PRIVATIZATION ON ORGANIZATIONPERFORMANCE: A CASE STUDY OF UGANDA KENYA RAILWAY

BY

ERNEST KINYANJUI KAMAU

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DECLARATION

I ERNEST KINYANJUI KAMAU, do here declare that the work produced in this research report to the best of my knowledge, has never been presented in other University or institution of higher learning for a similar or any other degree award.

Signed

....

Ernest Kinyanjui kamau

Date 27th JULY, 2009

APPROVAL

I certify that the research report submitted by the candidate was under my supervision. His work is ready for submission for the award of the degree of International Business Administration.

Signed

....

MR. BALIRUNO JOHN THE BAPTIST.

[SUPERVISOR]

Date: 27/05/09

DEDICATION

I dedicate this project to my Dad and Mum Mr. and Mrs. Benson Kamau for their undying love and support they have given me in all my endeavors to this day. They have my fountain of strength and pillars of my firm virtues.

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I would like to acknowledge the assistance, support and participation I received from different people during the research project.

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List of Abbreviation

ERP- Economic Recovery Programmme

KRC –Kenya Railway Corporation

URC-Uganda Railway Corporation

PERD- public Enterprise Reform and Divesture

KRWU–Kenya Railway Workers Union

URWU- Uganda Railway Workers Union

ROCE - Return on Capital Employed

RVR- Rift valley Railway

ABSTRACT

The aim of this study was to examine the relationship between privatization and performance of the R.V.R Consortium. This study was guided by three objectives; to establish what privatization entails and why it proved to be the best alternative for the railway service, the causes for poor performance of the U.R.C and K.R.C and what impact did privatization have of the performance of the Rift Valley Railway Consortium.

Descriptive research design was also used so as to ensure that the two study variables and the way they relate was well described. Secondary data that was used in this research employed information obtained from reviewing already existing literature from various scholars and many other wide array of literature.

The findings showed that privatization was very vital strategy in the Economy Recovery Programme and mobilization of idol state assets evidenced by great significance and transformation of both URC and KRC despite the shortcomings during the transitional period

The researcher recommends that privatization policies should be amended ensure effective and efficient mobilization of former state owned enterprises so as to position themselves and compete its rivals while providing quality services to the public

CHAPTER ONE
INTRODUCTION

1.0 Introduction

In this chapter the researcher mainly focuses on the background of the study, statement of the problem, stating the objectives, the research questions, scope of the study and the significance of the study.

1.1 Background

A social arrangement which pursues collective goals, controls its own performance and has a boundary separating it from its own environment is referred to as an organization wikipedia (2008) government organization; parastatals have been characterized by low capital utilization, poor service delivery and indebtness Ebert (2005) hence poor performance. Performance refers to high level of capacity production efficiency and other forms of activity attribute to psychological and financial welfare of an organization (Barron's 2000)

Majority of Public Enterprises have similar distinct features of high production cost and excessive supplies. Also the absence of a dedicated and motivated civil service and the constraints of strong trade unions leaving such institutions as mare shells thus creating a massive wave of privatization sweeping all over the globe, and Uganda inclusive forcing her to discard her nationalization policy of 1972 dabbed Ugandanisation that saw the expulsion of Asians and an increase of state owned enterprises (Onyach 2005)

Also international bodies like the World Bank and the international monetary fund advised the Ugandan government to adopt privatization as a strategy to revamp the economic depression hence it was introduced under the Economic Recovery Programme (ERP)

Privatization is the transfer of ownership from the public sector (government) to the private sector. It's also described as an unrelated non- governmental interaction involving the buyout of majority ownership of shares of a holding company's stock privatizing a publicity traded stock

The government of Uganda enacted a privatization policy with the aim of promoting a greater role of the private sector in the economy, in which the Uganda Railway was one of the beneficiaries. In April 2006 a concession agreement was signed with the Rift Valley Railway Consortium, owned by the South African company Sheltam Trade close [61%], whilst Comazar [10%],Institute for African Development Trust [4%], Kenya's Prime Fuel [15%] and Mirambo holdings of Tanzania [10%] (Wuma 2007).

1.2 Statement of the problem

The government, in undertaking privatization of state owned corporations as a strategy for the economy recovery and further, in amending its constitution to accommodate private ownership of formally state owned enterprises. An example of corporations that were privatized is the Uganda Kenya Railways.

