

**EMPLOYEES' PERCEPTIONS ON PRIVATIZATION OF
GOVERNMENT OWNED SUGAR COMPANIES: ACASE
OF MUHORONI SUGAR COMPANY, MUHORONI
SCHEME, KENYA**

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**ARESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER
OF ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE
UNIVERSITY OF NAIROBI**

2012

DECLARATION

This research project report is my original work and has never been submitted for any award in any other University or College.

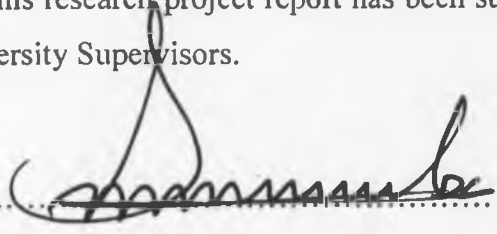
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DEDICATION

This work is dedicated to my dear wife Eunice Awuor Otieno and children Yvonne Houston Otieno, Hillary Odum Otieno, Walter Otieno Otieno (Jnr) and Carroll Faith Otieno, and my late parents Mr. Zedekiah Odum Amollo and Mrs. Perish Anyango Odum. I owe my success to their unwavering support and prayers.

ACKNOWLEDGEMENT

I would like to pay special tribute to my supervisors Dr. Charles Rambo and Dr. Paul Odundo for their invaluable guidance, encouragement, and constructive criticism that made this work possible. I am greatly indebted to them for their scholarly guidance throughout the study. Their expertise, immense experience and consistent sacrifices enabled me to complete the study in time. I have benefited enormously from their feedback and insights. I also highly recognize the great contributions made by Dr. Raphael Nyonje in my work. His input and critique on my initial ideas and work were fundamental in shaping up the study.

I acknowledge the efforts of the entire academic staff of the University of Nairobi, Kisumu Campus that enabled me to undertake of my studies with a lot of zeal. More specifically, I highly appreciate the contributions of my lecturers Professor Omollo Ongati, Dr. Ouru Nyaega, Dr. Maria Onyango, Mr. Wilson Nyaoro and Mr. Michael Ochieng. I also recognize the University of Nairobi Kisumu Campus support staff including Mr Michael Mboya for their many forms of valuable support that facilitated my studies at the University.

I owe a great deal to my employers Eng. Martin O. Owiti and Mr. Kipng'etich K. Bett, my General Manager Mr. Joshua Korir, my Heads of Departments Mr. Joel Wang'endo and Mr. Nichanor Juma for having spared me time to partake of my studies at the University. Special thanks are to the entire Management of Muhoroni Sugar Company who permitted me to conduct the study in the Company and the Company's employees for their active participation as respondents in the study. Also greatly appreciated are my friends and all those who in one way or another contributed in seeing me through this exercise. Special recognition goes to Mr. Kennedy Odhiambo Omondi, Mr. Samwel Otieno Ondola, and Mr. Paul Omboto among many others.

Special thanks go to my dear wife Eunice Awuor Otieno and children Yvonne Houston Otieno, Hillary Odum Otieno, Walter Otieno Otieno (Jnr) and Carroll Faith Otieno for their encouragement and unwavering support throughout my studies at the University of Nairobi. Finally, I thank the Almighty God for granting me good health, strength and resources that enabled timely and successful completion of this study.

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LIST OF ABBREVIATIONS AND ACRONYMS

GoK	Government of Kenya
KSB	Kenya Sugar Board
MOA	Ministry of Agriculture
P C K	Privatization Commission of Kenya
E.A	East Africa
IMF	International Monetary Fund
WB	World Bank
CEE	Central and Eastern Europe
UK	United Kingdom
SOEs	State Owned Enterprises
SCRП	State Corporations Reform Programme
PERP	Public Enterprises Reform and Privatization
KTUF	Kuwait Trade Union Federation
MMS	Mumias Sugar Company
MUSCO	Muhoroni Sugar Company
KCB	Kenya Commercial Bank
KQ	Kenya Airways
GoU	Government of Uganda
SOSCs	State Owned Sugar Companies
PBV	Perception Based View
TBR	Theory of Bounded Rationality
Ltd	Limited
Mngt	Management

ABSTRACT

Privatization refers to the transfer of state activities into the private sector by sale (fully or partially) of going concerns or sale of assets following liquidation. There is little empirical evidence on employees' perceptions and the associated implications on privatization of state owned enterprises (SOEs) in Kenya and more particularly in the Sugar Industry on the planned privatisation of the state owned Sugar Companies, a gap this study has contributed to. Concerns emanating from employees' perceived change in conditions of employment; employees' perceived change in management-union relationships/collaboration; and employees' perceived change in the level of participation in decision-making influence their attitudes on the planned privatization negatively and if not addressed may pose potential danger to the implementation process. This study sought to explore employees' perceptions on privatisation of Government owned Sugar Companies: A case of Muhoroni Sugar Company. The research was anchored on both the Theory of Bounded Rationality and Vithessonthi's Perception Based View Model. A descriptive survey design was used in the study to seek the views of 248 employees randomly chosen from the target population of 714 Muhoroni Sugar Company employees. A self-administered questionnaire was used in the study for data collection. The collected quantitative data was analyzed using descriptive statistics based on frequency distributions and percentage counts while qualitative data was organized into various emerging themes of the study and reported narratively. Microsoft Excel and Statistical Package for Social Sciences (SPSS) were used as tools of data analysis. The study found that 132(62.96%) of the respondents who participated in the study perceived a negative change in their conditions of employment upon privatization of Muhoroni Sugar Company Ltd. It was also found that 191(90.95%) of the respondents projected a decline in the level of employee involvement in the firm's decision making once the Company is privatized. The study further established that 181(86.19%) of the respondents anticipated a decline in the management-union relationship upon privation of the Company. It was also found that the respondents' responses in the study were significantly influenced by their job category and level of education. Based on the findings of the study, the study concludes that majority of Muhoroni Sugar Company employees hold a negative perception on the planned privatization of the Company. The study also concludes that the employees' negative perception is largely informed by the anticipated unfavorable changes in conditions of employment and management-union relationship once the Company is privatized. The study further concludes that employees' perceptions on the planned privatization of Muhoroni Sugar Company are significantly influenced by their level of education and job category. Finally the study concludes that the negative perception established if not addressed may adversely affect the privatization process implementation in the Organisation. The researcher has highlighted the study's contributions to the body of knowledge and acknowledged key sources of information used in the study. The study has also recommended strategies and mitigation measures that could be deployed to address the expressed employees' concerns on privatization as a public sector reform policy for enhanced positive perception, acceptability and effective implementation of the process. Finally, the study has suggested areas for further research for a deeper understanding of the subject of investigation and greater generalization of the findings.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Privatization has been perceived by various researchers as a means of reducing the role of government from direct service provision and to encourage private sector participation and competition (Sheshinski and López-Calva, 2003). Madzikanda and Njoku (2008), view privatization as an act of converting previously public owned assets, activities or service delivery to private ownership and management, with little government involvement except in setting up standards and regulatory mechanism to protect the interests and safety of the public as well as creating a conducive environment to improve efficiency and effectiveness. Generally put, privatization is a change process of transferring the ownership (or government jurisdiction) of a public business from a public department to a private department.

After several decades of poor performance and inefficient operations by state-owned enterprises (SOEs), governments all over the world earnestly embraced privatization for enhanced efficiency and productivity (Chong and Lopez, 2003). An estimated 75,000 medium and large-sized state owned enterprises have been divested around the world (Wood, 2004), In the United Kingdom (UK), privatization of several national assets took place under Margaret Thatcher's administration in the 1980s. Developing countries have slowly been privatizing government owned entities mainly under pressure from institutions such as the World Bank (WB) and the International Monetary Fund (IMF) (Eurodad, 2006). In the early 1980s, Brazil & Jamaica like many other Latin American countries began to question the rationale for public ownership since the performance of

state-owned enterprises was disappointing while in Asia, Japan had adopted privatization by mid 1980s.

A World Bank study on Privatization in Africa by Campbell and Bhatia (1998) reported that nearly 2,700 privatization transactions had taken place in sub-Saharan Africa by the end of 1996. Zambia for example, ventured into a major privatization exercise as part of its economic reform program in 1992 (Eearnest, 2000). In the East African region (EA), Uganda embarked on the privatisation of her state owned enterprises in 1993 leading to the privatisation of over 105 state owned enterprises (Ssentamu & Mugume, 2001) while Rwanda privatised Kabuye Sugar Works in 1997 (Ansoms, 2009).

Kenya like many other African Countries was never left behind in the privatisation of state owned enterprises. Since independence in 1963, there have been major policy changes in Kenya regarding direct public sector participation in commercial activities through SOEs. Arising from the Sessional Paper No.4 of 1991 on Development and Employment in Kenya that decried the continued deterioration of the performance of state corporations and underlined the need to implement privatization/divestiture of State corporations, the Government of Kenya (GoK) initiated a comprehensive State Corporations Reform Programme (SCRCP) in 1992. The Programme implementation began in July 1992 with the issuance of Policy Paper on Public Enterprises Reform and Privatization (PERP) in which the government outlined the scope of the programme, the institutional framework and the guidelines and procedures to be applied in privatizing state corporations comprising of 207 non-strategic and 33 strategic state-owned commercial enterprises.

During the first phase of the program, the Kenyan government privatized a number of small and medium enterprises. Among the non-strategic SOEs, the Government divested 168 enterprises of the original 207 SOEs slated for divestiture (Privatization Commission, 2008). Generally put, the Kenyan privatization programme which began with small state owned enterprises has since advanced to larger and more strategic government owned enterprises including the Sugar subsector. As per the SCRP schedule for the sugar subsector, there are five remaining Government owned Sugar Companies targeted for privatization in the second (current) phase of the programme, namely; SONY, MUHORONI, CHEMELIL, NZOIA and MIWANI Sugar Companies.

However, the privatisation initiatives worldwide have however not come without opposition. According to Birdsall and Nellis (2003), privatization has never been a popular reform policy and much of the criticism is based on the (negative) perception that privatization has been unfair to the poor and the workers but only beneficial to the privileged. It is perceived to throw the masses out of work or forces them to accept jobs with lower pay, less security, and fewer benefits thus making the rich richer and the poor poorer (Ssentamu and Mugune, 2003). However, the stakeholders' perceptions and reactions to privatisation initiatives based on its actual and perceived implications are varied worldwide.

In Latin America, public support for privatization has dropped more quickly than in any other region, leading even to violent demonstrations (Wood, 2004). The Latin-Barometer (2001) findings showed that negative perceptions about privatization had increased greatly in certain Latin American countries (e.g. Argentina, Brazil, and Colombia) and that in all the 17 countries surveyed, the percentage holding a negative

perception had grown significantly based on the perceived loss of national sovereignty and the common belief that privatization leads to increased unemployment (Wood, 2004). Similar expressions of popular dissatisfaction with privatization, of equal or greater magnitude, were found in transition countries generally and Russia in particular (Nellis and Birdsall, 2003).

In Asia, the Kuwait government faced strong opposition on its privatization initiatives from workers' unions (such as the Kuwait Trade Union Federation (KTUF)) based on its perceived adverse impacts on employees (Arab Times, 4th May 2006). Research findings from a study conducted on the employees' attitudes towards the privatisation of Kuwait's state owned enterprises showed that the employees' attitudes was overwhelmingly negative and that their attitudes were largely influenced by concerns on the perceived changes in the employment system, in particular job security, and the impact of privatization on the localisation of the industry (i.e. replacing foreign workers with Kuwaiti employees) (Madzikanda and Njoku, 2008).

Regionally, studies on privatisation in Uganda have indicated that concerns have been raised by workers unions and civil societies that privatisation has hurt the socio-economic welfare of the majority and that benefit has gone almost entirely to the managers of the process resulting into the feeling that locals and workers have been robbed of national assets built through accumulation of Taxpayers' contributions (Ssentamu and Mugume, 2001). In the same vain, privatisation as a public reform policy in Kenya has elicited divergent views and reactions from various stakeholders in the sense that whereas it yearned for by some, it has proved to be a threat to others (Okumu, 2009).

On the other hand, several studies have been conducted worldwide on the privatisation of SOEs and empirical evidence from studies conducted in the late 1980s make a strong case for the ability of privatization programs to increase the efficiency and productivity of the privatised SOEs (Wood, 2004). However, while the impact of privatisation on the performance of state owned enterprises with regard to efficiency and productivity improvements has been extensively investigated (Martin and Parker, 1997; Shleifer, 1998), the relationship between privatisation and the firm's work environment particularly with regard to the employees has received less attention (Megginson and Netter, 2001) even as researchers and practitioners posit that employees reactions to change have critical implications for successful change implementation and the firm's performance (Kotter and Cohen, 2002). It is thus apparent that very little attention has been given to the employees' perceptions on privatization and the associated effects of such perceptions on the privatization implementation process, a literature gap that this study hopes to contribute to.

In Kenya, similar studies have focused on the impact of privatisation on the performance (efficiency and productivity) improvements of the already privatised firms such Mumias Sugar (MMS), Kenya Commercial Bank (KCB), and Kenya Airways (KQ) (Okumu, 2009), leaving a knowledge gap as to what perceptions employees as key stakeholders hold of privatisation and the effects/implications that such perceptions might have in terms of acceptance and successful implementation of the privatization programs for the remaining state owned enterprises including the five Sugar Companies. A gap this study seeks to fill.

Muhoroni Sugar Company (MUSCO) Limited is one of the five state owned Sugar Companies (SOSCs) currently programmed for privatisation amidst divergent views from the Company's employees and other stakeholders. The Company is owned at 74% by GOK through ADC, 16.9% by UKETA, 8.6% by Development Bank of Kenya and 0.3% by other shareholders. As at 31st March 2004 the Company had Non-Current assets of Kshs.609.2 million, Current assets of Kshs.542.1 million against Current liabilities of Kshs.1.1 billion and Long Term Loans of Kshs.6.01 billion. In this respect, the Company is insolvent and requires urgent restructuring. Restructuring and privatization will address the excess debt and the financial and management resources required by the company for enhanced performance and efficiency.

1.2 Statement of the Problem

Privatization initiatives worldwide have not come without opposition from different quarters based on negative perceptions and attitudes held by such stakeholders (Birdsall and Nellis, 2003). In Latin America for example, Latinbarometer (2001) results showed that negative perceptions about privatization had increased greatly in several countries including Brazil, Argentina, and Colombia. Nellis *et al.* (2004) observed that opposition to privatisation arising from negative perception turned violent in Bolivia (leading to the cancellation of concession) and in Peru (where the sale was abandoned).

