PRIVATIZATION AND PERFORMANCE OF PUBLIC CORPORATIONS LISTED IN THE NAIROBI STOCK EXCHANGE

By

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DECLARATION

This is my original work and has never been presented for any degree award in any other university.

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Approval

This research paper has been submitted with my approval as university supervisor.

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This paper is dedicated to Mrs. Christine Mwangi, Principal consular, Cananda with Ministry of Foreign Affairs. She has been my role model and an icon of determination and hardwork

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ABSTRACT

Public corporations have been criticized for inefficiency and mismanagement. They are characterized by widespread misuse of funds due to lack of proper internal management and Government interferences. Due to this, some of the public corporations have either been privatized or commercialized. Today, varying degrees of success with privatization of public corporations has been noted in some while failures for diverse reasons have been reported in others. Therefore, this project researched on privatization and performance in listed public corporations. The aim was to find out whether the privatization has improved the performance of public corporation.

The study was a census survey. The survey was appropriate as it enables researcher to obtain information from broad category of firms which was important for comparison purposes. The target population was public corporations that were privatized and listed in the Nairobi Stock Exchange. Both primary and secondary data were used in this study. Primary data was corrected through structured questionnaire. Descriptive statistics such as percentages, frequency tables, mean scores, standard deviation and cross- tabulation were used to analyze the data. This was then interpreted to show the relationship between the privatization and performance.

The empirical results show that appropriate policies were taken before privatization strategy was implemented and the goals for privatization were also set. Further, the results show that majority of the public corporations were privatized through initial public offer. It was difficulty to relate privatization with the performance in public corporation as it was not possible to get all the financial data before and after privatization. However, performance indicators such as market share, gross profit, total costs, total sales, total output, motivation, staff turnover, quality services, staff training and customer satisfaction were used to measure public corporation performance before and after privatization. The study established that after privatization, public corporations listed in the Nairobi Stock Exchange perform better than before. The study recommends the need to emphasis on setting privatization goals and formulating appropriate policies before implementing privatization strategy.

CHAPTER ONE
INTRODUCTION

1.1 Background

The primary tasks of strategic management are to understand the environment, define organizational goals, identify options, make and implement decisions, and evaluate actual performance. On the other hand, strategy is defined as the broad program for defining and achieving organization's objectives. Therefore, strategic management can also be defined as the management process that involves an organization engaging in strategic planning and then acting on those plans. Thus, strategic planning aims to exploit the new and different opportunities of tomorrow, in contrast to long-range planning, which tries to optimize for tomorrow the trends of today (Drucker, 198)). Overall, strategic planning in public corporations has been only moderately successful, as only few have been able to achieve significantly successful results and transformed themselves dramatically. Others have been able to make important changes in parts of their operations. But many institutions have stumbled, dissolved into controversy, or lost their nerve (Rowley, Lujan, and Dolence, 1997).

1.1.1 Privatization

Before a privatization process is embarked on, it must be well thought out, objectives must have been set, each sector of the economy likely to be affected by the privatization must be reviewed and its impact analyzed. The laws must be reviewed to ensure that they are accommodative to the privatization process, and the institutions like the regulatory authorities are put in place (white and Bhatia, 1998). Success of privatization is dependent on the political leadership's commitment to the process at the highest level; and the structured process for executing and coordinating privatization transactions in place.

According to White and Bhatia (1998) the first activity in undertaking privatization is program design and preparation exercise whereby a privatization agency is establishment;

enterprises to be privatized are selected and the mode of privatization for each sector or enterprise to be privatized; and preparation of detailed operating policies and procedures for the program. The second activity is to enact privatization law defining key principles on which the program will be based on and the institutional arrangement for its implementation; and the process to be followed before privatization can commence. The third activity is the implementation process whereby enterprises to be privatized are selected and privatization method for each indicates; and terms of reference for transaction advisors developed and consultants recruited. The final activity is to manage the process by providing independence to the privatization agency, and ensuring that it is focused and has adequate resources to facilitate implementation.

There are various reasons given by the advocates and authors on privation. Vickers and Yallow (1988) gave the objectives for privatization as "reducing government involvement in the industry; reducing the public sector borrowing; improving efficiency; reducing the public sector borrowing; easing problems of the public sector pay determination by weakening the public sector unions; widening share ownership; encouraging employee share ownership; and gaining political advantages". Empirical evidence shows that the reasons given for privatization by most governments included reducing fiscal burden; developing private sector; broadening capital markets; accessing markets, capital and technology; and/or raising revenue for treasury. Various privatization and divesture methods have been used by various countries, major ones being: sale of shares, which could be partial or majority privatization; sale of assets through partial divesture or full divesture. Management or employee buyouts; equity dilution; joint venture; restitution; liquidation; leasing; concessioning; and management contract.

Despite the early recognition of the need for Government divestiture from parastatals, no concrete action was taken until 1991. Indeed, initial efforts towards parastatals reform were ad hoc and included capitalization and restructuring of management (Mitine, 2000). It was soon realized, however, that the malaise was so deep that only a comprehensive and far-reaching program stood any chance of success. Therefore in July 1992 the government launched the policy paper on Privatization and Public Enterprise Reform Programme (Republic of Kenya, 1992), with wide-ranging objectives. Based on this paper the Government was to discontinue its presence in commercial activities and dovetail its services to those activities relating to governance, promote the growth and development of the stock market and to accelerate investment and broaden share ownership; avoid unfair competition and resultant crowding out of the private enterprise; lessen political interference in company operations; and promote competition, efficiency and productivity.