Despite the government's effort s, the Uganda Kenya Railways has been characterized by increased costs of production, demotivated workforce resulting to operation below the corporation's capacity and general dilapidated railway network.

This research was aimed at establishing the reasons for non achievement of the government's intended purpose of privatization, with a clear focus on the Uganda Kenya Railways.

1.3 Purpose of the study

The study of this topic was to examine the impact of privatization on performance of the Uganda Kenya railway.

1.4 Objectives of the study

i. To establish the effects and challenges of privatization.
ii. To examine the causes of poor performance in the privatised enterprises.
iii. To find out the relationship between privatization and the performance.

1.5 Research questions

i. What are the effect and challenges of privatization?

ii. What are the causes of poor performance in the Uganda Kenya railway?

iii. Is there any relationship between privatization and performance?

1.6 Scope of the study

The researcher limited his study on privatization, performance and the impact or the role of privatization on the performance of the privatized Uganda railway corporation. The researcher also looked at the literature on the privatization and performance of Uganda railway from the year 1995 to present date.

1.7 Structure of the report

The research was organized and presented in five chapters: chapter one briefly discusses the background of the study, it clearly states the statement of the problem, gives the objectives, research questions scope of the study and finally gives the limitation of the project. Chapter two presents the methodology used in data collection, processing analysis and interpretation of the collected data.

Chapter three is devoted to a review of related literature on privatization and performance of URC and KRC. Chapter four presents, interprets and discusses the findings of the study according to the objectives and research questions. Chapter five presents a summary of discussion proposed areas for further study.

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter will focuses on the analysis of the major issues on existing literature on privatization, performance of organization and impact of privatization on performance of the Uganda Kenya Railways studied by other scholars.

2.1 Privatization

According to Swan (1998), privatization is the transfer of state owned companies, parastatals, to private investors who in turn gives a negotiable price, thus becoming the new owners and take up the management responsibilities. Privatization is also defined as an ideological break with a history of state control over most production assets [Estache and Ue Rus 2000]. It also entails the sale 0of government corporations, assets, government industrial assets, government land and local government houses to the general public.

Privatization is also defined as a reduction of government role in the national economies while enhancing private ownership of assets [Gray 1986]

2.1.1 Types of privatization

Privatization can be accomplished through a lease or a sale. The government signed a lease agreement of 25years with Rift valley Railways consortium in which it will provide the railway services till the expiry of the contract ("Sale of the giant Kenya Railway,"2006,p.D4).

Privatization can also take the form of a sale such as the selling 100% of an enterprise, it can even be 51% stake or even a minority as far as the government ceases to have full managerial control.

Classification of public enterprises

class	shareholding	no. of public enterprises
i	100%	16
ii	majority	24
iii	minority	10
iv	nil(fully divest)	46
v	nil(liquidation)	16
total		**112**

Source: Audits towards the reforms of state owned enterprises [1995]

However, if the state tries to raise money by selling part of its share in the state enterprise but doesn't transfer the control to the private sector, it doesn't amount to privatization. (Muganwa 1995) Schneider (2003) came up with two observations concerning privatization; one is that it involves private ownership of assets. Secondly it can be applied in three different methods explained below

Private sector providing public service. The responsibility for the provision of a service is delegated to the private sector and individuals purchase the amount of service they desire from them. For example solid waste collection by private companies in various towns such as Nabogabo collection firm in Kampala.

Secondly is the private sector choice financing and production of a service. This is a joint initiative by both government (*public*) and the private sector in providing the service. The government is responsible for the provision of the service, but it then contracts private individuals and firms to provide the desired services, hence it is the private sector that executes the services while the government is left to determine the level of service and pay the amount specified in the contract.

Thirdly is the public sector choice and financing with the private sector production for the service selected. For this case the government reduces or eliminates the regulations, restrictions and regulations imposed on private firms in the provision o specified services.

2.1.2 Reasons for privatization

The government initiative to transfer the management and ownership of state owned enterprises to the private sector was proposed with a view of developing a greater role of the private sector, reducing the direct role of government in the Ugandan economy and improves the overall performance of public enterprises.
Various governments have introduced and undergone the process of privatization after taking into consideration of the following reasons discussed below.