In Asia, the Kuwait government faced strong opposition on its privatization initiatives from workers' unions (such as the Kuwait Trade Union Federation (KTUF)) based on the perceived adverse impacts on employees (Arab Times, 4th May 2006). Research findings from a study conducted on the employees' attitudes towards the privatisation of Kuwait's state owned enterprises showed that employees attitudes

towards privatization was overwhelmingly negative (Madzikanda and Njoku, 2008) and regionally, in Uganda concerns have been raised by workers unions and civil societies that privatisation has hurt the socio-economic welfare of the majority and that benefit has gone almost entirely to managers of the process (Ssentamu and Mugume, 2001).

In Kenya, the planned privatisation of the five sugar Companies has elicited mixed views and reactions both from employees and other sugar industry stakeholders with each holding divergent opinions on the public sector reform policy mainly based on what they perceive of the process and its likely impacts on their interests. The employees' concerns emanating from perceived change in: conditions of employment; management-union relationships/collaboration; and level of employee participation in decision-making if not addressed may influence their attitudes on privatization negatively.

In spite of the importance of these concerns, labour based issues raised on the planned privatization of the state-owned Sugar Companies in Kenya have attracted very limited attention despite their great potential to delay, render ineffective or completely derail the entire process bringing it to a halt. It seems only very limited studies (if any) have been conducted in Kenyan on employees' perceptions on privatisation of state owned Sugar Companies. It therefore follows that employee perceptions and attitudes on the planned privatisation of the five Sugar Companies need to be understood in order to curtail the concerns of government and workers alike for a smooth and effective implementation of the process.

Consequently, a study of employees' perceptions on privatisation of Muhoroni Sugar Company Limited may broaden the scope of investigation of privatization in Kenya for a better understanding, enhanced privatization acceptability, and effective

implementation of the process. Interactions with the Company's employees revealed divergent opinions on what they perceive of the planned change process (privatisation) in the sense that whereas some employees raised concerns and expressed their fears on the Government led process, others voiced support for the move. It is against this background that this study sought to explore employees' perceptions on the planned privatisation of Muhoroni Sugar Company Limited.

1.3 Purpose of the Study

The purpose of this study was to explore employees' perceptions on privatization of Government owned Sugar Companies: A case of Muhoroni Sugar Company Ltd, Muhoroni Scheme, Kenya.

1.4 Objectives of the Study

This study sought to achieve the following objectives:

1. To establish employees' perceived change in conditions of employment on privatisation of Muhoroni Sugar Company Limited.
2. To explore employees' perceived change in the level of participation in decision-making on privatisation of Muhoroni Sugar Company Limited.
3. To establish employees' perceived change in Management-Union collaboration or relationships on privatisation of Muhoroni Sugar Company.
4. To examine the extent to which employees' Demographic Characteristics influence their perceptions on the planned privatisation of Muhoroni Sugar Company.

5. To suggest suitable strategies and mitigation measures that can be employed to address the employees' concerns for enhanced positive perceptions, attitude and acceptability of the impending privatisation Muhoroni Sugar Company.

1.5 Research Questions

The study sought to answer the following research questions:

1. What is the employees' perceived change in conditions of employment on privatisation of Muhoroni Sugar Company?
2. What is the employees' perceived change in the level of participation in decision-making on privatisation of Muhoroni Sugar Company?
3. What is the employees' perceived change in Management-Union collaboration or relationship on privatisation of Muhoroni Sugar Company?
4. To what extent do employees' Demographic Characteristics influence their perceptions on privatisation of Muhoroni Sugar Company?
5. What suitable strategies and mitigation measures can be employed to address the employees' concerns for enhanced acceptability and positive perception/attitude on the impending privatisation of Muhoroni Sugar Company Limited?

1.6 Significance of the Study

This research study sought to gain insights and understanding on the perceptions and attitudes of employees on the planned privatisation of government owned sugar Companies and the associated implications on the implementation process. The study was

hoped to bring out employees' perceptions, attitudes, concerns or fears, expectations and wishes on the planned privatisation of Muhoroni Sugar Company Limited. Armed with the knowledge and understanding of employees' perceptions/attitudes on the planned privatisation initiative, the Kenyan Government (GoK), Kenya Sugar Board (KSB), Privatisation Commission of Kenya (PCK), other privatization planners, policy implementers and stakeholders of the process (including potential investors) can configure ways to alleviate the fears that employees might have against the public sector reform policy and formulate appropriate and effective privatisation implementation strategies. As the riots in Bolivia and elsewhere has shown, people need to be convinced that privatization will improve their lot in life, and will accept nothing less (Wood, 2004). It is thus hoped that the study has identified key factors that shape the employees' perceptions and attitudes and has recommended suitable mitigation measures which may be taken to address such concerns for enhanced acceptability of the programme. Findings of this research is therefore hoped to inform suitable policy and strategy formulation necessary for an enhanced and effective privatization implementation process that is acceptable to the majority of the employees. The study has contributed to the existing body of knowledge and has provided a basis for further research. It is also hoped that the study has filled the information gap which existed in the area of study.

1.7 Basic Assumptions of the study

The study was guided by the following basic assumptions: that the respondents were informed and gave accurate information to help attain the objectives of the study; that the instruments used and the sample size chosen gave fair representation of the target population; that the respondents picked had varied perceptions on the planned

privatization of Muhoroni Sugar Company Limited; that all the respondents chosen for the study willingly participated in the exercise; that the respondents gave the desired information without bias and that the stakeholders' politics did not influence their responses.

1.8 Limitations of the Study

It was necessary to translate some questionnaire content into Kiswahili in certain instances and this might have distorted the meaning of certain questions. However to reduce this undesired effect, the researcher used competent translators who were conversant with Kiswahili language where necessary. The researcher also feared that some of the respondents might have been biased in their responses thus skewing the information obtained. The researcher however reduced this limitation by clarifying to the respondents the purpose and objectives of the study and emphasized to them on the need for factual responses.

1.9 Delimitations of the Study

The study was carried out at Muhoroni Sugar Factory premises situated in Muhoroni Scheme, Nyando Sugar Belt in Kisumu County about 325km to the West of Nairobi. The study was delimited to the employees of Muhoroni Sugar Company Limited and it targeted all the 714 regular Company employees about 29% of which were management staff comprising of senior and lower management.

Muhoroni Sugar Company was identified for this study given that it's the oldest operational Sugar Company in Kenya today and is currently faced with numerous challenges attributed to its age, level of technology and location which has made the

programmed privatization of the Company apriority and a critical survival strategy going forward much more so compared to the other relatively newer (modern) Sugar Companies also targeted for privatization. On the other hand, there have been incidences in the past where potential investors were denied entry into Muhoroni Sugar Company premises on account of unfavorable beliefs about privatization by employees and other stakeholders which further qualified the need for this study in the Company.

The study adopted a descriptive survey research design with both qualitative and quantitative approaches and the use of a self-administered semi-structured questionnaire for data collection.

1.10 Definitions of Significant Terms as used in the Study

Perceived Change – Expected change that will take place in Muhoroni Sugar Company as a result of Privatisation of the Company.

Employees' Conditions of Employment – Conditions of employment in Muhoroni Sugar Company limited.

Employees' Level of Participation in Decision-Making – The level of employees' involvement in decision making in Muhoroni Sugar Company Limited.

Management-Union Collaboration/Relationship – The way management and employees' union relate to each other in Muhoroni Sugar Company.

Demographic Characteristics – An individual employees' personal characteristics that defines him/her uniquely.

Privatization – A method and process of transferring through legal means the functions, roles, mechanisms or management right, ownership, etc., originally belonging to a Public department to a private organization for the latter to replace all or part of Government functions for the sake of improving performance.

Perception – A complex process by which people select, organize, and interpret sensory stimulation into a meaningful and coherent picture of a situation or the world around them performed within the limits of the mind and informs one's attitude.

Attitude – A learned predispositions to respond in a consistently favourable or unfavourable manner with respect to a given object, situation or person.

Negative Perception – A negative mental picture of a situation, condition or process that informs an individual's unfavourable attitude of the situation or condition.

Positive Perception – A positive mental picture of a situation, condition or process that informs an individual's favourable attitude of the situation or condition.

Employees – Workers employed by and working for Muhoroni Sugar Company Limited.

State Enterprises – Government of Kenya owned Limited Companies.

1.11 Organization of the study

The study was organized into five chapters; chapter one gives an introduction and describes the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, basic assumptions of the study, limitations of the study, delimitations of the study, definition of significant terms used in the study and organization of the study. Chapter two provides a review of literature related to the study thematically based on the research objectives, the theoretical frame work, the conceptual frame work as well as the summary of literature reviewed. Chapter three focuses on the research methodology discussed under the following sub-headings; Research design, target population, sample size, sample selection, research instruments, pilot testing of the instruments, validity of research instruments, reliability of research instruments, data collection procedures, data analysis technique and ethical issues considered in conducting this research. Chapter four covers data analysis, presentation and interpretation while chapter five contains a summary of research findings, conclusions, recommendations, suggestions for further research and contributions of the study to the body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the general and empirical literature related to the study. The general literature reviewed comprised of journals, presentations, and publications whereas the empirical literature comprises researches done and documented by other scholars on the subject matter. The literature review covers the following thematic areas: Employees' perceived change in Conditions of Employment with Privatisation; Employees' perceived change in the Level of Participation in Decision-Making with Privatisation; Employees' perceived change in Management-Union Collaboration or Relationship with Privatisation; Employees' Personal Characteristics and their perceptions on Privatisation; and Strategies for enhanced positive employees' perceptions on Privatisation of SOEs. The theoretical and conceptual frameworks on which the study shall be anchored are also identified.

2.2 Employees' Perceived Change in Conditions of Employment on Privatisation

Previous studies have shown that due to a lack of effective product market competition, high levels of unionisation, and political intervention, public sector enterprises are commonly associated with overstaffing and wage premiums (Boycko, 1996; Florio, 2004). However, in the period surrounding privatisation, firms often create once-off or static efficiency gains through a reduction in this excess employment and earnings premium (La Porta and Lopez-de-Silanes, 1999; Parker and Martin, 1996). According to Birdsall and Nellis (2003), Worldwide, more people have lost, rather than have gained jobs through privatization over the short term mainly because public

enterprises were overstaffed, often severely so. Moreover, in preparing for privatization, public enterprise employment numbers have declined, sometimes greatly, and such declines have generally continued after privatization.

Anecdotal evidence quickly seized upon by the masses as well as the popular press indicates that privatization leads to nearly immediate job losses and since this affects the population whose main source of income is wages, the result is increased income inequality and disgruntled workers. For example, privatization in Latin America led to the loss of several jobs; in Argentina, privatization between 1987 and 1997 led to the loss of 150,000 jobs ; in Mexico privatization of public enterprises was followed by the dismissal of 50% of the workforce; in Brazil, the privatization of railways led to a reduction of more than 90,000 jobs, and in Nicaragua, the privatization that resulted as part of a government-led transition from a command-economy to a market economy led to the dismissal of 15% of the labor force (Nellis *et al.* 2004).

Privatization will shake out surplus and inefficient labour and thus negative employment effects around the time of privatization are expected (Wood, 2004). A shake out effect would be necessary in order to remove excessive redundancies and derive efficiency gains unless the government intervenes to protect employees (Birdsall and Nellis, 2003). A survey of 308 privatized firms in developing countries shows post-sale employment reductions in 78.4% of cases, with no change or job gains in the rest (Chong and López-de-Silanes, 2002). In a study conducted in Kuwait, Madzikanda and Njoku (2008) observed that post privatized firms streamline their operations and in the process reduce the labour force in order to improve efficiencies.

On the other hand, Public sector firms are also associated with high levels of employment security and the use of formal work procedures and practices. However, following privatisation with the aim of securing long-term efficiency and increased productivity, firms may significantly change employee work-patterns or introduce high performance work mechanisms (Ferner and Colling, 1991). Given an initial condition of over-employment, one can thus assume that upon privatizing a state-run industry, the workforce will experience a reduction in numbers as the new owner improves the efficiency of the production process (Bhaskar and Khan 1995). It is further observed that in the event of a “no-layoffs” agreement, employees of privatized SOEs can be dismissed at management’s discretion (Dereli and Isik, 1993).

According to Wood (2004), resulting changes in the conditions of employment such as increased workload & pressure, increased hours worked, reduced job security and employee benefits can have a direct and often negative impact on how employees perceive changes in their conditions of employment, especially where employees have made large non-diversifiable investments in their human capital. He further observed that changes in conditions of employment, especially those that impact on an employee’s immediate work environment (e.g. pay and hours worked), can have a significant impact on employee commitment and attitude towards privatisation. Where employees feel management have allowed conditions to deteriorate as a result of privatisation, they can be expected to reciprocate through reduced commitment and poor performance (Coyle-Shapiro and Kessler, 2000). Mazikanda and Njoku (2008) in their study on privatisation in Kuwait found that employees perceived a negative change in the employment system due to privatization. At the heart of much of the criticism is the belief that privatization

has been unfair; - hurting the poor, the disenfranchised workers and only benefiting the privileged and powerful. Privatization, it is claimed, throws masses of people out of work or forces them to accept jobs with lower pay, less security, and fewer benefits, provides opportunities to enrich the agile and corrupt; and generally makes the rich richer and the poor poorer (Birdsall and Nellis, 2003).

In view of the above, it can be summarised that concerns about conditions of employment (i.e. job security, work load, salary, progression (recruitment and promotion)) influence perceptions and attitudes of workers on privatization negatively with possible negative implications on the implementation process. These concerns of employees need not be neglected if a successful and smooth privatization is to be implemented.

2.3 Employees' Perceived Change in the Level of Participation in Decision-Making on Privatisation

Public sector firms are typically characterised by rigid pyramid-style managerial structures, functional department structures, and a centralised decision-making process. Privatisation often involves a reduction in the number of managerial layers, the decentralisation of decision-making authority, and the establishment of market-based business units (O'Connell, 1993). Such reforms through the creation of more clearly defined and quantifiable performance targets provide lower level managers with an incentive to more closely supervise and control employee decisions. This may result in reducing employees' sense of participation in decision-making, particularly at the workplace level.