By May 2000 out of the original 240 directly owned parastatals a total of 168 parastatals had been privatized, 14 through liquidation; 22 through receiverships; 54 through pre-emptive rights; 10 through public floatation; 17 through competitive bidding; 1 through management/employee buyout; 11 through partial divesture; and 39 through total divesture (Mitine, 2000). The government total earnings out of these were slightly more than Kenya Shillings 11 billion.

Table 1.1: Key economic and social indicators in percentage

Details	1995	1996	1997	1998	1999	2000	2001	2002	2003
Population growth rate	2.6	2.9	2.5	3.4	2.4	2.4	2	2.3	2.2
GDP growth rate	4.8	4.6	2.4	1.8	1.4	-0.2	1.2	1.1	1.8
Employment growth rate	3.4	4	1.8	2.1	0.6	0.4	-1.1	1.3	1.6

Source: Economic survey reports_1995-2004

Table 1.1 shows the Kenyan key economic indicators over the study Period.

While population growth has not materially changed, Gross National Product (GDP) declined from 4.8% to 1.8% in 2003 with a negative growth rate in 2000 of -0.2%. At the same time wage employment rate declined from 4% in 1995 to 1.6% in 2003, with a negative growth rate of -1.1% in 2001. This poor performance of the Kenyan economy occurred during the time when the country was at the peak of its privatization program

1.1.2 Performance in public corporation

In the face of poor performance of the state owned enterprises, the Kenya Government adopted a new development strategy, spelt out in Sessional paper No. 1 of 1986, "Economic Management for Renewed Growth" (Republic of Kenya, 1986). The strategy was to restructure the economy to remove distortions, and to create market driven economy, through concentration of its energies on creating and enabling environment for doing business by providing such things as infrastructure and security.

Despite the fact that state corporations are created to ensure effective and efficient delivery of essential services, majority have been mismanaged and some have resulted to closure like the Kenya Meat Commission (which has since been reopened after 15years closure), the Nyayo Bus Corporation, among others. In an article by Gakuru in the Standard Newspaper of July 8, 2003, he stated, "The solution to the problems afflicting our nation and the proper running of Government is by improving efficiency as defined by the private sector to acquire the "best and brightest" that the sector has to offer to fix the numerous Government failures. This has not begun with the current NARC Government and it is by no means confined to Kenya. Other developing nations are doing the same especially due to pressure from the World Bank, International Monetary Fund (IMF), the European Union and other bilateral and multilateral donors.

1.1.3 Public corporations in Kenya

Since independence, the Kenya government has encouraged the growth of a mixed economy where private and public corporations co-exist. Nearly all post-independence public corporations in Kenya were established in realization of commitments made in the ruling party's (Kenya African National Union) manifesto and reiterated thereafter in the Government of Kenya Sessional paper No. 10 of 1965. These commitments included the elimination of hunger, disease, ignorance and poverty, the desalinization of the economy, the promotion of development and regional balance and increase in citizen participation in the economy and greater control of the economy. Public corporations in Kenya are established with the expectation that; they would earn a surplus and also accomplish other societal objectives not necessarily financial in nature, they would establish business to provide goods and services deemed necessary for development, they may engage in projects with large capital outlay, which while necessary for development are unattractive to the private sector and they may provide much needed direction, support to commercial enterprises and act as the consumers' watchdog.

Laban and Wolf (1993) argue that whereas the private organization has entrepreneurial roots, public corporations are created by some higher controlling authority. This authority is usually composed of multiple and competing interests. Once the public corporation has been created, its mission and objectives are still defined by the controlling authority on which it is also dependent for its resources

The role of the public corporations in the Kenyan economy is enormous. They are the channels through which various development plans are implemented. Some of services offered through these public corporations include telecommunications, banking, and energy, agricultural, industrial and educational among others. According to the 2002/2003 budgets, public corporations contributed significantly to the Gross Domestic Product.

According to Economic survey (2002), over the last ten years, fundamental changes have taken place in the Kenyan business scene. The most notable of these has been accelerated implementation of economic reforms by the government. The intended effect of these reforms has been to establish a free market and a competitive economic system in Kenya. The economy is now liberalized and price controls are a thing of the past.

On the international scene, developments in the technology have made global market access very easy. Companies have developed global perceptions of their operations and as a result, these companies are now competing very aggressively on a global basis. This has resulted into more intense competition where monopoly or near-monopoly conditions existed. Thus organizations like Kenya co-operative creameries limited, Kenya power and lighting company, Telkom, Kenya broadcasting corporation among others are now experiencing more competition that in the past. With such a changed business environment, organizations need to strategically change or perish. Any organization that intends to make strategic change successful will require managers who are strategically aware, people who appreciate the origins and nature of the environmental forces and their potential impact on the business. Above all, they should be able to recognize which forces; economic, social, political, technological, governments or competition present opportunities and what strategies are likely to bring about desirable outcomes.