Reduction of financial and administration burden to the government. Public Enterprises is characterized by large operating cost increased illiquidity and low productivity, example is the UCB Uganda that was making abnormal losses thus it wasn't in a position to pay taxes. Privatization was the only alternative that would give life to the institution thus the decision by the state to keep few parastatals, however they have to be restructured and managed on commercial basis so as make them self sustaining. [Amah 2000]

The large number of Pubic enterprises within its port folio. In Uganda for instance there are 156 Public Enterprises of which 138 are commercial and 20 of these are lying dormant and others are incapacitated due to wide spread destruction of buildings, equipments and records as a result of previous political conflict and unresolved nature of ownership. [Okecho 1995]

According to a world Bank report[2000] the entrepreneurial culture and the need to increase share ownership by the private sector , leading to mobilization of financial and managerial resources and the promotion of growth capital markets hence economic growth.

Boes and Schneider [1996] commented that budgetary constraints can lead government privatizing its enterprises to be able to reduce on fiscal pressures to finance the fiscal deficits with the private sector proceeds.

The public choice theory. Bartel and Schneider [1991] stated that bureaucrats and politicians are selfish utilities maximizes subject to constraint. Politicians for example may impose their personal and ideological goals of winning elections to remain in power by providing unnecessary employment; increased wages De Allessi [1994] stated that the above could lead to overstaffing and high capital labor ratios hence increases the operating costs. Privatization provides a remedy to such vices.

The elective large educated middle class, able and willing to be trained and acquire the many skills necessary to undertake privatization. Most public enterprises lack the conducive environmental conditions and the necessary tools to attract such labor workforce.

2.1.3 Effects of privatization

Subsidy reduction. Government introduces subsidies so as to make the public goods and services more affordable thus it ends up paying more subsidies in the financing and maintenance of Public Enterprises due to their low productivity, substandard services with lower sales volume. The state is forced to borrow large sums of foreign loans so as to finance the public sector. With the coming of the privatization of Public Enterprises total subsidies have drastically reduced from Ush 250 billion to Ush 5 billion at the start of the reform exercise by 2002. [Ebert 2005]

Downsizing is also a product of privatization. Private companies have conflicting interests between profitability and service level unlike public enterprises whose objective is public welfare maximization and likely to cut back on maintenance or stuff cost training to reduce short term losses. Once such institutions are privatized the goals and objectives shift to profit maximization by the use of *'lean & mean'* strategy and only retaining the key employees so as to maximize profits.

Concentration of wealth. Privatization brings about efficiency and effectiveness in service delivery however all the profits go to private individual pockets instead of the common good of the society. [Sunita &Nellies 2004]
Elimination of essential services. The main role of Public Enterprises is the provision of essential goods and services to the citizens of the country when such institutions are privatized they could abandon the social obligation to those who pay the highest price for the same and to regions that are profitable.

2.1.4 Challenges to privatization

Corruption the vice is backed up by political reasons and personal gains by the top decision makers rather than for the benefit of the society at large. During the privatization process assets could be either undervalued or overvalued enabling the few to benefit from such dealings since it becomes extremely difficult to reverse the deal once its signed for instance the recent sale of the Grand Regency Hotel by the Kenyan government to the Libyan investors.("grand corruption in the grand coalition government," 2008,p.D01)

Stiff opposition from the immediate stakeholders that is the union, the management, clients and the public at large. During the privatization government incurs extra cost of informing and educating the public concerning privatization and also the very many suits filed in courts to block such projects, making it a challenging objective to undertake. [Achire 2005]

Additional borrowing to finance the privatization process. The Ugandan government was advanced a loan of $ 65.6 million after a negotiation and approval by the World Bank to finance the various aspects of privatization .this continues to keep the economy in debt since all the proceeds are used to finance the loan.

Also according to a World Bank report [1998] governments whose nationalized enterprises are non- performing loose the public support and are likely to loose elections, however government with performing and profitable nationalized institutions aren't willing to privatize them due to future election pressures.

2.2 Measures of performance of organizations

Performance is the outcome of any activity undertaken by a firm or individuals in pursuit of their goals.

It's a necessary measure of economic efficiency characterized by high profitability, high growth rate, increased sales and employment.

Derek [2005] views performance in a social aspect where organizations are judged on the basis of their contribution to the welfare of the citizens.

Kaplan &Norton [1992] argues convincingly that performance of an organization should be assessed in four different measures;

Customer share. The customer perspective in which the customer looks for such as timely delivery, delivery services, service quality.