Privatisation also affects the ability of trade unions to act as an effective voice of employee opinion. Management can be expected to adopt a harder line with trade unions as they seek to implement firm restructuring during the privatisation process (Arrowsmith, 2003). On the other hand, the need to improve firm performance and protect market share provide management with more effective bargaining tools while reduced political involvement occasioned by privatisation undermines the ability of unions to use their status as a political interest group to oppose reform (Pendleton, 1999).

Similar to changes in conditions of employment, perceived change in the level of employees' participation in firm decision-making can be expected to have a positive relationship with employees' perception on Privatisation initiatives. Several researchers including Coch and French (1948) have emphasized the role of participation in decision-making for promoting employees' acceptance of change.

2.4 Employees' Perceived Change in Management-Union Collaboration/ Relationship on Privatisation

The rigid governance structures that exist in many public sector firms can also be reflected in the firm's industrial relations structures, which is often characterised by centralised bargaining and elaborate procedures (Pendleton, 1997). As management seeks to introduce reforms and overcome union opposition, privatisation can be expected to result in the decentralisation of bargaining structures and the imposition of more flexible procedures. According to Arrowsmith (2003), privatisation affects the ability of trade unions to act as an effective voice of employees' opinion. Pendleton (1999) also observed that the need to improve a firm's performance provide management with more effective

bargaining tools while reduced political involvement occasioned by privatisation undermines the ability of unions to use their status as a political interest group.

However, in many cases of privatisation, research shows that contrary to expectations, existing bargaining structures are often maintained following privatisation (Pendleton, 1999) with trade unions and management adopting a more pragmatic approach. The management often identify trade union cooperation as a means of securing employee acceptance for reform while Unions recognise the need to engage with management to influence the outcome of reforms for the benefit of their members.

Since effective management-union collaboration is an important mechanism for determining employee welfare, it can be expected that the employees' perceptions of post-privatisation management-union collaboration will be positively associated with their response and commitment to the privatisation initiatives.

2.5 Employees' Demographic Characteristics and their Perceptions on Privatisation

In a study of the employees attitudes towards privatisation conducted in Kuwait, Madzikanda and Njoku (2008) found that Managers were less worried about job security compared to low-level employees (at 73% vs. 81%). Non-Kuwaitis were found to be the most concerned group of employees about possible job losses with privatisation (at 85%) compared to Kuwaitis (at 74%), meaning that privatisation may come with a change in workforce composition based on Nationality or a form of racial/tribal discrimination. On the other hand, Madzikanda and Njoku (2008) found that female employees preferred more secure working environments such as in the government sector much more than their male counterparts. Consequently, employees' personal characteristics will be positively association with their perceptions.

2.6 Strategies for enhanced Positive Employees' Perceptions on Privatisation of State Owned Enterprises

According to McCarthy, Reeves and Turner (2006), creating employee shareholders can be expected to align the objectives of employees and management, thereby facilitating greater employee understanding and acceptability in relation to changes in conditions of employment brought about by privatisation. It therefore follows that where employees receive shares free of charge or at a discounted price, the shares can be viewed as a form of financial compensation in light of reforms attributed to privatisation and this may also provide an opportunity to the employees and their representatives to oppose adverse changes in conditions of employment. According to Reeves (2006), providing employees and their representatives with ownership rights, including voting rights and board-level representation may place management under pressure to refrain from introducing measures that may have a negative impact on the employee welfare. It therefore follows that if this strategy succeeds in opposing adverse reforms, employees are enabled to identify with managerial objectives, or they are provided with sufficient financial compensation to an extent that negative employee perception and reduction commitment to privatisation is significantly reduced. Share-ownership can therefore be seen as a means of creating great employee participation in firm decision-making.

Much of the existing literature on employee share-ownership focuses on the instrumental satisfaction model, which emphasises the importance of share-ownership being accompanied by employees experiencing a genuine sense of ownership and control (Klein, 1987; Pendleton, 1998). It thus follows that where share ownership is

representative in nature, increased levels of employee participation can be achieved through the use of employee ownership rights (i.e. right to vote and appoint directors), or by providing trade unions with a new role within the firm as the representatives of not only employees but shareholders (McCarthy *et al.*, 2006). As a result, employee share ownership can be expected to counterbalance the loss of union bargaining strength associated with privatisation and to provide employees with a greater sense of participation in firm decision-making particularly at the firm-level.

Along with establishing such collaborative structures, providing employees with a financial stake in the firm can also create a common ground upon which management and unions can engage with one another (McCarthy *et al.*, 2006) given that a good strategy that wins labour support for privatization and creates a social safety for laid off workers might be necessary for successful implementation of privatization (Cam, 1999).

2.7 Theoretical Framework

The section presents theoretical knowledge that seeks to explain the rationale behind the employees' varied perceptions/ attitudes and their associated implications on the privatisation process implementation. This study is anchored on two theories, namely; (i) Theory of Bounded Rationality propounded by Simon A. Herbert in 1972, (ii) Vithessonthi's Perception Based Model (2005).

2.7.1 The Theory of Bounded Rationality

The Theory of Bounded Rationality was propounded by Simon A. Herbert in 1972. Bounded rationality (BR) is a concept that suggests that decision-makers are limited by their values, unconscious reflexes, skills, habits, less than complete information and knowledge (Griffin, 2005). According this theory, the rationality of individuals in

decision-making is thus limited by the information they have, the cognitive limitation of their minds, and the finite amount of time they have to make a decision. In other words, bounded rationality is that, because decision-makers lack the ability and resources to arrive at the optimal solution, they instead apply their rationality only after having greatly simplified the choices available. The theory suggests that although people try to be rational decision makers, their rationality has limits. The theory thus provides for decision making under a state of uncertainty where the decision maker does not know all the alternatives, the risk associated with each alternative, or the likely consequences of each alternative. Intuition, judgement, and experience play a major role in the decision-making process under conditions of uncertainty (Griffin, 2005). In addition, several researchers have emphasized the existence of intuitive and irrational decision-making (Isenberg, 1986; Fiske, 1992). That is, decision-making processes sometimes involve experience-based mental routines, creating quick decisions without rational thought.

In the same vain, conditions that inform the employees' perceptions and attitudes on the impending privatisation of Muhoroni Sugar Company is that of great uncertainty where employees do not know all the benefits and risks associated with the process and the consequences of their actions for or against the privatisation process. This thus shall explain the expected varied employees' perceptions and attitudes on the programmed privatisation of Muhoroni Sugar Company Limited and the associated implications of such perceptions on the implementation process.

2.7.2 Vithessonthi's Perception Based View Model

In contrast to the rational decision-making approach commonly used in the mainstream research in management science, an alternative approach labelled as 'a

perception-based view' in decision-making propounded by Chaiporn Vithessonthi in 2005 focuses on the use of perception, attitude or emotion for the purpose of selecting a sensible alternative in pursuit of one's goals. The main purpose of the perception-based view (PBV) of the employee in this study is to explain the variations in decisions and/or behaviour among employees in the same context. That is, it attempts to answer two primary questions: (1) why do individuals in the similar setting and facing the same object have differing decisions; and (2) why do individuals make decisions that might seem irrational, and be contradictory to those predicted by rational choice theories?

Perceptions are multi-dimensional and have behavioural implications for humans' decision-making. What, then, are the implications of perceptions on decisions and behaviours? The central idea here is that a person may obtain a different perception of a stimulus than others do, and each reacts to this stimulus according to his or her interpretation process and is thereby motivated to make a decision that is different to one another. The PBV perspective deals with how perceptions, attitudes, and emotions are used by individuals to solve a problem or to make a decision. The review of the literature on employees' reactions to various organizational decisions (e.g., layoff, turnaround strategy, and employee compensation plan) has identified several perception variables that are expected to exert an influence either on their resistance to change or support for change.

Empirical research has shown that in organizational settings, certain perceptions such as the perception of uncertainty are associated with people's behaviours. An empirical study by Ashford (1989), for example, has shown evidence for a positive relationship between perceived job insecurity and intention to quit. Another empirical

study by Fasolo and Davis-LeMastro (1990) has demonstrated that employees' perceived organizational support or lack of it is related to various attitudes and behaviours. Accordingly, using the employee as the unit of analysis, one can explore perception or attitude as a predictor of employees' reaction to change (Privatisation in this case) based on the observation that the relationships between perceptions and reactions to change are more direct (Vithessonthi, 2005).

2.8 Conceptual Framework

Conceptual framework is an hypothesized model identifying the concepts under investigation and their relationships (Mugenda & Mugenda, 2003). It establishes the significance of proposed relationships between the variables of investigation. Based on the results of the initial literature review, a conceptual framework for this study, as illustrated in Figure 2.1, was developed. The independent variables in this proposed study are the employees' perceptions/ attitudes on the impending privatisation of Muhoroni Sugar Company whose components are; perceived change in employees' conditions of employment, perceived change in employees' level of participation in decision making, employees' perceived change in management-union collaboration or relationship, and individual employee characteristics & perception/attitude on privatisation. On the other hand, the dependent variable is the employees' support & successful privatisation of Muhoroni Sugar Company.

Accordingly, negative employees' perceptions/attitudes on the programmed privatisation of the Company may adversely affect the process by delaying the implementation, rendering the process ineffective, or completely derailing the entire privatisation process leading to abandonment.

**Independent
Variable**

**Intervening
Variables**

**Dependent
Variables**

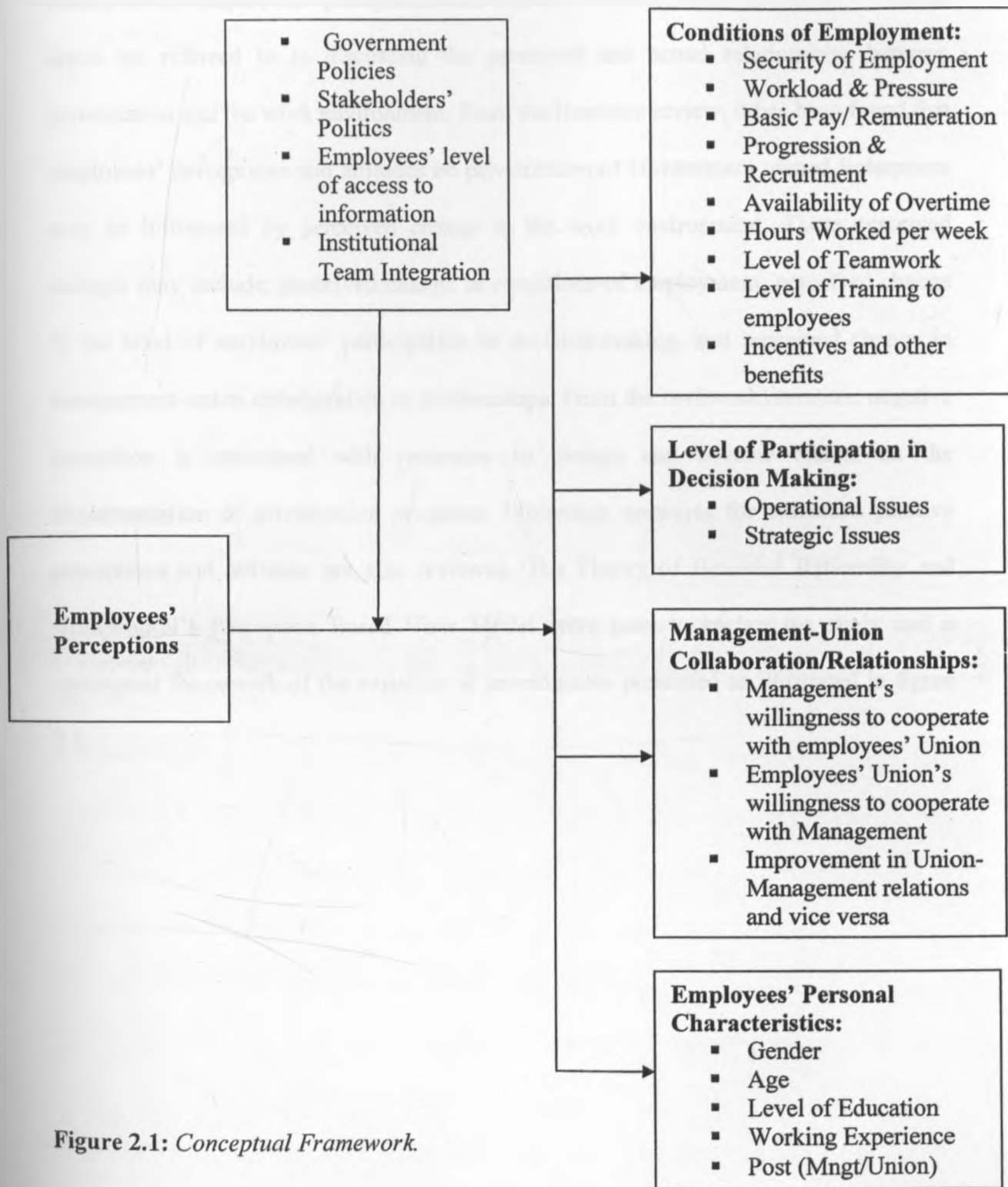


Figure 2.1: Conceptual Framework.

2.9 Summary of Literature Review

The literature reviewed in this chapter covers key aspects of privatization that relates to the employees' perceptions and attitudes. Authors from global and regional arena are referred to in discussing the perceived and actual relationships between privatization and the work environment. From the literature review, it has been found that employees' perceptions and attitudes on privatization of Government owned Enterprises may be influenced by perceived change in the work environment. These perceived changes may include; perceived change in conditions of employment, perceived change in the level of employees' participation in decision-making, and perceived change in management-union collaboration or relationships. From the reviewed literature, negative perception is associated with resistance to change and adverse effects on the implementation of privatization programs. Mitigation measures for enhanced positive perceptions and attitudes are also reviewed. The Theory of Bounded Rationality and Vithessonthi's Perception Based View Model were used to anchor the study and a conceptual framework of the variables of investigation presented as illustrated in figure 2.1.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design that was adopted in this study. It describes the research target population, sample size, sampling procedures as well as data collection methods and research instruments used in this study. Research procedures, administration of research instruments and data analysis and presentation, instrument validity and reliability test methods adopted in the study are presented. The chapter also details the ethical considerations that were made during this study.