According to a Government circular from the office of the vice president and national reconstruction (No.2/2003), public corporations have to undergo a serious change and those considered strategic will be retained while those considered a burden to the exchequer will either be privatized or done away with. The president of republic of Kenya echoed the sentiments when he reiterated the need for complete overhaul of the public enterprises for efficiency and effectiveness (Government reshuffle, Friday Jan.10, 2003, Presidential press service statement).

1.2 The research problem

In 1991, the government announced privatization measures in the budget speech (Republic of Kenya, 1991). This was followed by the launch of the Privatization and Public Enterprise Reform Programme in July 1992. Today, almost a decade after their initiation, varying degrees of success with privatization of public corporations has been noted in some while failures for diverse reasons have been reported in others. With the general welfare level of the average Kenyan decreasing from 56% of the population in 1990 to 48% of the population in 2001 (Republic of Kenya, 2003). One wonders, "if the privatization process has improved the performance of these institutions?"

Proponents of privatization argue among others that it increases performance and flows to the government, which leads to enhanced economic development of the country. Between 1995 and the year 2000 out of the former 240 state owned enterprises, 168 parastatals had been privatized in one way or the other (Mitine, 2000). However, despite the privatization the economic situation in the country seemed to have worsened as noted above. At the same time wage employment fell from a growth rate of 3.4% in 1995 to 0.4% in 2000. Therefore, It is not clear is whether the problem originated from the privatization itself, the design of the strategy, or the implementation. There is therefore need to assess privatization strategy and relate it to the performance of the institutions privatized.

Research on privatization in emerging economies (e.g., De Castro and Uhlenbruck, 1997; Laban and Wolf, 1993; Nellis and Kikeri, 1989; Ramamurti, 1992) has not considered post-privatization management practices of state-owned enterprises (SOEs), nor have researchers examined the relationship between privatization and performance of newly privatized firms. Most work on privatization either takes the macro public view, usually aiming to demonstrate the benefits of privatization to the public (De Castro and Uhlenbruck, 1997). The transition from state-owned to private enterprise is a dramatic change. As Goodman and Loveman (1991) put it, like the takeovers of public corporations, the privatization of government assets or services is a radical change. Managing such a radical change requires the presence of a catalyst, having the vision and stamina to bring the transformation needed for the success of the new organization. Bass (1998) noted that "inspirational managers may reframe opportunities so that the environment is transformed from a situation of threat into a situation of opportunity into which the manager is followed". Astonishingly, no studies have focused on the role of management and performance of a newly privatized firm. Wambua (2004) studied water privatization in Kenya. He reiterated that Local Authorities must retain control over water even under commercialization. Mike (2003) analyzed factors considered when privatizing Kenya Airways. He concluded that while there is no universal formula for successful privatization, well thought out policy is important for ensuring that privatization produces widespread public benefits. Hence, there is need to study privatization and performance of a newly privatized firm. This study answered the question "*has the privatization improved the performance of public corporation?*"

1.3 The research objectives

The objective of the study was to establish whether after privatization, public corporations listed in the Nairobi Stock Exchange perform better than before.

1.4 Significance of the study

Since privatization was started in the late 80s no known major assessment of its performance has ever been done. The only widely known privatization assessment study undertaken in country was in 1997-1998 sponsored by the World Bank through the Ministry of Finance. However, as most of the privatization had not taken place by then, certain economic factors as a result of privatization may not have been conclusively assessed. In any case, the assessment was under taken through the instigation of the World Bank which had also prescribed the system to the country. Again this assessment looked at the impact of the privatization on the peoples' general welfare. Hence there is need to have independent assessment of the privatization strategy and relate it to the performance of the privatized corporation. The other reason that made the study important is the need to re-assess the whole process and come up with measure to improve the system and propose alternative policies issues.

CHAPTER TWO
LITERATURE REVIEW

2.1 Concept of privatization

Nyong'o (2004) defined privatisation as the generic term used to describe a range of policy initiatives meant to alter ownership or management away from the Government in favour of the private sector. It is the nature of privatisation to entail a massive and radical reallocation of available productive resources, as it is a tool of attaining the expansion of private markets and business consensus. Privatisation is well exemplified in the workings of transnational corporations and global business conglomerates which seek buying out public goods, which traditionally, have been the preserve of the public sector (see Nyong'o, 2004).

Despite the modern privatization being associated with the Thatcher government in the United Kingdom the first large-scale, ideologically motivated denationalization program of the post war era launched by Konard Adenauer elected to power in the Federal Republic of Germany (FRG) in 1957. The first major sale occurred in 1961, when the FRG sold a majority stake in Volkswagen in a public share issue heavily tilted towards small investors, and four years later he orchestrated a similar but larger secondary share issue in the company (Megginsonn et la, 1994).

According to Stiglitz (2002) privatisation in Africa began with the IMF - World Bank imposition of structural adjustment programs (SAPS) in the 1980s that forced governments to free markets and pull of out of loss making state enterprises whose lifeline was government subventions. State divestiture was meant to strengthen the market economy by removing distortions in the market occasioned by the presence of the government.

To effectively implement a privatization, Nyong'o (2004) said policy makers must: Analyze the macroeconomic context; consider appropriate policy sequencing; examine the potential for and attractiveness of different types of investors; estimate the value of the company and establish an effective administrative process.