Financial measure. This focuses on sales growth, cash inflows, profits, increased market share.

Internal business measures. This looks at productivity, employee skills life cycle, labour turnover, technology.

Innovation and learning perspective. It focuses on the ability to innovate and improve.

2.2.1 Causes of poor performance in the Uganda Kenya Railway

Efage [2003] identifies external and internal constraints to effective public enterprises performance as current world economic situation including pace of technology reduction, fall in commodity price, a heavy debt burden, proliferation of public enterprises and attendant managerial problems. Discussed in details are some of the causes for poor performance in the Uganda Kenya rail way.

Leadership vacuum. Appointment of members in the parastatals is not based on merit and individual competence but such appointments are based of kinship connections, political party affiliation or the influence of godfathers hence making it difficult for management to efficiently attend to the substantive problems affecting the corporation. Nepotism and corruption in the recruitment and selection of top management personnel will particularly be undermining the morale and productivity and the multiplying effect is incompetence. [Fadahunsi, 1996]

Poor social safety and labor rights. The corporation lacks clear social safety nets and existing labor practices. Most of its workforce does not undergo training wita majority being casual workers; also wage comparison between the highest and the lowest wage earners creates disincentives for upward movement. Such practices make employees incapable, redundant with performance below optimum levels resulting to poor performance. [World Bank, 2008]

According to Olou [1996] financial constraints remains a barrier to public enterprises and The U.R.C was not an exception this is due the fact that it lacks funds (foreign exchange) to enable it procure new, faster and economical locomotives and equipment for effective and efficient operations. In most cases the budgetary allocation is not sufficient and given too late, rendering production to remain low as evidenced from the ever worsening deficit from year to year regardless of the increase in revenues collected.

CPCS Transcom reported that. "The railway is a virtue state of bankruptcy with yearly operating losses and because of the general inability to invest in the more maintenance, the efficiency of operations continue to be low"

Table 1: profit\loss [shillings in thousands and R.O.C.E in %]

Years	***1995***	***1996***	***1997***	**1998**	**1999**	**2000**
Profit\loss	(6,771.879)	(973,009)	(23,130,293)	(6,727,755)	(1,686,608)	(5,448,117)
R.O.C.E	-3.00	-4.30	-9.90	-10.01	-0.7	-2.12

Source: audited accounts URC [1995-2000]

Return on Capital Employed [ROCE] = $\frac{\text{Net Profit before Tax}}{\text{Capital Employed}} \times 100\%$.

Poor procurement and disposal policy, purchasing of sub-standard or wrong items with inflated prices and over estimated quantities creating a shortage the corporation's treasury. Lack of a clear procedure in disposing off the corporation's assets where only few individuals benefit at the expense of the organization. Also carrying other services that the government does not grant reimbursement inability to collect debts from other government agencies.

The implication of macro economic police of downsizing. In our case developing and low developing countries that is Kenya and Uganda respectively, face the problem of unemployment and state owned enterprises such as the railway service providers for the two countries provided employment to a considerable number of both skilled and semi-skilled workers, and downsizing is often politically viewed undesirable as redundancies creates additional budget drain. Hence it becomes difficult for this corporation to conduct business effectively coupled with high cost in paying wages [Ofuso, 2000].

The poor state of machines and infrastructure is also a set back in the performance of the Uganda Kenya rail way. Inadequate initial feasibility studies to ascertain the financial implication and correct technology, an example is the railway line which dates back to the pre-colonial era and can not accommodate the current technological advancement of electric trains. This partly causes excess plant capacity and idle facilities. Machineries are poorly maintained due to partly lack of spare parts, obsolescence of machines and lack of skilled manpower [Donahue, 1998]

Administrative constraints. Inefficient management and poor leadership skills are scrambling block in the running of the corporation. The workforce is exposed to unattractive and disincentives remuneration and inefficient supervision by ministers who don't have the right expertise to supervise the corporation.

2.3 Relationships between privatization and the performance of R.V.R consortium

2.3.1 Privatization process of R.V.R consortium

Poised to allow foreign investments and greater participation of the private sector in the economy, the Ugandan government embarked on a reform program by enacting privatization guidelines under the public enterprise reform and divesture (PERD) statute No 9 of 1993.

Parliament approved in 2001 the strategy to concession Uganda Railway Corporation (URC).