3.2 Research Design

Research design is the structure of investigation conceived to obtain answers to the research questions (Cooper and Schindler, 2008). This study adopted descriptive survey research design with both qualitative and quantitative approaches. Descriptive survey design is a method of collecting information by interviewing or administering questionnaires to a sample of individuals. This design not only offers descriptions and explanations, but it also identifies and predicts relationships between the variables of the study (Mugenda and Mugenda, 1996). According to Kothari (2003), the strategy maintains a high level of confidentiality, convenience, faster data collection and it facilitates asking of questions either personally in an interview or impersonally through a questionnaire about things which cannot be observed easily. It is relatively inexpensive as it provides for self-reported facts about respondents, their feelings, attitudes, opinions and habits (Kombo and Tromp, 2007; Kothari, 2007) and also gives the researcher an opportunity to get

accurate view of respondents. Descriptive design also supports the collection and analysis of both qualitative and quantitative data required for the study hence its suitability for this research.

3.3 Target Population

Target population is the collection of elements that possess information sought for by a researcher to support the study (Oso and Onen, 2005). The target population for this study consisted of the entire Muhoroni Sugar Company's regular workforce totaling to 714 employees made up of management and non-management (unionisable) staff spread in eight Departments thus: General Administration(16 employees), Factory Department (369 employees), Agriculture Department (89 employees), Finance Department (118 employees), Logistics Department (70 employees), Human Resources Department (46 employees), Sales & Marketing Department (2 employees), and Audit Department (4 employees).

3.4 Sampling Procedure and Sample Size

Sampling is selecting a number of individuals for a study in such a manner that the selected individuals represent the larger population from which they were selected (Mugenda and Mugenda, 2003). This section describes the sample size and sampling procedure that was used in the study.

3.4.1 Sample Size

According to Fraenkel and Norman (1990) and Kathuri and Pals (1993), a descriptive study would require a representative sample comprising of a minimum of 100 subjects. Consequently, from the sample size determination table by Krejcie and Morgan

(1970) (shown in appendix III), a target population of 714 employees gave a sample size of 248 respondents drawn from the target population comprising of management and non-management (unionisable) staff of Muhoroni Sugar Company Limited.

3.4.2 Sampling Procedure

A stratified random sampling approach was adopted for this study. Using information from the Company's employees' database, employees were categorised into eight Departments namely; General Administration, Factory Department, Agriculture Department, Finance Department, Logistics Department, Human Resources Department, Sales & Marketing Department, and Audit Department. A sample frame was then constructed Department wise from which the desired samples were randomly drawn. The sample size comprised of proportions drawn from each of the eight Departments thus: General Administration (6 respondents), Factory Department (128 respondents), Agriculture Department (31 respondents), Finance Department (41 respondents), Logistics Department (24 respondents), Human Resources Department (16 respondents), Sales & Marketing Department (1 respondent), and Audit Department (1 respondent). Table 3.1 below shows the target population stratification by Departments and the corresponding sample sizes for each stratum giving a total representative sample size of 248 respondents drawn from the 714 regular employees of Muhoroni Sugar Company Limited.

Table 3.1:

Sample Stratification

Departments	Departmental Population	Samples Selected
Administration	16	6
Factory	369	128
Agriculture	89	31
Finance	118	41
Logistics	70	24
Human Resources	46	16
Sales & Marketing	2	1
Audit	4	1
TOTALS	714	248

3.5 Research Instruments

The literacy level among the employees was assumed to be average. The researcher therefore adopted a self-administered questionnaire divided into three parts for data collection. The researcher preferred the use of questionnaire because it is quick in data collection, relatively inexpensive and enhances confidentiality of the respondents. The instrument had both open and closed ended questions for the generation of the required data. The semi-structured questionnaire was used for data collection from the Company employees. The use of one type of questionnaire allowed for credible comparison of

information sought from both management and non-management staff. The first section of the questionnaire sought for personal data of the employees including gender, education, position and work experience.

The second part of the questionnaire was concerned with the employees' perceptions and attitudes with regard to: perceived change in conditions of employment, perceived change in the level of employee participation in decision-making, perceived change in management-union collaboration or relationships and strategies for enhancing positive employee perception and attitude on the privatization of Muhoroni Sugar Company. The third and final part of the questionnaire assessed the general employees' views on the programmed privatization of Muhoroni Sugar Company.

3.5.1 Pilot Testing of the Instrument

Pilot testing of the research instrument was conducted at the neighboring Chemelil Sugar Company. Chemelil Sugar was found to be ideal for pilot testing of the instrument because it is also targeted for privatization alongside Muhoroni Sugar Company. Permission was sought from the Management of Chemelil Sugar Company for purposes of pilot testing. The pilot testing identified grey areas in the design, instrumentation and data collection method for correction. Internal checking was done on the returned questionnaires to establish whether the questions were understood by both the respondents and the researcher in a common manner. This was important in the research process because it assisted the researcher to identify and correct vague questions and unclear instructions. It also assisted the researcher to capture important comments and suggestions from participants which enabled the researcher to improve on the effectiveness of the instrument.

3.5.2 Validity of the Research Instrument

A research instrument is valid if it actually measures what it is supposed to measure (Mugenda and Mugenda, 2003) and when the data collected through it accurately represents the respondents' opinions (Amin, 2005). Content validity of a measuring instrument is the extent to which it provides adequate coverage of the investigative questions guiding the study (Mugenda, 2008). The following approaches were used to validate the research instrument in this study: In the study, content validity was determined by consulting with the researcher's supervisors within the university. The supervisors reviewed the instruments, advised on the clarity of the questions and their relevance, recommended for improvements and verified whether the instrument was able to address the objectives of the study. The questions and language used was appropriately reviewed and the instrument adjusted accordingly for enhanced validity of information obtained from respondents. The validity of the instruments was also enhanced by basing its structure on the objectives of the study and by conducting a pilot study as explained above.

3.5.3 Reliability of the Research Instrument

A reliable instrument is that which yields consistent results after repeated measurements (Cooper and Schindler, 2008). The reliability of the instrument used in the study was determined using the split-half method. After administering the questionnaires, a correlation co-efficient was determined by the split-half method using the r-function of Spearman Brown Prophecy formula to establish the relationship between the two set of responses. To achieve this, responses from the chosen participants were divided into two halves. One half contained item responses using odd serial numbers while the other half

contained item responses using even serial numbers. A correlation co-efficient between them was then calculated using the Spearman Brown Prophecy formula shown below. The coefficients gave the degree to which the two halves gave the same results hence internal consistency and reliability.

$$\text{Reliability} = \frac{2 \times \text{Corr. Between the even Half}}{1 + \text{Corr. Between the odd Half}}$$

$$1 + \text{Corr. Between the odd Half}$$

$$R = 2r_e / (1 + r_o)$$

Where;

R is the coefficient of reliability, r_e is the correlation in the even half, and r_o is the correlation in the odd half. A value of R was obtained to be 0.72 denoting high reliability.

3.6 Data Collection Procedures

The Research proposal was presented and defended before the University examination panel. Upon approval of the proposal, the researcher sought for a letter of introduction from the University of Nairobi and a permit from the National Council of Science and Technology as pre-requisites for data collection. The researcher then used both the permit and the introductory letter from the University to further seek for permission from the management of Muhoroni Sugar Company Limited to allow the researcher conduct the study in the facility. Once all permissions were granted, the researcher visited the study area and made appointments with MUSCO management. The respondents were visited and the instrument administered to them.

3.7 Data Analysis Techniques

According to Kothari (2009), data analysis involves closely related operations which are performed to summarize collected data while organizing them in a manner that they answer research questions. It involves organizing the data, breaking the data into categories and units and then searching for trends and patterns before deciding to report. The quantitative and qualitative data obtained were coded and clustered for subsequent statistical analysis. The researcher used the data collected to establish patterns, trends and relationship of the variables in the research study. Data was analyzed using descriptive statistics such as frequencies and percentage counts and presented in tabular forms. Microsoft Excel (Ms-Excel) and Statistical Package for Social Sciences (SPSS) assisted in analyzing quantitative data. The number of respondents who participated in every option was recorded in one column as frequencies and corresponding percentages calculated and recorded in another column. The strength of percentages was then used to indicate preferred responses in each option. On the other hand, qualitative data was transcribed, organized into various emerging themes of the study and reported narratively.

3.8 Ethical Considerations

Information obtained from other sources or from authors to support the relevance of this research was acknowledged in the form of references and in-text citations. The researcher provided adequate and clear explanation on the purpose of the study to each respondent. The researcher also sought for the respondent's permission to participate in the study. All the participants' were assured of total confidentiality and that the information provided was for academic purposes only.

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CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter covers analysis, presentation and interpretation of data collected during the study. The research findings are presented, interpreted and discussed thematically based on the objectives of the study. The thematic areas covered include: Questionnaire return rate; Demographic Characteristics of Respondents; Employees' Perceptions and Attitudes on Privatisation; and General employees' views on the planned Privatisation of Muhoroni Sugar Company.

4.2 Questionnaire Return Rate

In this study, the research instrument was administered to 248 respondents randomly drawn from the 714 regular employees of Muhoroni Sugar Company Limited. Although the researcher targeted responses from all the 248 respondents to whom the instrument were administered, 210 returned duly completed questionnaires giving an overall questionnaire return rate of 84.68%.

Poor response rates reduce precision in research, and are a potential source of bias which lessens the confidence with which the findings of the study can be accepted and generalized. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, while a response rate of 60% is good, and that of 70% and above is very good. It follows therefore that a response rate of 84.68% achieved in this study was sufficient for analysis and reporting. Table 4.1 gives a summary of the questionnaire return rate obtained in the study .

Table 4.1

Questionnaire Return Rate

Departments	No. Distributed	No. Returned	Return Rate (%)
Administration	6	5	83.33
Factory	128	109	85.15
Agriculture	31	26	83.87
Finance	41	35	85.36
Logistics	24	20	83.33
Human Resources	16	13	81.25
Sales & Marketing	1	1	100
Audit	1	1	100
TOTAL	248	210	84.68

The high questionnaire return rate achieved in this study was attributed to the respondents’ cooperation, adequate time allowed for the completion of the questionnaires and the consistent follow-ups made by the researcher and his research assistants.

4.3 Demographic Characteristics of Respondents

The respondents in the study were employees of Muhoroni Sugar Company Limited comprising of Management and Non-Management (Unionisable) staff. The researcher sought to establish the respondents’ distribution by sex; age; years of work experience; level of education; and job title/category to enable the researcher demonstrate the diversity of the respondents involved in the survey, justify the basis for divergent opinions and provide a basis of analysis for the influence of such characteristics on the responses obtained in the study. Respondents were therefore asked to provide the necessary demographic data the results of which were presented and discussed in the following subsequent sub-themes:

4.3.1 Distribution of Respondents by Gender & Job Title/Category

The researcher found it important to understand gender and job category distribution of the respondents to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The respondents were therefore asked to provide the necessary demographic data and the results obtained summarized as shown in table 4.2.

Table 4.2

Distribution of Respondents by Gender & Job Title/Category

Respondents'	Job Title/Category					
	Management		Union		Total	
	F	%	F	%	f	%
Male	40	19.50	137	65.24	177	84.29
Female	23	10.95	10	4.76	33	15.71
Total	63	30.00	147	70.00	210	100.00

Out of the 210 respondents who participated in the study, 177(84.29%) were males and 33(15.71%) were females. On the other hand, 63(30%) of the 210 respondents were in management whereas 147(70%) were unionisable staff.

It was thus established that the Company workforce is dominated by male employees who accounted for 84.29% of the respondents. On the other hand, 23(69.70%) of the female respondents held managerial positions with only 10(30.30%) being in the union. These findings provided a basis of analysis for the influence of respondents' job

category on employees' perceptions on the planned privatisation of the Company discussed under clause 4.4.4 of this report.

4.3.2 Distribution of Respondents by Age Bracket

The researcher found it important to understand age distribution of the respondents to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd. The respondents were asked to state their age brackets and the results obtained summarised as presented in table 4.3.

Table 4.3

Distribution of Respondents by Age bracket

Age bracket (Years)	Frequency (f)	Percentage (%)
18 - 40 years	77	36.67
41 - 55 years	112	53.33
Over 55 years	21	10.00
Total	210	100.00

Of the 210 respondents who took part in the study, 112 (53.33%) were in the age bracket of 41-55 years, 77(36.67%) were in the age brackets 18 - 40 years with those over 55 years constituting 10% of the respondents. This implies that over 63.33% of the respondents who participated in the study were aged over 40 years. These findings provided a basis of analysis for the influence of respondents' age on employees' perceptions on the planned privatisation of the Company discussed under clause 4.4.4 of this report.

4.3.3 Distribution of Respondents by Highest Level of Education

The researcher also found it necessary to understand education level distribution of the respondents to provide a basis of analysis for the influence of demographic characteristics on employee's perceptions and attitudes. Respondents were asked to state their highest academic qualifications and the results obtained presented in table 4.4.

Table 4.4:

Distribution of Respondents by Highest Level of Education

Highest level of education	Frequency (f)	Percentage (%)
O level	31	14.76
A level	4	1.90
Certificate	85	40.48
Diploma	67	31.90
First degree	23	10.95
Total	210	100.00

On the basis of academic qualifications, out of the 210 respondents who participated in the study, 85(40.48%) had certificate level qualifications, 67(31.90%) were diploma holders, 31(14.76%) had 'O' level qualifications, 23(10.95) had first degrees and only 4(1.9%) had 'A' level qualifications.

This shows that all the respondents who took part in the study were sufficiently literate with the majority holding a minimum of certificate level qualifications. These findings provided a basis of analysis for the influence of respondents' level of education

on employees' perceptions on the planned privatisation of the Company discussed under clause 4.4.4 of this report.

4.3.4 Distribution of Respondents by Work Experience

Again, the researcher found it necessary to understand work experience distribution of the respondents to provide a basis of analysis for the influence of demographic characteristics on employee's perceptions and attitudes. Respondents were asked to state their years of work experience the results of which were presented in tables 4.5.

Table 4.5:

Distribution of respondents by years of work experience in Muhoroni Sugar Company

Experience in Muhoroni		
Sugar Company	Frequency (f)	Percentage (%)
4 years and below	35	16.67
5 - 10 years	108	51.43
11 - 20 years	42	20.00
Over 20 years	25	11.90
Total	210	100.00

Out of the 210 respondents who took part in the study, 67(31.90%) had worked for Muhoroni Sugar Company for at least 11 years, another 108 (51.43%) had worked for the Company for between 5 – 10 years. Only 35 (16.67%) of the respondents had worked for the Company for 4 years and below.