2.2 Objectives for privatization

According to López-De-Silanes, Schleifer and Vishny (1997) Governments have four general objectives when engaging in privatization programs: namely; i) to achieve higher efficiency in allocation and production; ii) to strengthen the role of the private sector in the economy; iii) to improve the public sector's financial health; and iv) to free resources for allocation in other important areas of government activity (usually related to social policy). The first two objectives clearly have a normative rationale. The first one relates to the increase in aggregate surplus by increasing output and lowering prices (allocative efficiency), as well as through a more efficient use of resources within the firm (productive efficiency). The second has to do with the creation of well-functioning markets and an investor-friendly environment in the economy. The two objectives related to public sector finance, the reduction of borrowing requirements and the reallocation of expenditure towards social policy areas, have been shown to influence the decision to privatize in a decisive way (López-De-Silanes, Schleifer and Vishny, 1997).

Rogozinski (1998) asserts that governments tend to avoid privatization until a constrained fiscal situation forces them to do so. This occurs despite the fact that a healthier financial situation would help the government design a better scheme. It is better to privatize before privatization is the only alternative. He argues that the fiscal pressure during privatization might distort the process through excessive revenue requirements and normatively, the objective of maximizing the proceeds from privatization ought to be subjected to a higher priority: improving microeconomic efficiency.

Empirical evidence from Mexico shows that the following factors determine higher net prices paid in competitive sales: faster privatization (the time span between the announcement of the sale and its completion), more competitive bidding schemes, less restructuring measures prior to the sale (in the sense of new investments) and a centralized control of the companies during the process (appointing managers who will not oppose the process) (see López-De-Silanes, 1997). This specific evidence shows that if maximizing the proceeds were also an objective, the privatization method ought to be of a competitive nature. Certain restrictions, however, must not be overlooked (see Willig, 1993)

Nyong'o (2004) answered the question "why privatize?". According to him important answers, which must be evaluated based on economic reasoning and the facts of the case, are: 1) Privatization "raises revenue" for the government; 2) Privatization improves corporate governance; 3) Privatization provides the basis for a competitive industry. He concludes that the benefits from privatization depend significantly on how it is carried out.

2.3 Methods of Privatization

According to Short (2002) the benefits from privatization depend significantly on how it is carried out. He suggested that to effectively implement a privatization strategy, policy makers must: analyze the macroeconomic context; consider appropriate policy sequencing; examine the potential for and attractiveness of different types of investors; estimate the value of the company and establish an effective administrative process. He further lamented the basic principles that must be taken into consideration when implementing the privatization process: Disclosure and transparency; Expeditious implementation and Changing the management pattern.

Various alternative sale mechanisms herein called privatization methods, limited to "transactional" methods, namely *mass* privatization, direct sales, public offerings, mixed sales, and concessions have been discussed by many authors (See World Bank, 1995, United Nations 1993, Rogozinski 1997 and Merryl Linch 1998). According to Rogozinski (1997), two steps are required before any sale can occur. These apply to practically all five of the privatization methods discussed here. These steps are fragmentation which enables pieces of big conglomerates to be sold as individual firms, and commercialization, that involves restructuring and corporatization. The former gives economic viability to the firms and increases the number of potential buyers by reducing the amount that is needed to acquire a division of the previously integrated conglomerate. The latter includes the transfer of control to a government agency during the process, in many cases the privatization office, and the conversion of the entity into shares that can be traded.

2.3.1 Mass Privatization through Voucher Distribution

Mass privatization occurs when a substantial portion of an economy's public assets is transferred to a large group of private buyers. This is generally done through public distribution of shares to the citizens, either for free or for a minimum charge. The distribution is carried out by giving vouchers to the population that can be exchanged for stock in a bidding process. This mechanism has been used mainly in transition economies, namely Russia, Czech and Slovak Republics, Lithuania, and Poland, with slight variations in each case (Lieberman, et. al. 1995, Boycko, Shleifer and Vishny 1995). The main stages of the process are portfolio analysis, corporatization of the firms (sometimes bundling of several firms into one main company), voucher distribution, decisions in terms of employee ownership, creation of investment funds, auctioning, and ownership allocation.

2.3.2 Direct Sales to Strategic Investors

A direct sale to strategic investors is a transfer of ownership and control to private investors whose expertise ought to guarantee a successful performance of the firm in a competitive environment. This transfer can be done through either competitive bidding or a privately negotiated deal. An open competitive bidding process has several advantages over a privately negotiated sale: it enhances political acceptability; it maximizes revenues for the government when properly designed; it reduces the possibility of ex-post political distress; and, from a theoretical point of view, it assigns the company to the most efficient investor. (See Milgrom, 1989 and McMillan,1995).

2.3.3 Public Offerings

Mauer and Senbet (1992), Levis (1996) and Menyah and Paudyal (1996) agree that public offering of shares is the sale of the company to the general public in the stock exchange, or any other organized market. Fragmentation of big conglomerates and commercialization, as discussed above, are prerequisites so that the firm can be traded in the market.