Following the 2003 agreement of the presidents of Uganda and Kenya to concession the two national railway corporations together, the two governments set up a joint steering committee to overview the implementation of the whole process.

In October 2005, the Rift Valley Railway Consortium won the bid to operate both Uganda and Kenya Railways Corporations for 25 years, six months later the Uganda government eventually signed a concession agreement with Rift Valley Railways Ltd in April 2006 and a takeover agreement in October 2006. [Wuma 2007].

2.3.2 Performance of R.V.R consortium

Revenue to the governments. Privatization of the corporations provided foreign exchange to treasury of the tow governments hence reducing on the budget deficit and it will be a source of revenue through collection of corporation tax an also the lease fee for the twenty five year lease period

Introduction of new products. The new management has not only introduced the commuter services to and from the city, to ease traffic flow on roads but has also introduced a luxuries, comfy, lunatic safari on board a 1930 steam engine tour of the rich plains and plateaus of East Africa and the booking is available on-line.

There is an exchange of training programmes between workers based in Uganda and Kenya. This was an initiate to enhance on employee competence and increase on their productivity and promote the spirit of East African community since it was operating in both Kenya and Uganda.

Increased service operation. With the injection of capital and new management take over business has been on the increase due to their reliance and public confidence as more cargo from the port of Mombassa to Nairobi and Kampala being transported via the railway line.

However the firm has faced a number of setbacks of the two years it has been in operation.
Derailing of the rail. This was witnessed early this year after the 2007 disputed presidential poll in Kenya that sow kilometers of rail being destroyed this some of it stolen. Millions of shillings were lost as a result of interruption of the rail services and also in putting up new rail [www.nationmedia.com].
Employee unrest. This can be attributed to the locking out of the workers union (KRWU and URWU) in the privatization process accordingly hence their grievances were not looked upon before the new management took over leaving many lose ends for instance payment of fair terminal and pension benefits among other benefits [Wuma 2007].

Inefficient management. Due to mismanagement of the company the management was forced to retrench some of its workforce without terminal benefits that lead to three week hunger strike by the workers that the two governments had to intervene to salvage the situation before it when out of hand leading to the sucking of the chief executive officer and was replaced by human resource manager.

2.4 Conclusion

Researcher based the study on literature sources like media text commentaries internet and text from different writers. The secondary literature highlighted the relationship between and performance of organization. This was in a bid to advocate for effects that privatization has impacted on the R.V.R.Consotium.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter focused on the methods of data collection, sources of data, data processes and analysis, research design, presentation of findings, as well as the limitations of the study.

3.1 Research Design

The researcher applied the descriptive, qualitative and the casual design so as to establish the impact of privatization on the performance of privatized Uganda Kenya railway can be established.

3.2 Sources of Data

The researcher's source of data were mainly secondary from extracts of existing literature review materials studies and empirical data found in research reports, newspaper articles and World Wide Web.

3.3 Data collection

The secondary methods of data collection from written literature like journals, newspapers articles, textbooks, World Wide Web extracts was used by the researcher.

3.3.1 Questionnaires.

The questionnaire is a form containing a set of questions, submitted to people to gain statistical information and was used to get information on a wide range of issues. This method was chosen because of its associated advantages. Information would be collected within a short period of time. A structured questionnaire was used to determine the perceptions and sentiment that the respondents were likely to have expressed and could not have been of any consequence to the subject under investigation. Pre testing was also used on a small group of employees to check the ambiguity and lack of clarity.

3.3.2 Interviews

The interview method was used to get information on a number of aspects like selection for training, performance, acquisition of skills, knowledge and empowerment. In- depth interview were incorporated using leading questions to probe and seek opinions on the needs of training and performance in Uganda Kenya railway. Personal interviews were conducted to supplement the previous data and hypothesis and also helped to deeper and better understanding of the subject. Group interview were also conducted to gather additional information that considerably added the quality of this study.

3.4 Data processing and analysis

The data was edited, sorted out, coded, cleaned up and error checked.

3.5 Presentation of findings

The findings were presented by the researcher through qualitative description of words and phrases.