These findings show that majority of the respondents who took part in the study had sufficient information and knowledge about Muhoroni Sugar Company in particular

and on the Sugar industry in general which contributed to the accuracy of responses obtained during the study. This validated and confirmed the reliability of the responses obtained in the study given that majority of the respondents were seasoned employees with sufficient practical work experience. The findings further provided a basis of analysis for the influence of respondents' work experience on employees' perceptions on the planned privatisation of the Company discussed under clause 4.4.4 of this report.

4.4 Employees' Perceptions and Attitudes on Privatisation

The importance of employees' opinions stems from the fact that they are responsible for undertaking much work in the privatised Organisation. It therefore follows that ensuring that employees' hold favourable attitudes towards privatisation is essential to the success of any privatisation programme.

Empirical research has shown that in organizational settings, perceptions such as the perception of uncertainty are associated with people's behaviours and that employees' perceived organizational support or lack of it is related to various attitudes and behaviours (Fasolo and Davis-LeMastro, 1990).

Accordingly, using the employee as the unit of analysis, one can explore perception or attitude as a predictor of employees' reaction to change (i.e. privatisation of Muhoroni Sugar Company in this case) based on the observation that the relationships between perceptions and reactions to change are more direct (Vithessonthi, 2005).

4.4.1 Employees' Perceived Change in Conditions of Employment on Privatisation of Muhoroni Sugar Company Limited.

Circumstances that inform employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company is that of uncertainty where employees do not know all the benefits and risks associated with the process and consequences of their actions for or against the privatisation process. Generally put, concerns on job security, workload, remuneration, career progression, hours worked, and incentives among other work related conditions may influence the perceptions/attitudes of workers on privatisation negatively.

The researcher sought to establish the employees' perceived change in conditions of employment upon privatisation of Muhoroni Sugar Company to provide the basis of analysis for employees' perceptions on the planned privatisation of the Company. The respondents were therefore asked to express their opinions on the expected change in their employment system upon privatisation of the Company guided by arrange of indicators constituting conditions of employment. The research findings were summarized and tabulated as shown in table 4.6.

Table 4.6:

Responses on Perceived Change in Conditions of Employment

Conditions of Employment	Job Title/ Category	Shall Increase		Remain Unchanged		Shall Decrease	
		f	%	f	%	f	%
Security of employment	Management	0	0.0	3	1.43	60	28.57
	Union	0	0.0	0	0.0	147	70.00
	Total	0	0.0	3	1.43	207	98.57
Work Load and Pressure	Management	51	24.29	12	5.71	0	0.0
	Union	122	58.10	25	11.90	0	0.0
	Total	173	82.39	37	17.61	0	0.0
Hours Worked per week	Management	25	11.90	32	15.24	6	2.86
	Union	56	26.67	79	37.62	12	5.71
	Total	81	38.57	111	52.86	18	8.57
Basic Pay/ Remuneration	Management	33	15.71	30	14.29	0	0.00
	Union	20	9.52	62	29.52	65	30.95
	Total	53	25.23	92	43.81	65	30.95
Progression (Recruitment & Promotion)	Management	0	0.0	2	0.95	61	29.05
	Union	0	0.0	8	3.81	139	66.19
	Total	0	0.0	10	4.76	200	95.24
Availability of Overtime	Management	0	0.0	4	1.90	59	28.10
	Union	0	0.0	4	1.90	143	68.10
	Total	0	0.0	8	3.80	202	96.20
Level of teamwork	Management	4	1.90	21	10.00	38	18.10
	Union	2	0.95	13	6.19	132	62.86
	Total	6	2.85	34	16.19	170	80.96
Level of Training to employees	Management	2	0.95	27	12.86	34	16.19
	Union	0	0.0	48	22.86	99	47.14
	Total	2	0.95	75	35.72	133	63.33
Incentives & other benefits	Management	4	1.90	4	1.90	55	26.20
	Union	3	1.43	4	1.90	140	66.67
	Total	7	3.33	8	3.80	195	92.87
Mean Score		36	17.04	42	20.00	132	62.96

Out of the 210 respondents who participated in the study, 207(98.57%) projected a decrease in job security. The concern that privatisation could lead to job loss was therefore prominent among the respondents. This was statistically significant in demonstrating a negative perception and attitude held by the employees on the planned privatisation of Muhoroni Sugar Company. Majority of respondents anticipated job losses upon privatisation of the Company implying that most employees hold a negative perception of the public sector reform policy on the account of job security. This is in line with the findings of Nellis *et al.* (2004) that privatization in Latin America led to the loss of several jobs; in Argentina, privatization between 1987 and 1997 led to the loss of 150,000 jobs ; in Mexico privatization of public enterprises was followed by the dismissal of 50% of the workforce; in Brazil, the privatization of railways led to a reduction of more than 90,000 jobs, and in Nicaragua, privatization as part of a government-led transition from a command-economy to a market economy led to the dismissal of 15% of the labour force.

On the other hand, 173(82.39%) of the 210 respondents who participated in the study anticipated an increased workload, 200(95.24%) expected a decline in recruitment and career progression, 170(80.96%) projected a decline in teamwork, while 202(96.20%) expected a reduction in overtime earnings with 195(92.87%) projecting a reduction in incentives and other benefits to the employees upon privatisation of the Company. These findings imply that majority of the employees anticipate unfavourable changes in the levels of workload, recruitment, career progression and teamwork upon privatisation of the Company which also informs a negative perception and attitude held by workers on the planned privatisation initiative. This concurs with the views of Wood

(2004) that resulting changes in the conditions of employment such as increased workload & pressure, increased hours worked, reduced job security and employee benefits can have a direct and often negative impact on how employees perceive changes in their conditions of employment. The findings are further supported by Madzikanda and Njoku (2008) who observed that employees of the privatised SOEs are likely to come under pressure to work harder for higher standards and that the perceived unfavourable changes in their working conditions were likely to negatively influence their attitudes towards privatisation.

In summary, an average of 132(62.96%) out of the 210 respondents who participated in the study projected a deterioration in conditions of employment upon privatisation of the Company, 42(20.00%) expected no change, while only 36(17.04) expected an improvement in their conditions of employment. These findings inform an overall negative perception and attitude held by the majority of the employees on the planned privatisation of Muhoroni Sugar Company on account of anticipated unfavourable changes in their conditions of employment. This concurs with the research findings from a study conducted by Madzikanda and Njoku (2008) on the employees' attitudes towards the privatisation of Kuwait's state owned enterprises where it was established that employees' attitudes towards privatization were overwhelmingly negative. These findings are further supported by the views of Wood (2004) who observed that changes in conditions of employment, especially those that impact on an employee's immediate work environment (e.g. pay and hours worked), can have a significant impact on employees' commitment and attitudes towards privatisation.

It therefore follows that, since perceptions concerning organizational change processes are significantly predictive of employees' reactions to change (Vithessonthi, 2005), the negative employees' perception established in this study would be associated with possible resistance by employees of Muhoroni Sugar Company to the planned privatisation of the state corporation. The employees are likely to resist the privatisation implementation process since they perceive the public sector reform policy as having the potential of being injurious to their conditions of employment. This concurs with the observations made by Nellis *et al.* (2004) that opposition to privatisation arising from negative perception turned violent in Bolivia leading to the cancellation of concession and in Peru where the sale was abandoned. Coyle-Shapiro and Kessler (2000) also observed that where employees feel management have allowed conditions to deteriorate as a result of privatisation, they can be expected to reciprocate through resistance, reduced commitment and poor performance thus defeating the purpose of the entire process.

4.4.2 Employees' Perceived Change in the level of Participation in decision-making on Privatisation of Muhoroni Sugar Company.

Similar to changes in conditions of employment, perceived change in the level of employees' participation in a firm's decision-making can be expected to have a positive relationship with employees' perception on privatisation initiatives. Several researchers including Coch and French (1948) have emphasized the role of participation in decision-making for promoting employees' acceptance of change.

The study sought to establish the perceived change in the level of employee participation in decision making on privatisation of Muhoroni Sugar Company so as to

provide the basis of analysis for employees' perceptions on the planned privatisation of the Company.

To achieve this, respondents were asked to express their opinions on the expected decision-making involvement level changes upon privatisation of the company, covering both operational and strategic organisational decision-making issues. The results obtained were respectively discussed under the following sub-themes:

4.4.2.1 Employees' Perceived Change in the level of Participation in Operational Decision-Making Issues.

The study sought to establish the perceived change in the level of employee participation in operational decision making upon privatisation of Muhoroni Sugar Company so as to provide a basis of analysis for employees' perceptions on the planned privatisation of the Company. To realize this, respondents were asked to express their opinions on the expected operational decision-making involvement level changes upon privatisation of the Company. The results obtained were as presented in tables 4.7.

Table 4.7

Responses on employees' perceived change in the levels of involvement in decision-making (operational issues)

Operational decision making issues	Job Title/ Category	Shall Increase		Remain Unchanged		Shall Decrease	
		f	%	f	%	f	%
Training requirements	Management	0	0.0	2	0.95	61	29.05
	Union	0	0.0	12	5.72	135	64.29
	Total	0	0.0	14	6.67	196	93.33
Pay and Benefits	Management	2	0.95	8	3.81	53	25.24
	Union	0	0.0	10	4.76	137	65.24
	Total	2	0.95	18	8.57	190	90.48
Hours Worked	Management	4	1.90	6	2.86	53	25.24
	Union	0	0.0	8	3.81	139	66.19
	Total	4	1.90	14	6.67	192	91.43
Manner in which assigned tasks are completed.	Management	2	0.95	4	1.91	57	27.14
	Union	0	0.0	21	10.0	126	60.00
	Total	2	0.95	25	11.91	183	87.14
Mean Score		2	0.95	18	8.57	190	90.48

Of the 210 respondents who took part in the study, 190(90.48) perceived a decrease in the level of employee involvement in decision making on operational issues within the company upon privatisation. On the other hand, 18(8.57%) held believed that status quo shall be maintained with only 2(0.95) of the respondents projecting an improvement in the level of employee involvement in operational decision making once the Company is privatised.

These findings imply that majority of Muhoroni Sugar Company employees perceive a negative change in the level of employee involvement in the firm's operational

decision making issues upon privatisation of the firm. This concurs with the views expressed by O'Connell (1993), that privatisation often involves a reduction in the number of managerial layers and the establishment of market-based business units with clearly defined and quantifiable performance targets that provide lower level managers with an incentive to more closely supervise and control employee decisions thus reducing employees' sense of participation in decision-making at the workplace.

Given that majority of Muhoroni Sugar Company employees perceive a negative change in the level of employee involvement in the firm's operational decision making issues upon privatisation of the firm, it follows therefore that the employees are likely to resist the Organisation's privatisation implementation process. The possible resistance by the employees may therefore slow down or completely derail the actualization of the public sector reform policy in the Company thus causing the Organisation to lose out on the anticipated benefits of privatisation.

4.4.2.2 Employees' Perceived Change in the level of Participation in Strategic/Departmental Decision-Making Issues.

The study also sought to establish the perceived change in the level of employee participation in strategic/departmental decision making upon privatisation of Muhoroni Sugar Company to provide a basis of analysis for employees' perceptions on the planned privatisation of the Company. The respondents were therefore asked to express their opinions on the expected strategic/departmental decision-making involvement level changes upon privatisation of the Company. The results obtained were summarized as presented in tables 4.8.

Table 4.8

Responses on employee's perceived change in the levels of involvement in decision-making (on Strategic/Departmental Issues)

Strategic decision making Issues	Employee category	Shall Increase		Remain Unchanged		Shall Decrease	
		F	%	F	%	f	%
Hiring of employees	Management	0	0.0	4	1.90	59	28.10
	Union	2	0.95	12	5.71	133	63.33
	Total	2	0.95	16	7.62	192	91.43
Dismissal of employees	Management	0	0.0	2	0.95	61	29.05
	Union	0	0.0	15	7.14	132	62.85
	Total	0	0.0	17	8.10	193	91.90
Promotion of employees	Management	0	0.0	4	1.91	59	28.10
	Union	2	0.95	15	7.14	130	61.90
	Total	2	0.95	19	9.05	189	90.00
Transfer of employees	Management	0	0.0	5	2.38	58	27.62
	Union	2	0.95	10	4.76	135	64.29
	Total	2	0.95	15	7.14	193	91.91
Firm Budget and Finances	Management	0	0.0	4	1.90	59	28.10
	Union	0	0.0	15	7.14	132	62.85
	Total	0	0.0	19	9.05	191	90.95
Other strategic & departmental decisions	Management	0	0.0	2	0.95	61	29.05
	Union	0	0.0	12	5.71	135	64.29
	Total	0	0.0	14	6.67	196	93.33
Mean Score		1	0.50	17	7.94	192	91.56

On strategic/departmental decision making, 192(91.56%) of the 210 perceived a decline in the level of employee involvement in strategic/departmental decision-making issues upon privation of Muhoroni Sugar Company while 17(7.94%) of the respondents projected that status quo shall be maintained with only 1(0.50%) respondent projecting an improvement in the level of employee involvement in strategic/departmental decision making on privatisation of the Company. On average 191(91.02%) respondents out of the 210 projected a decline in the level of employee involvement in both strategic and operational decision-making issues upon privatisation of the Company.

These findings imply that majority of Muhoroni Sugar Company employees perceive a negative change in the level of employee involvement in the firm's strategic/departmental decision making issues upon privatisation of the firm. This concurs with the views expressed by O'Connell (1993), that privatisation often involves the establishment of market-based business units with clearly defined and quantifiable performance targets that provide lower level managers with an incentive to more closely supervise and control employee decisions thus reducing employees' sense of participation in decision-making at the workplace. Pendleton (1999) also agrees that the need to improve a firm's performance provide management with more effective bargaining tools while reduced political involvement occasioned by privatisation undermines the ability of unions to use their status as a political interest group.

Given that majority of Muhoroni Sugar Company employees perceive a negative change in the level of employees' involvement in the firm's strategic/departmental decision making issues upon privatisation of the firm, it follows that the employees are likely to resist the privatisation of the Company so as to protect their representation and

interests in the firm's decision making structures. This argument is in line with the views expressed by Vithessonthi (2005) that employees who perceive a low level of their participation in an organization's decision-making concerning organizational change tend to react more negatively to change than those who perceive a high level of their participation in decision-making and vice versa. He argues that perceived degree of participation in decision-making tends to be associated with employees' resistance to change and support for change.

