and salary, in any event in the short run especially in the move economies subject to enterprises like Banks, Oil organizations and other regular assets anyway it seems poor got advantage in Telecommunication and power. Creator recognizes that 63% of the respondents reviewed in the spring 2001 in 17 nations of Latin America differ or emphatically couldn't help contradicting the announcement "The privatization of state organizations has been valuable".

G.A. Mackenzie(1998) contends that when in doubt, the returns of privatization ought to be dealt with as financing and not as income. Privatization ought not be taken to fill gap in the financial plan. Its motivation is to accomplish a redeployment of advantages in the economy from the general population area. Subsequently, privatization ought to prompt to perpetual increment in the level of total yield, if not in the rate of development, and be welfare improving. However numerous administration are considering privatization to be budgetary assets. The paper expected to recognize climate privatization continues are best seen as a type of income a "deficiency deciding" thing that can change position of monetary strategy, and along these lines add to an adjustment exertion –or as a type of financing, similar to a security issue.

Two cases selected for study Case I: an enterprise is less worth in public sector than as a going concern in the private sector. **Case II:** An enterprise has a higher value in the public than the private sector. In the case I, private sector entails a positive social rate of return. In the case II, private sector may benefit from wealth.

Serdar Dinc and Nandini Gupta (2011) investigations shows that Profitable firms and firms with lower wage bill likely to be privatized early. Government delays privatization in regions where the governing party faces more competition from opposition parties. Author findings shows that no firm located in the minister home state ever privatized. Author identified that privatization has a positive impact on the privatized firm.

Arieh Avishur (2000) discusses prevailing different models of privatization across countries and industries. First it establishes the analytical framework determining the impact of privatization on the value of a privatized firm. On aggregate social welfare, and on the relevant interest groups: Taxpayers, consumers, employees and private investors, merging both the income distribution and the production efficiency aspects of the process. Aimed to identify the government principal decision variables, and presents the political tradeoffs faced by the government when carrying out privatization. Work tested the hypothesis that privatization introduces a pareto-dominating mode of operation. Based on four

economical sensible principal assumptions, the paper analysis the government's behavior under alternative objective functions such as maximization of taxpayer welfare, maximization aggregate social welfare, and maximization of social support. The main result reveals that a vote-maximizing government sets the optimal value of decision making variables, depending on the characteristics of political market. Author illustrated the result through cross country and cross industry comparison.

Thorvaldur Gylfason (1998) identifies that privatization is shown to increase national economic output in two sector full employment general equilibrium model by enhancing efficiency as if a relative price distortion were being removed through price reform 'Trade liberalization' or 'stabilization'. The static output gain from reallocation and reorganization through privatization is captured in simple formula in which the gain is a quadratic function of the original distortion stemming from an excessive public sector. Substitution of plausible parameter values into the formula indicates that, in practice the static output gain from privatization may be large. The potential dynamic output gain from privatization also appears to be substantial.

13. INDIAN WORK ON DISINVESTMENT

Milind Sathye (2005) selected partially privatized Banks and studied performance and efficiency for the years of 1998 to 2002. his Investigation found significant improvement among partially privatized banks versus fully public banks in terms of "Return on Assets", accounting ratios. Author identifies that no such significant difference between quality of assets however Author found that Partially privatized banks are catching up with fully private sector banks in terms of overall performance. Strongly believes that gradual privatization has contributed good performance to Indian public banks.

14. UN – WORLD BANK – IMF REPORT

Sunita Kikeri and Aishetu fatima Kolo (2005) in their paper discussed privatization recent trends, issues, proceeds from privatization of 1990-2003, restructuring programs and existing public enterprises. Data taken from World Bank, OECD database, EBRD, Privatization Barometer, Latin Finance - privatization international and government websites. Author finds that Privatization at its peak in 1997 (with \$ 66 billion proceeds) during 1990 – 2003 and fallen gradually. While 120 countries are engaged in privatization proceeds are concentrated to 10 countries mainly from South America. Brazil, Argentina and Mexico are dominated in Privatization in 1990s. China, Poland and Czech Republic are dominated in 2000. During 1990-1999 Brazil, Argentina & Mexico are leaders while during 2000-2003 China, Brazil & Poland are leaders in revenue generators.

Russia introduced voucher privatization in 1992 and issued 150 million certificates and program ended in 1994 by starting loans-for-share schemes, total 15000 companies privatized by voucher schemes which accounted 60% of industrial asset. In 1997 Russian privatization entered third phase by introducing case-by-case privatization, in this phase financial, insurance, aluminum and coal companies were sold. By the end of 2001, 129811 companies were sold about 66% of industrial assets.

The World Bank and Inter-American Development Bank (1998) discussed Initial Preparation, Sale Decision, Addressing methods and challenges, organizing the sale process, valuation methodology and financial issues. Case by case privatization involves selling government shares in state owned firms through public share offerings, trade (third-party) sales or mixed sales. The case by case approach allows governments to resolve the policy issues (such as regulation and labor concerns) surrounding privatization, lets governments sell firms for their market value, provides transparent sales process, can improve corporate governance and attenuate insider influence, and, where required, can bring foreign

management, skills, capital, and marketing know-how to the privatized firm. This approach best suited for medium and large firm's privatization.

Directorate of Financial and Enterprise affairs, Organization for Economic Co-operation and Development (2009) has recorded good practices in its report named "Privatization in the 21st Century: Recent Experiences of OECD countries". Report recorded good practices of Privatization across OECD countries, good practices on Administrative Responsibilities, Legal aspects, Regulatory authorities, Privatization process, methods, Timing, external advisors, auditing and valuation... are recorded in the report. According to Report OECD countries have raised US\$487 billion over eight years during 2000 to 2007. Top 5 privatized countries in terms of amounts are France, Italy, Germany, Japan and Turkey. In the same period largest 5 privatization transactions are Telestra Corp (\$13.7 billion), Deutsche Telecom (\$12.8 bn), ENEL (\$9.5 bn), NT & T Corp (\$8.7 bn) and Electricite de France (\$8.4 bn). Some of OECD countries have framed legislation for example the article 34 of France constitution defines the ownership transfer from public to private. The Reports also highlights the privatization process such as choice of their privatization methods, sequencing and timing, addressing briefly the role of external advisors in privatization as well as governments efforts to deal with employment conditions in the privatized entity. Reports also emphasis on different methods valuation such as discounted cash flow, book value, net asset value, depreciated replacement value, breakup value, price/profit ratio, market capitalization, market/book value, expertise value and price/cash flow ratio....

15. CONCLUSION AND FUTURE DIRECTION:-

This report is the result of extensive Literature survey across the various dimension of privatization. Literature study identifies a research gap with respect to privatization implementation. Enormous work found in the areas of improvement of productivity by privatization policy, efficiency, economic growth, fiscal stability, long run benefits and medium term employment generation. Research work also found with different methods of privatization, Process, impact on society, summary, profitability, corruption, market development, competition...of privatization. However No literature found which involves previous communication and positioning impact of Public sector Investment and subsequent Disinvestment. Unfreezing and refreezing requirement regarding to implement new privatization policy. Proposed research aims at adoption of organizational change concepts to smoothen the implementation of new economic policy of disinvestment in India. This research report is an integrated model involves concepts of organizational change. Research Objectives and methodology carefully designed so that practically research methodology can be tested.

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