3.6 Limitations of the study

i. Scarcity of literature- The literature was scanty and little information was made available on the activities and performance of the privatized Uganda Kenya rail way.

ii. Time- The time allowed to carry out the research and compile the report was limited yet the research project required thorough search.

iii. Finance- The project requires a lot in terms of financial resources in order for the researcher to facilitate literature search, printing as well as other relevant materials.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF THE STUDY

4.0 Introduction

This chapter focuses on the findings of the study and all discussions in details. But mostly documentary analysis and interpretation of existing literature, hence the research presents the findings in a reviewed form of the literature establishing grounds as a platform of evaluation of the impact of privatization on the performance of the Uganda Kenya Railway.

4.1 Findings on factors that influence Privatization

It was revealed that most governments are embracing privatization and Uganda is not an exception, Amah [2000] stated that financial and administrative constraints forced the governments to dispose some of its enterprises by selling them to the private sector to relieve the current exchequer burden.

It has been established that some of the government assets are laying idol and the only strategy to revamp them is by inviting the private individuals to bring on board their management and expertise skills [Okecho 1995].

Privatization provides a remedy against bureaucratic and political influence.[Bertel and Schneider, 1996] explained that politicians and higher ranking officials manipulate the business of these enterprises to advance their own selfish ideologies.

The emergence of entrepreneurial culture and growth of capital markets provided an arena for the private sector to invest their finances and also mobilize their managerial resources in state owned enterprises leading to economic growth [World Bank Report 2000].

The elite and large educated middle class, the government undertook privatization so as to tap their vast skilled labor leading to economic growth and brain drain.

4.2 Findings on the performance of the Uganda Kenya Railway

The Uganda railway corporation like most of the state owned enterprises was faced by both internal and external constraints [efage2003] which greatly affected its performance and its competitiveness to other forms of transportation.

It has been established that little or no budgetary funds were allocated to the giant corporation making it difficult for it to procure new efficient and economical machinery leaving it heavily indebted the few running engines being way above their optimal capacity [Olou 1996].

Donahue [1998] argues that the poor state of machines and infrastructure greatly affected the performance as no initiative was taken to upgrade them to the current technological advancement making it difficult for the corporation to effectively and efficiently meet its target.

The research revealed that the corporation lacked competent leaders to steer it into prosperity as management appointment wasn't based on merit but once influence thus it becomes a problem to formulate and implement strategies and goals of the organization[Fadahunsi, 1996].

It also established that safety and labor rights are ignored [World Bank, 2008] majority of the workforce being casual and semi skilled are under paid and do not go for any training leaving them incompetent and redundant which is transformed to operations below.

4.3 Relationship between privatization and performance of the R.V.R Consortium

In the course of the research it has been established that there was increased revenue on the side of the government as proceeds from the privatization process reduced the budget deficit and the taxes levied are a source of government income Change of guard at the management level. After the signing of the lease agreement new, experienced and competent management board was instated to bring the firm to its previous glory.

The research established that new products were designed especially as attraction to the tourism industry by the introduction of the lunatic safari on board a 1930 steam engine used in the colonial era

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

In chapters one to four the researcher empirically reviewed literature on the effects of privatization on the performance of the RVR consortium. Hence in this chapter the researcher gave his conclusion and recommendation.

5.1 Summary of findings

In the course of the study the researcher noted that privatization is one of the key strategies for ERP, giving life to collapsed state owned institution. However years later after RVR was privatized, it still faced serious challenges in the running of a railway service system across two borders.

5.2 Conclusions

Two governments embarked on privatization of its public enterprise only with a view of reducing subsidies for the public sector and transportation service therefore neglecting other areas of concern in the privatization process.

It was revealed that the privatization act doesn't provide a provision for post privatization monitoring reducing the government to a toothless watchdog over the mismanagement of public resources by private individuals.

The researcher discovered that the governments doesnt carry out enough campaigns to sensitize the public on privatization and its process rather meetings are held on closed door meetings leaving no room for public scrutiny.

Inefficient production technology, this is evidenced by the unavailability of new locomotives and wagons while giving the old rusty engines a new paint job.

It was also established that there was a gap in the human resource due lack of training programmes making it difficult for the employees to meet the demands of its clients.

It was revealed that product technology is far from satisfactory as the needs of the clients are yet to be satisfied. This was attributed to the poor state of the infrastructure leading to delays in the delivery of cargo.

5.4 Recommendations

The government should run carefully designed campaigns on privatization to enlighten the general public on the policies, activities and benefits of privatization.

The legislative arm of the state should also amend the laws to allow for post privatization monitoring so as to protect the interests of the public.