4.4.3 Employees' Perceived Change in Management-Union Collaboration/ Relationships on Privatisation of Muhoroni Sugar Company.

Since effective management-union collaboration is an important mechanism for determining employee welfare, it can be expected that employees' perceptions of post-privatisation management-union collaboration/relationship will be positively associated with their commitment and response to the privatisation initiatives.

The study therefore sought to explore the employees' perceived change in Management-Union collaboration/ relationships upon privatisation of Muhoroni Sugar Company so as provide a basis of analysis for employees' perceptions on the planned privatisation of the Company.

To realize this, respondents were asked to express their opinions on the expected changes guided by five Management-Union Collaboration Indicators. The findings were summarized and presented in table 4.9.

Table 4.9

Responses on Perceived change in Management-Union Collaboration/Relationships

Management-Union Collaboration Issues	Job Title/ Category	Agree		Neither		Disagree	
		f	%	f	%	f	%
Principals/Management will be more willing to cooperate with the employees Union in resolving disputes or problems facing employees	Management	0	0.0	4	1.90	59	28.10
	Union	0	0.0	10	4.76	137	65.24
	Total	0	0.0	14	6.67	196	93.33
Employees union will be more willing to cooperate with Principals /Management on resolving disputes or problems facing employees	Management	20	9.52	2	0.95	41	19.52
	Union	44	20.95	6	2.86	97	46.19
	Total	64	30.48	8	3.81	138	65.71
Management will see cooperation with employees Union as a vital tool in creating successful & effective change in the Organisation	Management	4	1.91	10	4.76	49	23.33
	Union	2	0.95	35	16.67	110	52.39
	Total	6	2.86	45	21.43	159	75.71
Union-Management relations will improve significantly	Management	4	1.91	10	4.76	49	23.33
	Union	2	0.95	33	15.71	112	53.33
	Total	6	2.86	43	20.47	161	76.67
Union-Management relations will deteriorate significantly	Management	46	21.91	2	0.95	15	7.14
	Union	135	64.29	4	1.91	8	3.81
	Total	181	86.19	6	2.86	23	10.95
Mean Score		51	24.48	24	11.05	135	64.47

Of the 210 respondents, 181(86.19%) reported that Union-Management relations will deteriorate significantly upon privatisation of Muhoroni Sugar Company. On the other hand, 196 (93.33%) reported that Principals/Management will be less willing to cooperate with the employees' union in resolving disputes or problems facing employees while 110(52.39%) felt that management shall not see cooperation with employees' union as a vital tool in creating successful & effective change in the Organisation.

These findings imply that majority of the employees perceive a decline in the status of management-union collaboration/relationships once the Company is privatised hence a negative perception. These findings are in line with the views of Arrowsmith (2003), that privatisation affects the ability of trade unions to act as an effective voice of employees' opinion. Pendleton (1999) also agrees that the need to improve a firm's performance provide management with more effective bargaining tools while reduced political involvement occasioned by privatisation undermines the ability of unions to use their status as a political interest group. However, these findings contradict the views expressed by Arrowsmith (2003) who observed that management often identify trade union cooperation as a means of securing employee acceptance for reform, and thus avoiding industrial conflict while Unions recognise the need to engage effectively with management in order to influence the outcome of reforms and minimise the adverse consequences for their members.

Generally put, changes that affect employees' union adversely are likely to attract resistance from the members. Consequently, arising from the established negative perception held by the employees on Management-Union collaboration upon privatisation of the Company, the employees' Union are likely to influence the workers to

resist or sabotage the Company's Privatisation implementation process unless their concerns are effectively addressed. This may adversely affect the Organisations recovery strategy which is partly anchored on the success of the privatisation process.

4.4.4 Employees' Demographic Characteristics and Perceptions on Privatisation of Muhoroni Sugar Company Limited.

Studies have shown that people's characteristics may have a bearing on the kind of decisions they make when faced with certain situations or when in certain circumstances. In this study, the researcher sought to examine the extent to which employees' demographic characteristics influenced their perceptions on privatization of Muhoroni Sugar Company on the basis of responses given by each respondent guided by arrange of indicators across the variables of investigation.

The results obtained were summarized and discussed under the following sub-themes:

4.4.4.1 Response Distribution by Respondents' Level of Education on Conditions of Employment

The researcher found it important to understand response distribution by the respondents' level of education on the conditions of employment to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The response distribution by respondents' level of education on the perceived change in conditions of employment upon privatisation of Muhoroni Sugar Company were therefore summarized and tabulated as shown in table 4.10a.

Table 4.10a

Response distribution by respondents' Level of Education on Conditions of Employment

Conditions of Employment	Education Level	Shall Increase		Remain Unchanged		Shall Decrease	
		F	%	F	%	F	%
Security of employment	"O" level	0	0.0	0	0.0	31	100.00
	A level	0	0.0	0	0.0	4	100.00
	Certificate	0	0.0	0	0.0	85	100.00
	Diploma	0	0.0	0	0.0	67	100.00
	First degree	0	0.0	3	13.04	20	86.96
Basic Pay/ Remuneration	O level	4	12.90	8	25.81	19	61.29
	A level	2	50.00	0	0.0	2	50.00
	Certificate	13	15.29	42	49.41	30	35.29
	Diploma	14	20.90	39	58.21	14	20.90
	First degree	20	86.96	3	13.04	0	0.0
Progression (Recruitment & Promotion)	O level	0	0.0	0	0.0	31	100.00
	A level	0	0.0	0	0.0	4	100.00
	Certificate	0	0.0	0	0.0	85	100.00
	Diploma	0	0.0	0	0.0	67	100.00
	First degree	0	0.0	3	13.04	20	86.96

On conditions employment, 187(100%) of the respondents with lower than first degree qualifications projected a decline in job security unlike those with first degree qualifications where 3(13.4%) projected no change in job security. On the other hand, 20(86.96%) of the respondents with a minimum qualification of first degree projected an increase in basic pay/ remuneration upon privatization of the Company against a paltry 33(24.77%) for those with lower qualifications. Again, 187(100%) of the respondents with below first degree qualifications projected a decrease in career progression compared to 20(86.96%) for those with first degree qualifications.

Based on these results, it is evident that respondent's level of education influenced their responses significantly since those with lower academic qualifications projected

more of reduced job security upon privatization of the Company compared to the respondents with higher academic qualifications. On the other hand, respondents with higher academic qualifications projected an increase in basic salary/remuneration on privatization of the Company as opposed to those with lower qualifications who projected a decrease.

It therefore follows that Muhoroni Sugar Company's employees with higher academic qualifications are more likely to embrace or support the privatization of the Company as opposed to those with lower education levels. These findings concur with those of Madzikanda and Njoku (2008) in a study of employees' attitudes towards privatisation conducted in Kuwait, where they established that workers who had higher academic qualifications were less worried about their job security following privatisation compared to those with lower academic qualifications.

4.4.4.2 Response Distribution by Respondents' Job Title/Category on Perceived Change in Conditions of Employment

The researcher found it important to understand response distribution by the respondents' job title on the perceived change in conditions of employment to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The response distribution by respondents' job title/category on the perceived change in conditions of employment upon privatisation of Muhoroni Sugar Company were hence summarized and tabulated as shown in table 4.10b.

Table 4.10b

Response distribution by Respondent's Job Title/ Category on Perceived Change in Conditions of Employment

Conditions of Employment	Job Title/ Category	Shall Increase		Remain Unchanged		Shall Decrease	
		f	%	F	%	f	%
Security of employment	Management	0	0.0	3	4.80	60	95.20
	Union	0	0.0	0	0.0	147	100.00
	Total	0	0.0	3	1.43	207	98.57
Basic Pay/ Remuneration	Management	33	52.38	30	47.62	0	0.00
	Union	20	13.61	62	42.18	65	44.21
	Total	53	25.23	92	43.81	65	30.95
Progression (Recruitment & Promotion)	Management	0	0.0	2	3.17	61	96.83
	Union	0	0.0	8	5.44	139	94.56
	Total	0	0.0	10	4.76	200	95.24

On conditions of employment, 147(100%) of the unionisable respondents projected a decrease in job security compared to those representing management at 60(95.20%). On the other hand, 33(52.38%) of the respondents from management projected a salary increase compared to a paltry 20(13.61%) of the unionisable respondents.

These findings imply that management employees of Muhoroni Sugar Company are less worried about their job security on privatization of the Company as compared to the unionisable staff. This is again in agreement with the findings of Madzikanda and Njoku (2008) in a study of employees attitudes towards privatisation conducted in Kuwait, where they found that Managers were less worried about their job security following privatisation compared to low-level employees (at 73% against 81%).

4.4.4.3 Response Distribution by Respondents' Job Title/Category, Gender, Age, Level of Education and Working experience on employee awareness

The researcher found it important to understand response distribution by the respondents' job title, gender, age, education and working experience on employee awareness to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The response distributions by respondents' job title/category, gender, age, level of education, and working experience on employees' awareness of the planned privatisation of Muhoroni Sugar Company were summarized and tabulated as shown in table 4.10c.

Table 4.10c

Response distribution by respondents' Job Title/Category, Gender, Age, level of Education and Working experience on employee awareness

Demographic Characteristics		YES		NO	
		f	%	f	%
Title/Category	Management	59	93.65	4	6.35
	Union	130	88.44	17	11.56
	Total	189	90.00	21	10.00
Gender	Male	159	89.83	18	10.17
	Female	30	90.91	3	9.09
	Total	189	90.00	21	10.00
Age	18 – 40	60	77.92	17	22.08
	41 – 55	109	97.32	3	2.68
	Over 55	20	95.24	1	4.76
	Total	189	90.00	21	10.00
Education	O level	22	70.97	9	29.03
	A level	2	50.00	2	50.00
	Certificate	75	88.24	10	11.76
	Diploma	67	100	0	0.0
	First degree	23	100	0	0.0
	Total	189	90.00	21	10.00
Experience	4 years & below	1	12.50	7	87.50
	5 - 10	54	84.38	10	15.62
	11 - 20	95	96.94	3	3.06
	Over 20	39	97.50	1	2.50
	Total	189	90.00	21	10.00

On awareness, 59(93.65%) of respondents from the management confirmed that they were aware of the planned privatisation of the company compared to 130(88.44%) of the union. On the other hand, 90(100%) of the respondents with diploma and first degree qualifications reported that they were aware of the planned privatisation of the company compared to an average of 99(69.74%) for those with lower academic qualifications. This could be attributed to the fact that management staffs majority of

whom possess higher academic qualifications have more access to corporate and general information on the state and current affairs of the Kenyan Sugar Industry as compared to the rest of the employees. This therefore means that Muhoroni Sugar Company employees who are in management are more likely to support the planned Privatisation of the Company as compared to those in the union majority of whom have lower academic qualifications.

4.4.4.4 Response Distribution by Respondents' Job Tittle/Category, Gender, Level of Education, Age and Working experience on adequacy of employee sensitization

The researcher also found it important to understand response distribution by the respondents' job tittle, gender, age, education and working experience on employee sensitization to provide a basis of analysis for the influence of demographic characteristics on employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The response distributions by respondents' job tittle/category, gender, age, level of education, and working experience on employees' sensitization on the planned privatisation of Muhoroni Sugar Company were therefore summarized and tabulated as shown in table 4.10d.

Table 4.10d

Response distribution by respondents' Job Title/Category, Gender, Level of education, Age and Working experience on employees' sensitization

Demographic		YES		NO	
Characteristics		f	%	f	%
Title/Category	Management	34	53.97	29	46.03
	Union	50	34.01	97	65.99
	Total	84	40.00	126	60.00
Gender	Male	55	31.07	122	68.93
	Female	29	87.88	4	12.12
	Total	84	40.00	126	60.00
Age	18 – 40	17	22.08	60	77.32
	41 – 55	50	44.64	62	55.36
	Over 55	17	80.95	4	19.05
	Total	84	40.00	126	60.00
Education level	O level	5	16.13	26	83.87
	A level	0	0.0	4	100
	Certificate	16	18.82	69	81.18
	Diploma	40	59.70	27	40.30
	First degree	23	100	0	0.0
	Total	84	40.00	126	60.00
Experience	4 years & below	0	0.0	8	100
	5 - 10	28	43.75	36	43.67
	11 - 20	38	38.78	60	61.22
	Over 20	18	45.00	22	55.00
	Total	84	40.00	126	60.00

From the findings shown in table 4.10d, 34(53.97%) of the management reported adequate sensitization levels compared to 50(34.01%) of the unionisable staff. This could be attributed to the fact that management have more access to corporate and general information on the state and affairs of the Kenyan Sugar Industry as compared to the rest of the employees. This again implies that the Muhoroni Sugar Company employees in

management are more likely to support the Privatisation of the Company as compared to those in the union.

On the other hand, 29(87.88%) of the female respondents confirmed the adequacy of sensitisation already done to the employees compared to a paltry 55(31.07%) of the male respondents. This could be attributed to the fact that the majority of female employees of Muhoroni Sugar Company are in management and are therefore having more access to vital information on the current affairs in the Kenyan Sugar Industry. It therefore implies that majority of the female employees are more likely to respond favourably to the planned privatisation of the Company as compared to their male counterparts.

On the basis of academic qualifications, those with first degree and diploma qualifications confirmed the adequacy of sensitization so far conducted at 23(100%) and 40(59.70%) respectively compared to an average of only 21(17.48%) for those with lower academic qualifications. This could be attributed to the fact that those employees with higher academic qualifications are more exposed and have access to a wide range of information on current affairs in the Kenyan Sugar industry. It therefore follows that employees with higher academic qualifications are more likely to support the planned privatisation of the Company as compared to those with lower academic qualifications.

4.4.4.5 Response Distribution by Respondents' Job Tittle/Category and Level of Education on the necessity of Privatisation

The researcher also found it necessary to understand response distribution by the respondents' job tittle/category and level of education on the necessity of privatisation to provide a basis of analysis for the influence of demographic characteristics on

employees' perceptions and attitudes on the planned privatisation of Muhoroni Sugar Company Ltd.

The response distribution by respondents' job title/category and level of education on the necessity of privatisation as a public sector reform policy for the Kenyan sugar industry were summarized and tabulated as shown in table 4.10e.