2.3.4 Mixed Sale

Mixed sales are the most common way the transactional method is used in practice by developing countries. For example, telecommunications companies from Mexico, Perú, and Argentina have been sold through mixed sales (see Rogozinski 1997). A mixed sale involves the direct sale of control to a strategic investor, either through a negotiation or a competitive bidding, accompanied by a public offering as a second stage. The public offering usually takes place six months to one year after the transfer of the controlling shares. This combination of methods has proven successful for mainly two reasons: it results in a positive impact on the domestic capital markets and it assures that the control goes to investors with the potential to make the firm profitable under a market environment (see Merryl 1998).

2.3.5 Concessions

According to Klein (1998) markets characterized by network externalities, which in most cases represent a natural monopoly with high sunk costs, the simple sale of the company may not be the best option because there is room for monopolistic rents to be exploited by the providers of the service. Those markets require a regulatory framework. This repeated interaction between the government, which must protect consumers' welfare, and the investors, wanting to get the highest possible return from their investment, requires more creative schemes. Certain industries with natural monopoly conditions can be sold and regulated in the standard way, like telephone and electricity in many countries. Under industries, however, are candidates for privatization of control without transfer of ownership. The most efficient way to carry out those arrangements is by concessions for the right to build the operating facilities and to provide the goods or services to the public for a certain period of time. The literature terms this method "competition for the market", as opposed to "competition in the market" that takes place in inherently competitive sectors (Guislain and Kerf 1996, Klein 1998). These concessions are assigned more efficiently through competitive bidding (Klein 1998). The elements that make concession a better option in certain cases are the existence of large, sunk investments, inherently high uncertainty in demand forecasts, and the fact that it is very costly for the government to switch quickly to a new provider after the contract is awarded. The most common sector in which concessions have been successfully implemented is construction of infrastructure through "Build-Operate-and-Transfer" schemes (BOT), as in the cases of transport (toll-roads, ports, airports, railroads) and water distribution.

Higgins (2002) discussed variety ways that the principle reason for privatization may be put into practice. These included; Asset Sale: the state sells or cashes out its assets to private providers to enlarge the tax base; Deregulation: the state removes its regulations from the service previously monopolized by government in favor of private provision of the service and competition against government agencies; Franchise: the state gives monopoly privileges to a private vendor to provide a service in a specific geographical area; Grants and Subsidies: the state makes monetary contributions to help private vendors deliver a public service; Private Donation: the state relies on private sector resources for assistance in providing public services, private firms may loan personnel, facilities, or equipment to state agencies; Public-Private Partnerships: the state conducts projects in cooperation with private vendors, relying on private resources instead of tax revenue; Service Shedding: the state drastically reduces the level of a service or stops providing a service so that the private sector can assume the function with private sources; Volunteerism: the state uses volunteers to provide public services; Vouchers: the state allows eligible clients to purchase services available in the open market from private providers, as with contracting the government pays for the services.

According to Privatization committee of the supreme economic council (PCSEC) (2001) privatization strategy encompasses feasibility study and implementation. The two are executed through the basic Steps for a Model Privatization. To them feasibility of privatizing the enterprise proposed for privatization involves; a study of the financial and operational position of the enterprise, its subsidiary sectors, the justifications for privatization and the expected returns, alternatives to privatization and obstacles to its implementation, and hence an assessment of the possibility for privatizing enterprise. If the study recommends to privatization of the enterprise, then the procedures and measures required to complete the privatization procedure are implemented. They also said that said the implementation program includes: The defining elements of the government's policy for the sector, the appropriate regulatory frameworks, and the steps and timetable required for implementation; Defining and addressing the obstacles to implementation, and the extent of the need to restructuring the enterprise (conversion to an enterprise, financial structure, and settlements of employees), the steps and timetable required for implementation and developing a preliminary plan for privatizing the enterprise, including the percentage to be sold and method of sale, and a timetable for completing the process.

2.4 Performance Measurement

Performance measurement has been somewhat ignored by governments with large public enterprise sectors (Ahavroni, 1986). A performance measurement and evaluation strategy, particularly one tied to a control system concentrating on both financial and social objectives, has a very strong potential for improving the performance of public enterprises. As an International Monetary fund study describes: "Where possible the quantification of the financial implications of non-financial objectives and the taking into account of their costs is crucial to the establishment of realistic overall extant, financial objectives or targets for public enterprises. Establishing financial objectives has several advantages. In addition to providing a guideline for ex-post evaluation, financial objectives provide public enterprise managers with both guidance and incentives to improve internal efficiency. Furthermore, since a public enterprise's potential profitability, its internally generated investable funds, and its credit requirements are all, in part, a function of the financial implications of noncommercial objectives, their quantification will also have the advantage of providing an initial indication of their financial impact" (Floyd, 1984).

Willig (1993) studied the success of the privatization program and concluded that it depends on the effectiveness of the climate aimed at private sector development. He said that there are three important elements of this environment: the capital market, human resources development, and the regulatory development, and the regulatory environment

According to Garner, (1984) in most countries, very little is done in this area, and where there is an emphasis on performance measurement and control, the focus is only on isolated public enterprises. It is very rare that a performance measurement system is applied to the entire sector of public enterprises, (Ayub and Hegstad, 1987). In order for this sector to be more efficient and effective, the development of a performance measurement system which includes financial targets and associated social objectives are necessary. Ayub and Hegstad, (1987) proposed three indicators for determining the performance characteristics of public enterprises. They are: 1) Financial profitability; 2) Productivity growth; and 3) The contribution of state enterprises to budgetary deficits and external debt.