Need to mention is that all the stakeholders in the privatization process that is the workers union, the civil society among others should be involved in the negotiation where all the concern parties can raise their grievances, and all the outstanding issues are settled prior to the signing of the agreement.

The management of RVR ought to pay attention to the three Ps of marketing mix that is; place, promotion and product so as to provide a competitive advantage over they rivals in the road industry. This can be achieved through a creation of a committee of the key departments such as marketing maintenance R&D among others using" *the swot analysis"* to create new range of products at reduced costs.

The RVR Company can expand its services by aligning with other sister rail networks of the neighboring countries connecting the entire East and Central Africa while enjoying the monopolistic advantage.

5.5 Proposed areas for further studies

During the course of the study the researcher identified the following areas fit for further study:

i. Privatization policies and strategies for their implementation.

ii. Levels of investment and management of RVR Consortium.

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Appendix I

Letter to Uganda Kenya Railway.

Dear Respondent,

I am a student in Kampala International University pursuing a bachelors degree. I will be carrying out a research about privatization on organization performance in Uganda Kenya Railway.

The analyzed questionnaire has been designed to help gather data from respondents. The questionnaire is randomly selected so as to acquire enough information and is randomly distributed to avoid biasness.

I therefore request you to help me facilitate the collection of the necessary and additional data by responding to the questions as with diligence and sincere gratitude.

This information is resuscitated for academic and individual purposes and this I assure you of strict confidentiality to my work and not in any way related to Uganda Kenya Railway.

Yours Sincerely,

ERNEST KINYANJUI KAMAU

Respondents name..

Where stationed...

Appendix II

QUESTIONNAIRE

Part.A

Training

1.Is training of staff done at Uganda Kenya Railway? (a) Yes ☐ (b) No ☐

2. Is there training related to your job? (a) Yes ☐ (b) No ☐

Part.B

Skills

1. Do you think training has impacted on acquisition and improvement productivity of staff at Uganda Kenya Railway?

   (a) Yes ☐ (b) No ☐

2. If yes, to what level? (a) Very much ☐ (b) Much ☐

   (c) Not ☐ (d) Not all ☐

3. Does employing skilled manpower improve training?

   ....

4 How has acquisition of skills staff been over the last few years?

   ....

5 What else can be done to increase skills on employee performance at Uganda Kenya Railway?

   ....

Part. C

Knowledge

1. Do you think training has impacted on knowledge of staff at Uganda Kenya Railway?

   (a) Yes ☐ (b) No ☐

2. If yes, to what extent? (a) Very much ☐ (b) Much ☐

   (c) Not much ☐ (d) Not at all ☐

3. Do you think knowledge has a great influence to employees at Uganda Kenya Railway?

   (a) Yes ☐ (b) No ☐

4. Do you think the years of service in Uganda Kenya Railway influence acquisition of knowledge?

   ....

Part. D

Empowerment

1. Do you think training has impacted on empowerment of staff at Uganda Kenya Railway?

   (a) Yes ☐ (b) No ☐

2. If yes, to what extent? (a) Very much ☐ (b) Much ☐

   (c) Not much ☐ (d) Not at all ☐

3. Do you think empowerment increases in Uganda Kenya Railway and dependant on training?

   (a) Yes ☐ (b) No ☐

4. How do you view empowerment analysis in different performance levels?

   ....

Part. E

Performance

1. Do you think training has impacted on employee performance of staff at Uganda Kenya railway?

   (a) Yes ☐ (b) No ☐

2. If yes, to what extent? (a) Very much ☐ (b) Much ☐

   (c) Not much ☐ (d) Not at all ☐

3. Do you think training influences the improvement employee performance?

   ....

Appendix III

INTERVIEW

Section A

Training

1. Is there training at Uganda Kenya Railway?

Section B

Acquisition and improvement of required skills

Do you think training has impacted on Acquisition and improvement of the required skills for employees at Uganda Kenya Railway?

Section C

Knowledge

Do you think acquisition of knowledge impacts on employee performance at Uganda Kenya railway?

Section D

Empowerment

1. Do you think training has impacted on empowerment of staff at Uganda Kenya Railway?
2. What else can be done to increase empowerment at Uganda Kenya Railway?

Section E

Performance

Do you think training has a great impact on employee performance in Uganda Kenya Railway?