Table 4.10e

Response distribution by respondents' Job Title/ Category & Level of Education on the necessity of privatization as a public sector reform policy

Demographic Characteristics		YES		NO	
		f	%	f	%
Job Title/ Category	Management	30	47.62	4	6.35
	Union	42	28.57	8	5.44
	Total	72	34.29	12	5.71
Education level	O level	0	0.0	10	32.26
	A level	0	0.0	2	50.00
	Certificate	20	23.53	0	0.0
	Diploma	30	44.78	0	0.0
	First degree	23	100	0	0.0
	Total	72	34.29	12	5.71

On the other hand, based on the findings shown in table 4.10e, out of the 63 respondents who represented management in the study, 30(47.62%) approved of the need for privatisation of the Kenyan Sugar Industry against 42(28.57%) respondents from the unionisable staff.

These findings again imply that job category and the respondent's academic qualifications significantly influenced their responses during the study. It is hence apparent from the findings that the employees' perceptions and attitudes on the planned

privatisation of Muhoroni Sugar Company are significantly influenced by their job categories and level of academic qualifications.

Overall findings on the influence of respondents' demographic characteristics have therefore shown that job category (Management/Unionisable) and academic qualifications play a significant role in shaping the employees' perceptions on privatisation initiatives. Consequently, the Muhoroni Sugar Company employees in management and those with higher academic qualifications are therefore more likely to support the planned privatisation of Company as compared to those in the union majority of whom have lower academic qualifications.

4.4.5 Measures for enhanced employees' positive perceptions and attitudes on privatisation of Muhoroni Sugar Company Limited.

Establishing collaborative structures and providing employees with a financial stake in the privatized firm for example, can create a common ground upon which management and unions engage with one another. Accordingly, a good strategy that wins labour support for privatization and creates social safety for laid off workers might be necessary for successful implementation of a privatization initiative (Cam, 1999). The study sought to suggest suitable measures and strategies that can be used to address the employees' concerns for enhanced positive perceptions and attitudes on the planned privatisation initiative.

Respondents were therefore asked by the researcher to express their opinions on the suitability of arrangement of suggested measures and to specify any other measure (s) that they deemed suitable. The results that were obtained were summarised in table 4.11.

Table 4.11:

Responses on Measures for enhanced employees' positive perceptions and attitudes on privatization

Measures for Enhanced positive employees perceptions and attitudes	Job Title/ Category	YES		NO	
		f	%	f	%
Signing of employee retention or no lay-off agreements for a reasonable period of time to a lay the fear of job loss in the privatized Company.	Management	57	27.14	6	2.86
	Union	137	65.24	2	4.76
	Total	194	92.38	16	7.62
Providing for significant Employee shareholding in the sale agreements of the Company.	Management	57	27.14	6	2.86
	Union	143	68.10	4	1.90
	Total	200	95.24	10	4.76
Providing for effective employees Union representation in Key Management decision making organs of the privatized Company.	Management	55	26.19	8	3.81
	Union	138	65.71	9	4.29
	Total	193	91.90	17	8.10
Providing for Merit-based staff recruitment, promotion & remuneration in the privatized Company.	Management	59	28.10	4	1.90
	Union	139	66.19	8	3.81
	Total	198	94.29	12	5.71
Training and equipping employees who might lose jobs due to privatization with skills for self-employment, or re-employment into some other public or private sectors.	Management	59	28.10	4	1.90
	Union	147	100	0	0.0
	Total	206	98.10	4	1.90
Mean Score		198	94.38	12	5.62

Out of the 210 respondents, an average of 198 (94.38%) approved of suggested measures and strategies for enhanced positive employee perceptions and attitudes. Training and equipping employees for self or re-employment in some other sectors

received the highest approval of 206(98.10%) followed by the proposal to provide for employee shareholding in the privatised Company 200(95.24%).

Providing for Merit-based staff recruitment, promotion & remuneration in the privatized Company got an approval rate of 198(94.29%) while signing of employee retention or no lay-off agreements for a reasonable period of time in the privatized Company received an approval rate of 194(92.38%). On the other hand, providing for effective employees' union representation in Key Management decision making organs of the privatized Company received an approval rate of 193(91.90%).

It implies therefore that privatisation as a public sector reform policy brings with it far reaching implications to the employees of the privatised firm hence the need to come up measures and strategies that would create a common ground upon which management and employees' unions engage with one another. Accordingly, a good strategy that wins labour support for privatization and creates social safety for workers might be necessary for successful implementation of a privatization initiative. This concurs with the views of McCarthy, Reeves and Turner (2006), who observed that creating employee shareholders can be expected to align the objectives of employees and management, thereby facilitating greater employee understanding and acceptability in relation to changes in conditions of employment brought about by privatisation.

4.5 General employees' views on the planned privatisation of Muhoroni Sugar Company.

The researcher sought to obtain general employees' views on the planned privatisation of Muhoroni Sugar Company since this could also provide a basis for important research conclusions and recommendations. The research findings were presented and discussed under the following themes:

4.5.1 Employees' awareness and levels of sensitization on the planned privatisation of Muhoroni Sugar Company.

In establishing the employees' general views, the researcher first sought to obtain employees' opinions on the level of awareness and adequacy of employee-sensitization done on the planned privatisation of Muhoroni Sugar Company Limited. The findings obtained were summarised as shown in table 4.12a.

Table 4.12a

Responses on employees' awareness levels and adequacy of employee sensitization done on the planned privatization of Muhoroni Sugar Company Limited

Statements	Job Title/ Category	YES		NO	
		F	%	f	%
Level of Employee awareness of the planned privatization of Muhoroni Sugar Company Limited.	Management	59	93.65	4	6.35
	Union	130	88.44	17	11.56
	Total	189	90.00	21	10.00
Adequacy of employee sensitization done on the planned privatization of Muhoroni Sugar Company Limited.	Management	34	53.97	29	46.03
	Union	50	34.01	97	65.99
	Total	84	40.00	126	60.00
Mean		136	65.00	74	35.00

Out of the 210 respondents, 189(90%) reported that they were aware of the planned privation of Muhoroni Sugar Company. However, 126 (60%) of the respondents reported that inadequate employee-sensitization had been done on the planned privatisation of the Company.

These findings imply that despite majority of the employees being aware of the planned privation of Muhoroni Sugar Company, a good number are of the opinion that the sensitization so far done to the employees on the planned privatisation of the Company is inadequate. Consequently, employees may resist or reject the planned privatisation of the Company for fear of the unknown mainly informed by lack of adequate information on the benefits of privatisation as public sector reform policy.

4.5.2 Employees' views on the relevance of privatisation as a public sector reform policy for the Kenyan Sugar Industry.

Secondly, the researcher sought to establish whether the employees considered privation as relevant for the Kenyan Sugar Industry also to provide a basis for important research conclusions and recommendations. The results that were obtained were again tabulated as shown in table 4.12b.

Table 4.12b

Responses on whether privation as a public sector reform policy is necessary for the Kenyan Sugar Industry

Job Title/Category	YES		NO	
	f	%	f	%
Management	30	47.62	4	6.35
Union	42	28.57	8	5.44
Total	72	34.29	12	5.71

Of the 210 respondents, 72(34.29%) approved of the need for privatisation in the Kenyan Sugar industry, 12(5.71%) disapproved of the need while 126(60.00%) remained non-committal on the matter citing inadequate sensitization on the matter. Out of the 63 respondents who represented management in the study, 30(47.62%) approved of the need for privatisation whereas for the unionisable staff, only 42(28.57%) respondents approved of the need for privatisation of Muhoroni Sugar Company.

Based on these findings, majority of the respondents who disproved of the necessity of privatisation for the Kenyan Sugar Industry were from the union. It therefore follows that the unionisable staff are more likely to resist the planned privatisation of Muhoroni Sugar Company as compared to those in management.

4.5.3 Employees' views on what they consider as the main reason for the privatisation of Muhoroni Sugar Company

Finally, the researcher sought to establish from the employees' what they considered as the main reason behind the planned privation of Government owned Sugar Companies and Muhoroni Sugar Company in particular. This was also found necessary so as to provide a basis for important research conclusions and recommendations.

The respondents gave varied reasons for the privatisation of Muhoroni Sugar Company. The results obtained were summarized as shown in table 4.12c.

Table 4.12c

Main Reasons for the privatization of Muhoroni Sugar Company

Reason for the privatization of Muhoroni Sugar Company	Job Title/ Category	Frequency f	Percentage %
Reduce Government expenditure on SOEs	Management	3	4.76
	Union	8	5.44
	Total	11	5.24
Improve Performance of SOEs	Management	26	41.27
	Union	20	13.61
	Total	46	21.91
Generate revenues from the privatization programme	Management	1	1.59
	Union	2	1.36
	Total	3	1.43
Fulfill IMF, WB and COMESA conditionality	Management	0	0.0
	Union	12	8.16
	Total	12	5.71

Out the 210 respondents, only 72(34.29%) gave reasons for the privation of the company, 138(65.71%) gave no reasons with 126(60%) of them citing inadequate sensitization on the public sector reform policy while 12(5.71%) of the respondents were of the opinion that privatisation was not necessary for the Kenyan Sugar Industry.

The results demonstrate that only 46 (21.90%) of the respondents were informed on the main reason for the planned privatisation of the Kenyan Sugar Industry. This means that majority of the employees have insufficient information on the planned privation of the Company and that their negative perceptions may largely be informed by lack of vital knowledge on the valuable public sector reform policy.

Consequently, the employees of Muhoroni Sugar Company may reject or resist the Company's privatisation implementation process largely due to lack of adequate vital information on the benefits of the reform policy both to them as workers and the Organisation at large. This concurs with the views expressed by Vithessonthi (2005) that perceptions concerning organizational change processes are significantly predictive of employees' reactions to change.

The anticipated resistance to the Company's privatisation implementation process based on these findings is therefore likely to adversely affect the Organisation's recovery strategy which is partly anchored on the success of the initiative.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the main findings of the study; the conclusions arising from the findings and recommendations emanating from the research. The chapter also covers the knowledge contributions of the study and suggestions for further research to help deepen understanding on the subject of investigation.

5.2 Summary of Findings

In establishing employee's perceived change in conditions of employment, the study found that out of the 210 respondents who participated in the study, an average of 132(62.96%) projected a deterioration in conditions of employment upon privatisation of the Company, 42(20.00%) anticipated no change while only 36(17.04%) expected an improvement in the conditions of employment once the company is privatised. More specifically, 207(98.57%) of the respondents projected a decrease in job security, 173(82.39%) anticipated an increased workload, 200(95.24%) expected a decline in recruitment and career progression, and 170(80.96%) projected a decline in teamwork, while 202(96.20%) expected a reduction in overtime earnings with 195(92.87%) projecting a reduction in incentives and other benefits to employees once the Company is privatised thus implying a negative perception held by employees on the planned privatisation process and that they may reject, resist or delay the process implementation mainly on the account of the anticipated unfavourable changes in their conditions of employment given that perception is directly associated with human actions.

On the question of employees' perceived change in the level of involvement in the firm's operational decision making, 190(90.48%) of the 210 respondents projected a decline in the level of employee involvement while only 2(0.95%) respondents projected an improvement in the level of employee involvement in operational decision making upon privatisation of the Company. On the other hand, 192(91.56%) of the 210 anticipated a decline in the level of employee involvement in strategic/departmental decision-making issues upon privatisation of the Company while only 1(0.50%) respondent projected an improvement in the level of employee involvement in strategic/departmental decision making on privatisation of the Company. On average 191 (91.02%) respondents out of the 210 reported a projected decline in the level of employee involvement in both strategic and operational decision-making issues upon privation of the Company implying that majority of Muhoroni Sugar Company employees perceive a negative change in the level of employee involvement in the firm's decision making issues upon privatisation of the firm. Again these findings can be associated with possible employee resistance or sabotage to the planned privatisation implementation process.

The study also found that of the 210 respondents, 181(86.19%) reported that Union-Management relations will deteriorate significantly upon privatisation of Muhoroni Sugar Company. More specifically, 196(93.33%) respondents reported that Principals/Management will be less willing to cooperate with the employees' union in resolving disputes or problems facing employees while 110(52.39%) felt that management shall not see cooperation with employees' union as a vital tool in creating successful & effective change in the Organisation. These findings imply that majority of the employees perceive a decline in the status of management-union

collaboration/relationships once the Company is privatised hence a negative perception. The employees' union may therefore reject, resist or delay the planned change implementation process on account of the anticipated unfavourable relations between management and the union upon privatisation of the Company.

On the influence of demographic characteristics on employees' perceptions on privatization, the study found that respondent's job category and academic qualifications significantly influenced on their responses during the study. For instance, 187(100%) of the respondents with lower than first degree qualifications projected a decrease in job security unlike those with first degree qualifications where 3(13.4%) projected no change in job security. More still, 20(86.96%) of the respondents with a minimum qualification of first degree projected an increase in basic pay/ remuneration upon privatization of the Company against a paltry 33(24.77%) for those with lower qualifications. On the other hand, 59(93.65%) of respondents from the management confirmed that they were aware of the planned privatisation of the company compared to 130(88.44%) of the union. It was also established that 34(53.97%) of the respondents from management reported adequate sensitization levels compared to 50(34.01%) of the unionisable staff.

The study also found that even though 189(90%) of the respondents were aware of the planned privation of the Company, 126(60%) had the opinion that the sensitization so far done to the employees on public sector reform policy was inadequate implying that majority of the employees have insufficient information on the planned privation of the Company and that their perceptions may be informed by lack of vital information on the valuable public sector reform policy.

5.3 Conclusions

Although privatization brings with it some benefits for the economy, it is equally important to note its impact on employees as key stakeholders. The concerns of the employees emanating from perceived unfavourable changes in their conditions of employment must not be neglected if a successful and smooth privatization is to be implemented.

In establishing employees' perceived change in conditions of employment on privatisation of Muhoroni Sugar Company, the study concludes that majority of the employees perceive a negative change in their conditions of employment. The apparent overwhelming negative perceptions being largely informed by concerns on the anticipated unfavourable changes in the conditions of employment, particularly on job security, career progression, work load and pressure, basic pay/remuneration, incentives and other benefits to the employees.

On perceived decision making involvement levels, the study concludes that majority of Muhoroni Sugar Company employees perceive a decline in the level of employee involvement in the firm's decision making issues upon privatisation of the Company thus implying a negative perception.