Fredric (2002) developed a system to measure the performance characteristics of public enterprises, determine an overall measure of performance, and view the performance of the entire State Enterprise Sector of a developing country. His approach was based on published or available documents. However, he questioned the availability, quality, and reliability of the data provided about public enterprises.

Likierman, (2001) Argued that financial performance measures such as profitability are not completely realistic when evaluating public enterprises because these enterprises have social and political objectives. He said Public enterprises do have more than economic objectives, but they also behave like business organizations and profits and losses are important criteria of performance. His conclusion was that measurement of performance also provides the data to measure how social and political objectives affect performance.

Richard (1988) said that "in defining appropriate measures for the public enterprises one need to ask four questions: What do we want to achieve? What human and other resources do we have (or can we obtain) that might enable us to achieve it? How can we know the relationship between the levels and modes of our resource deployments, on the one hand, and the achievement of our goals, on the other? How can we measure routinely the extent to which we are achieving what we want to achieve, or moving toward achieving it?

2.5 Privatization and Performance

Privatization as an economic development policy is currently in progress the world over – in Europe, North America, Japan and numerous developing and newly industrialized countries – but nowhere was privatization undertaken as Britain under Mrs Thatcher. By the time she came to power in 1979, about 11.5% of gross national product (GNP) was accounted for by the state owned enterprises (SOEs) and by the time of her third election in 1987, the GNP from SOEs had reduced to 7.5% (Vivkers and Yallow, 1998).

Todaro (1992) explored some of the problems of public administration in the developing countries as caused by the widespread of state owned enterprises (SOEs). In his analysis he found that during the last three decades there has been rapid growth in number and sizes of SOEs in the developing countries, not only in the traditional sectors of utilities (gas, water, electricity), and communications (telephone, telegraphy and postal), but also in other sectors of manufacturing, construction, finance, services, natural resources and agriculture. To improve economic performance in these economies he urged for privatization of public enterprises

Ruiz-Mier, F and Garrón, MB (2002) studied the change in performance of Bolivian State Owned Enterprises (SOEs) that had been transferred to the private sector. Their paper focused particularly on how ownership affects management by measuring the characteristics of management and relating them to both ownership structure and performance. They argued that the characteristics of the private management that follows privatization was a key factor in determining the effects of privatization on performance. They found that the impact of privatization privatization led to an improvement in the performance of the firms and while privatization did not have a significant impact on profitability, it increased operating efficiency, reduced employment at the firm level and decreased fixed assets

Sarbib (1997) looked at the trends in privatization in Africa in three time phases. The launch and learning phase up to 1994/95 which gave clear lessons to be followed for successful privatization activity in Africa. The maturity phase beginning in 1995 to the beginning of the 21st century. And the final phase when anticipated benefits of privatization were expected to be felt through increased profits as well as accelerated economic growth and development.

Clarke and Pitelis (1993) argued that, based on the mainstream economic theory the first fundamental theorem of welfare economics shows that markets allocates resources efficiently without state intervention as long as market failures do not exist. Market failures can be caused by existence of externalities, public goods, and monopolies. He therefore advocated for privatization of large public corporations.

Chisari, Omar, et. al. (1997) assessed the macroeconomic and distributional effects of privatization that Argentina began in 1989 in gas, electricity, telecommunication, and water and sanitation. Using a computable equilibrium model, they tracked the changes observed between 1993, the first year when all the major privatization had taken place, and 1995, the most recent year for which data were available. In an innovative use of the model, they also assessed the importance of the regulator in determining the distribution of gains and losses from utility privatization among sectors and income groups. They concluded that, when the regulator is effective, the annual gains from the private operation of utilities were about US 1 billion or 0.35% of GDP, representing an implicit tax of 16% on the average consumer, paid direct to the owner of the utility rather than to the government. For the poorest income classes, the implicit tax was 20%, showing that good regulation is in the interest of the poor.

CHAPTER THREE
METHODOLOGY

3.1 Research design

The study was a census survey. This was because the number of firms is few (11 in number). The survey was appropriate as it enables researcher to obtain information from broad category of firms which was important for comparison purposes.

3.2 Population of interest

The target population was all public corporations that were privatized and listed in the Nairobi Stock Exchange (NSE). NSE classifies all listed companies into five classes depending on their industry of operation (See the appendix iii). There are only eleven privatized and listed public corporations appearing in three classes, and includes; Commercial and Services: Kenya Airways and Uchumi Supermarkets Ltd; Finance and Investment: Housing Finance Ltd, National Industrial Credit Bank Ltd, ICDC Investment Company Ltd, Kenya Commercial Bank Ltd and National Bank of Kenya Ltd, and Industrial and Allied: E.A. Portland Cement Co. Ltd, Mumias Sugar Co., Kenya Power & Lighting Co. Ltd and Kenya Oil Ltd.

Considering the large number of public corporations privatized, their scale of operations and time constraints, it was impossible to capture all the information required during the period of study. This called for simple target population i.e. (NSE) that takes into account the relative ease or difficulty in the mechanics of drawing a representative sample whilst ensuring validity and reliability of the data. Its advantages are convenience, economy and efficiency.