On the management-union relations, the study concludes that most of the Company's employees perceive a decline in the status of management-union collaboration/relationships once the Organisation is privatised. The employees' union may therefore reject, resist or delay the planned change implementation process on account of unfavourable projected relations between management and the union upon privatisation of the Company.

The study further concludes that the employees' perceptions on the planned privatisation of Muhoroni Sugar Company are significantly influenced both by their job categories and academic qualifications.

The study also concludes employee sensitization so far conducted on the planned privation of Muhoroni Sugar Company is inadequate and that majority of the employees have insufficient information on the planned privation of the Company and therefore their apparent overwhelming negative perceptions may be informed by lack of vital information on the valuable public sector reform policy.

Based on the findings of the study, the researcher concludes that majority of the employees perceive a negative change in their employment system upon privatization and that since perceptions concerning organizational change processes are significantly predictive of employees' reactions to change, the negative perception established in this study (if not addressed) may be associated with possible rejection or resistance by employees and their union to the implementation of the planned privatisation process which might ultimately result into further delay or total abandonment of the entire initiative.

Finally the study concludes that privatisation as a public sector reform policy is viable but brings with it far reaching implications especially to the employees of the privatised firms and that its acceptance and successful implementation is largely pegged on how well the initiative is planned and executed putting into place strategies and measures that enhance employees' and other stakeholders' participation and process ownership for sustainability and effectiveness.

5.4 Recommendations

Privatisation as a public sector reform policy has been useful in bringing about performance improvement in the privatised government institutions. However, it has since remained unpopular especially among the employees based on negative perceptions and attitudes mainly informed by the anticipated unfavourable changes that come with privatisation. Employees are always concerned about changes that come with privatisation that adversely affect their conditions of employment, particularly job security, workloads, remuneration, career progression, management-union relations, and levels of employee involvement in institutional decision making among others.

It therefore follows that its acceptance and successful implementation in an institution is largely pegged on how well the initiative is planned and executed putting into place strategies and measures that enhance employees' and other stakeholders participation and process ownership for sustainability and effectiveness.

Based on the findings of this study, it can be generalized that majority of the employees hold a negative perception on the planned privatisation of Muhoroni Sugar Company in particular and that of the state owned Sugar Companies in general. Therefore, to increase the success of privatisation as a public sector reform policy and to gain support of the employees and other stakeholders in the implementation process, this study advances the following recommendations to the implementers and policy makers:

1. The Sugar Industry's Privatisation Policy Implementing Agencies/Institutions i.e. PCK, MOA, and KSB should develop and carry out elaborate and effective employees/stakeholders sensitization programmes on specific planned

privatisation initiatives so as to inform the employees and other stakeholders on the expected gains for enhanced acceptability and success.

2. The Government and the Implementing Agencies/Institutions should make provisions for significant employee-shareholding in the privatized Company's sale agreements.
3. The Implementing Agencies/Institutions and the Investors should sign employee-retention or no lay-off agreements for a reasonable period of time to allay the employees' fear of immediate job loss in the privatized Company.
4. The Implementers should consider providing for effective employees' Union representation in Key Management decision making organs of the privatized Company.
5. The privatized institution's Management should provide for merit-based staff recruitment, promotion & remuneration for enhanced employees' confidence and support.
6. The Government and the privatization implementing Agencies/Institutions should establish and implement effective employee training programmes aimed at equipping those who might lose jobs due to privatization with appropriate alternative skills for self-employment, or re-employment into some other public or private sectors.

5.5 Contributions to the Body of Knowledge

The findings of this study have led to several contributions to the body of knowledge as outlined hereunder:

Research Objectives	Contributions to the Body of Knowledge
1. To establish employees' perceived change in conditions of employment on privatisation of Muhoroni Sugar Company Limited	Negative employees' perceptions on privatisations is partly informed by the anticipated unfavourable changes in their conditions of employment with regard job security, workloads, remuneration/other benefits & incentives, and career progression.
2. To explore employees' perceived change in the level of participation in decision-making on privatisation of Muhoroni Sugar Company Limited.	Majority of the employees perceive a reduction in the level of employee involvement in a firm's decision making issues upon privatisation of the Company.
3. To establish employees' perceived change in Management-Union collaboration or relationships on privatisation of Muhoroni Sugar Company	Most of employees perceive a decline in the status of management-union collaboration/relationships on privatisation of the companies. Employees' union may reject or resist change implementation process on the account of the unfavourable projected relations between management and the union upon privatisation of the Company.

4. To examine the extent to which Employees' perceptions on privatisation are employees' Personal Characteristics significantly influenced both by their job influence their perceptions on categories (Union or Management) and privatisation of Muhoroni Sugar academic qualifications.

Company.

5. To suggest suitable measures and Privatisation as a public sector reform policy strategies that can be employed to is viable but brings with it far reaching address the employees' concerns for implications to stakeholders especially the enhanced positive perceptions, employees of the privatised firm. Its attitude and acceptability of the acceptance and successful implementation is planned privatisation Muhoroni therefore largely dependent on how well the Sugar Company. initiative is planned and executed putting into place strategies and measures that enhance employees' and other stakeholders' participation and process ownership for sustainability and effectiveness.

5.6 Suggestions for Further Research

Despite the findings obtained by the study, there are areas that may require further research to deepen the understanding of the problem and for greater generalization. These are:

1. This study was specific to employees' perceptions on privatisation of the Kenyan Sugar Industry and Muhoroni Sugar Company Ltd in particular. However, there are other Sugar industry stakeholders whose perceptions might also significantly affect the privatisation policy implementation in the Sugar industry. It is therefore suggested that this study be replicated to cover other Sugar Industry stakeholders.
2. Given that the study focused on the perceptions of employees' of Muhoroni Sugar Company Ltd, it is suggested that this study be replicated to cover other Government owned Sugar Companies in the country such as Nzoia Sugar, SONY Sugar and Chemelil Sugar etc. which are also targeted for privatisation for greater generalization of the research findings.
3. Whereas the study was specific to the Sugar Industry, a similar study is suggested but with a focus on other Government owned Companies from sectors other than the Sugar Industry which are also targeted for privatisation for greater generalization of the findings e.g. Government Companies from the Energy and Dairy sectors among others.
4. Having treated Perception as a key factor affecting privatisation process implementation, it is suggested that further research be done to establish other important factors that may affect implementation of privatisation initiatives in Kenya.

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APPENDICES

APPENDIX I

Letters of Transmittal

P.O BOX 38-40107,
MUHORONI, KENYA.

Date.....

Dear Respondent,

RE: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY

I am a student at the University of Nairobi currently pursuing a Masters degree in Project Planning and Management. As part my study, I am required to submit a Research Project Report on employees' perceptions and attitudes on the impending privatization of Government Sugar Companies: A case of Muhoroni Sugar Company Limited. You are hereby requested to participate in the study by giving information regarding the topic of investigation within two weeks of receipt of the attached questionnaire.

Please note that the information is required purely for academic purposes and will not be used for any other purpose. I further assure you that your name will neither be mentioned nor quoted anywhere during the course of the study and/ or in the final report.

Yours Sincerely,

ODUM WALTER OTIENO

Student Researcher,

University of Nairobi.

P. O. BOX 38-40107,
MUHORONI, KENYA.

Date.....

The General Manager,
Muhoroni Sugar Company Limited,
P.O. Box 2, Muhoroni-Kenya.

Dear Sir,

RE: REQUEST TO UNDERTAKE A RESEARCH STUDY IN MUHORONI SUGAR COMPANY LIMITED

I am currently pursuing a postgraduate degree of Masters in Project Planning and Management at the University of Nairobi. As part of my study, I did propose to submit a Research Project Report on Employees' Perceptions and Attitudes on the planned privatization of Government Owned Sugar Companies: A case of Muhoroni Sugar Company Limited.

I therefore hereby request for your permission to undertake of this research study in your Organization taking into account the ethical and institutional considerations required of a study of this nature. I undertake to comply with all your rules and regulations while within your premises for purposes of this study either personally or through my research assistants.

Please note that the information sought for is purely for academic purposes and will not be used for any other purposes.

Enclosed herein, please find a copy of the questionnaire which shall be administered to the respondents for purposes of this study.

Yours Sincerely,

ODUM WALTER OTIENO

Student Researcher,
University of Nairobi.

APPENDIX II

QUESTIONNAIRE

QUESTIONNAIRE NUMBER..... DATE ISSUED.....

PART I: Personal/ Demographic Information

Names of Respondent (Optional).....

Respondent's Job Title/Category (Management or Unionisable).....

-Please use a tick (✓) to indicate your preferred answer to the following questions:

1. What is your gender? ☐ Male ☐ Female
2. What is your age bracket? ☐ 18-40 yrs. ☐ 41-55 yrs. ☐ over 55yrs
3. What is your highest level of education? ☐ "O" level, ☐ "A" level,
☐ Certificate, ☐ Diploma, ☐ First Degree, ☐ Masters & above.
4. For how long have you been in employment? ☐ 4yrs and below ☐ 5-10 yrs.
☐ 11-20 yrs. ☐ Over 20 yrs.
5. For how long have you been working for Muhoroni Sugar Company? ☐ 4 yrs. and below ☐ 5-10 yrs. ☐ 11-20yrs ☐ over 20yrs.

PART II: Employees' Perceptions and Attitudes

Q1. In your own opinion what change may occur in the following employees' conditions of employment with the privatization of Muhoroni Sugar Company?

-Please use a tick (✓) to indicate your preferred answer in table II.A given below.

Table II. A: Employees' Perceived Change in Conditions of Employment.

S/No.	Conditions of Employment	Shall Increase	Remain Unchanged	Shall Decrease
1.	Security of employment			
2.	Work Load and Pressure			
3.	Hours Worked per week			
4.	Basic Pay/ Remuneration			
5.	Progression (Recruitment & Promotion)			
6.	Availability of Overtime			
7.	Level of Teamwork			
8.	Level of Training to employees			
9.	Incentives & other benefits			

Q2. What is your expectation of the level of employee participation in decision making on the following issues with the privatization of Muhoroni Sugar Company?

-Please use a tick (✓) to indicate your preferred answer in table II.B given below.

Table II. B: Employees' Perceived Change in the level of Participation in Decision-Making.

S/No.	Issues that require decision making		Shall Increase	Remain Unchanged	Shall Decrease
1.	Operational issues	Training requirements			
		Pay and Benefits			
		Hours Worked			

		Manner in which assigned tasks are completed.			
2.	Strategic/Departmental issues	Hiring of employees			
		Dismissal of employees			
		Promotion of employees			
		Transfer of employees			
		Firm Budget and Finances			
		Other strategic & departmental decisions			

Q3. In your own opinion do you agree or disagree with the following statements on the change likely to occur in the Management-Union collaboration/relationships with the privatization of Muhoroni Sugar Company Limited?

-Please use a tick (✓) to indicate your preferred answer in Table II.C given below.

Table II.C: Employees' Perceived Change in Management-Union Collaboration/Relationships.

S/No.	Management-Union Collaboration Issues	Agree	Neither	Disagree
1.	Principals/Management will be more willing to cooperate with the employees Union in resolving disputes or problems facing employees			

2.	Employees union will be more willing to cooperate with Principals /Management on resolving disputes or problems facing employees			
3.	Management will see cooperation with employees Union as a vital tool in creating successful & effective change in the Organisation			
4.	Union-Management relations will improve significantly			
5.	Union-Management relations will deteriorate significantly			

Q4. In your own opinion, can the following measures help in enhancing positive employee perception and attitude on the planned privatization of Muhoroni Sugar Company Limited?

-Please use a YES or a NO to indicate your preferred answer in table II.D given below.

Table II. D: Perceived Strategies and Measures for enhanced positive employees' Perceptions/ Attitudes on Privatization.

S/No.	Measures for Enhanced positive employees perceptions and attitudes	YES	NO
1.	Signing of employee retention or no lay-off agreements for a reasonable period of time to a lay the fear of job loss in the privatized Company.		
2.	Providing for significant Employee shareholding in the sale agreements of the Company.		
3.	Providing for effective employees Union representation in Key Management decision making organs of the privatized Company.		
4.	Providing for Merit-based staff recruitment, promotion & remuneration		

- c. Generate revenues from the privatization programme
- d. Fulfill IMF, WB and COMESA conditionality
- e. Other(Specify):

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Thank you very much for the invaluable participation in this study.

APPENDIX III

Sample Size Determination Table: Krejcie R. V and Morghan D. W., (1970)

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

KEY: "N"- Population Size

"S" - Sample Size

APPENDIX IV

Authorization Letter

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349
254-020-310571, 2213123, 2219420
Fax: 254-020-318245, 318249
When replying please quote
secretary@ncst.go.ke

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: NCST/RCID/14/012/602

Date: 28th May 2012

Walter Otieno Odum
University of Nairobi
P.O.Box 30197-00100
Nairobi.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Employees' perceptions on privatization of government owned sugar companies: A case of Muhoroni Sugar Company, Muhoroni Scheme, Kenya,"* I am pleased to inform you that you have been authorized to undertake research in Nyando District for a period ending 31st August, 2012.

You are advised to report to the Managing Director, Muhoroni Sugar Company Limited before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.


DR. M. K. RUGUTT, PhD HSE
DEPUTY COUNCIL SECRETARY

Copy to:

The Managing Director
Muhoroni Sugar Company Limited.

APPENDIX V

Research Permit

PAGE 2 **PAGE 3**

THIS IS TO CERTIFY THAT:

Frof./Dr./Mr./Mrs./Miss/Institution **Research Permit No. NCST/RCD/14/012/602**
Walter Oleno Odum **Date of issue** **28 May 2012**
of (Address) University of Nairobi **Fee received** **KSh. 1,000**
P.O.Box 30197-00100, Nairobi

has been permitted to conduct research in


Location **District** **Province**
Nyandarua **Nyandarua** **Nyandarua**

on the topic: Employees' perceptions in
privatization of government owned sugar
companies: A case of Muhoroni Sugar Company
Muhoroni Scheme.

for a period ending: 31st August 2012

Applicant's Signature **Secretary**

National Council for Science and Technology



CONDITIONS

1. You must report to the District Commissioner and the District Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed with-out prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2)/four(4) bound copies of your final report for Kenyans and non-Kenyans respectively.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice



REPUBLIC OF KENYA

RESEARCH CLEARANCE PERMIT

GPK605513mt10/2011

(CONDITIONS - see back page)