3.3 Data collection method

The study used both primary and secondary data. Primary data was collected using structured questionnaire (refer appendix ii, e.g. Data regarding the privatization methods). Secondary data on financial performance proxied by the profits was obtained from the corporation financial reports and compared with primary data corrected using questionnaires. The research tool was administered through a face to face interview with the managers of the corporations and the required information recorded. Where the corporations are far from Nairobi, telephone and mail were used to get the required information. The respondents were top managers such as the operations, financial and production managers who are familiar with corporation operations. The questionnaires were designed in a way that ensured the gathered qualitative information was codable for easy analysis. The questionnaire comprised three parts: Part A collected bio data, part B collected information on the privatization of public corporations and part C collected information on performance of public corporations.

3.4 Data analysis

To achieve the objectives of the study, the study employed descriptive statistics. The collected information was coded. Then the data was edited for accuracy, completeness and consistency. Descriptive statistics such as percentages, frequency tables, mean scores, standard deviation and cross- tabulation were used for analysis. This was then interpreted to show the relationship between the privatization and performance.

CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents data analysis, findings and discusses results. The chapter starts with giving general information on public listed companies. Then privatization details are provided next. Performance details after privatization of these companies are provided at the end of this chapter. Descriptive statistics, frequencies, cross tabulations and pie-charts are used in presenting these details after they are analyzed.

4.2 General information

A total of eleven public listed companies were to be studied in this study. However, the study managed to collect data from 10 companies. This was 91% response, which was found adequate for the purpose for this study. To obtain the collect information on privatization, the study targeted managers as respondents who have worked in their companies since they were privatized. The proceeding sections the orientation and the number of employees working in these companies.

4.2.1 Orientation

As Table 4.1 shows, majority of public corporation studied were established for profit making. These were 9 companies against 1 company which was established for non-profit making. Accordingly this was 90% and 10% respectively.

Table 4.1: Orientation

Orientation indicators	Frequency	Percent
Non profit	1	10.0
Profit	9	90.0
Total	10	100.0

4.2.2 Number of employee

As shown in Table 4.2, most of public listed companies have over 400 employees. This is 60% as compared to 30% who have between 301 and 400 employees. One company representing 10% have 201-300 employees.

Table 4.2: Number of employee

Number of employees	Frequency	Percent
201-300	1	10.0
301-400	3	30.0
401 & >	6	60.0
Total	10	100.0

4.3 Privatization strategy

All public corporations listed in NSE were privatized between the period 1970 to 2000. The study divided this period into three sub-periods: 1971-1980, 1981-1990 and 1991 - 2000 with 3, 3 and 4 public corporations respectively being privatized within these periods.

4.3.1 Privatization process

To effectively implement a privatization strategy, its process and sequences are important for success of the strategy. As Table 4.3 shows, out of ten Public corporations studied, seven analyzed macroeconomic context before privatization, estimated their corporation value to establish effective administrative process, and examined the potential for and attractiveness of different types of privatization strategies. However, only five public corporations considered appropriate policy sequencing before they were privatized.

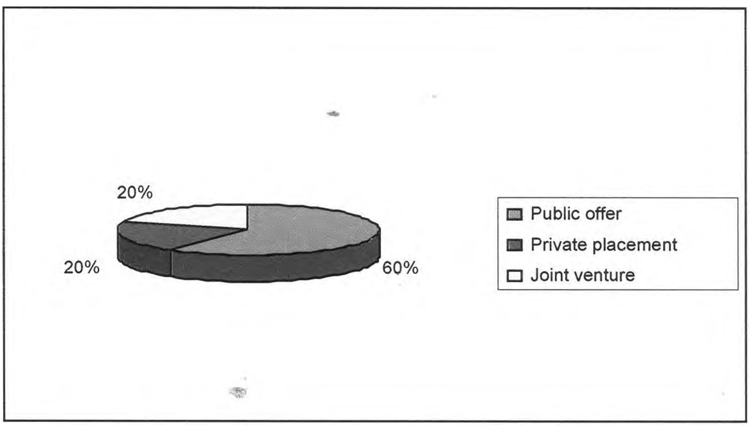
Table 4.3: Steps followed before privatization

Privatization process	Frequency	Percentage	Mean	Std. Dev.
Analyze macroeconomic context	7	70	0.7000	.1527
Consider appropriate policy sequencing	5	50	0.5000	.1667
Estimate company value to establish effective administrative process	7	60	0.6667	.1667
Examine potential for different types of privatization strategies	7	60	0.6667	.1667

4.3.2 Methods used in privatization

The figure 4.1 shows that majority of the public corporations were privatized through initial public offer method. They were six in number, which is 60% while 20% were privatized through private placement of shares. Finally it shows that 20% of public corporations were privatized through joint ventures with other establish a private company.

Figure 4.1: Privatization method



4.3.3 Privatization goals

Table 4.4 shows cross tabulation between those public corporations set privatization goals and achieved these goals. As shown in this table seven out of ten public corporations set and achieved privatization goals while two of them set these goals but didn't achieve them. Only one company didn't set privatization goals but it has been a success in achieving it corporate goals.

Table 4.4: Cross tabulation between those public corporations that set privatization goals and achieved these goals

Privatization goals		Achieved goals		
		No	Yes	Total
Set goals	No	0	1	1
	Yes	2	7	9
	Total	2	8	10

4.3.4 Setting privatization goals and performance

Cross tabulation was used to show the relationship between corporations' privatization goals and sequences and their performance since privatization. As table 4.5 shows, seven corporations (70 %) whose performance improved since privatization had set their privatization goals and the appropriate privatization sequences. However, two (2 %) corporations set the privatization goals but their performance had not improved.

Table 4.5: Cross tabulation between corporation privatization goals and its performance since privatization

		Performance since privatization		
		Not improved	Improved	Total
Set privatization goals	No	0	1	1
	Yes	2	7	9
	Total	2	8	10

4.4 Privatization and Performance

It was not possible to collect hard financial data, which could have been used to measure the public corporation performance both before and after privatization. Therefore the study relied on soft (primary) data where performance indicators were used to measure public corporation performance.

A five-point scale was used to rate the level of the public corporations performance using performance indicators where a scale of one meant very poor, two meant poor while three and four meant satisfactory and good respectively. Finally scale of five meant very good. The performance indicators used were market share, gross profit, total costs, total sales, total output, motivation, staff turnover, quality services, staff training and customer satisfaction. These performance indicators were collected both before and after privatization for comparison purposes.

4.4.1 Performance indicators after and before privatization

The objective of the study was to establish whether after privatization, public corporations listed in the Nairobi Stock Exchange perform better than before. Performance indicators such as market share, gross profit, total costs, total sales, total output, motivation, staff turnover, quality services, staff training and customer satisfaction were used in this analyze public corporation performance. Use a five point scale, where 1= very poor, 2=poor, 3=satisfactory, 4=good and 5=very good, the respondents were asked to rate the performance of their public corporation both before and after privatization. The average score of each indicator was calculated both before and after privatization.

Table 4.6 compares the performance indicators between the two periods-before and after privatization. Before Privatization results shows that performance indicators scored mean of less than three after privatization. Market share scored the highest mean score of 2.5 while both gross profits and total costs scored the lowest mean of 1.7. Consumers' satisfaction, staff training and total output scored mean of 2.4 each. The mean score of total sale was 2.2 while quality service had 2.1. The staff turnover was second from last with mean score of 1.9. Using five-pointer scale rating, these statistics shows that before privatization, public corporation performance was below satisfactory.

Performance indicators after Privatization shows that the highest mean score is 4.5 for both market share and total output while customer satisfaction has the lowest mean score

3.9. This indicates that the range between highest and lowest mean score is 0.6. The total sales and staff training have a mean score of 4.4 while motivation and quality service scored a mean of 4.3. Performance in terms of gross profit and total costs scored a mean of 4.2. Using five-pointer scale rating, these statistics shows that after privatization, public corporation performance is good.

The table also provides standard differences in the mean scores between the two periods. Staff turnover had the highest mean score difference of 2.6 followed by both gross profit and total costs with mean score difference of 2.5 each. The difference in mean score was 2.2 for both total sales and quality services while motivation was 2.3. The staff training and total output had mean score difference of 2.1 each. The customer satisfaction had the lowest mean score difference of 1.5. These differences in the mean scores between the two periods reflect the improved performance in public corporation after privatization.

Table 4.6: Comparisons of Performance indicators after and before privatization

	Mean score		
Factors	After Privatization	Before Privatization	Difference
Market share	4.5	2.5	+2
Gross profit	4.2	1.7	+2.5
Total costs	4.2	1.7	+2.5
Total sales	4.4	2.2	+2.2
Total output	4.5	2.4	+2.1
Motivation	4.3	2	+2.3
Staff turnover	4.5	1.9	+2.6
Service/Product Quality	4.3	2.1	+2.2
Staff training	4.4	2.4	+2.1
Customer satisfaction	3.9	2.4	+1.5
Average	4.3	2.2	+2.1

The mean score of all performance indicators before privatization was 2.2 while after privatization was 4.3. These statistics show that before privatization public corporation performance was below satisfactory while after privatization performance was good.

Therefore, the study established that after privatization, public corporations listed in the Nairobi Stock Exchange perform better than before.

4.4.2 General opinion on corporations' performance since privatization

The respondents were asked to comment on the performance of their corporation after and before privatization. Table 4.7 shows that out of ten public corporations, eight which is 80% agreed that their corporation performance had improved since privatization while 20% had not.

Table 4.7: General performance after and before privatization

Performance	Frequency	Percent
Not improved	2	20.0
Improved	8	80.0
Total	10	100.0

CHAPTER FIVE
SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter presents summary, conclusions of the findings of the study and suggests some policy implications. At the end of the chapter, limitations and areas for further research are provided.

5.2 Summary

The objective of the study was to establish whether after privatization the public corporations listed in the Nairobi Stock Exchange perform better than before using descriptive statistics. The study was censes survey in population of ten public corporations listed in NSE. Primary data was used in this analysis. This data was collected using structured questionnaires. The data was coded and analyzed using SPSS.

The study gave an introductory of privatization and performance in public corporation in Kenya in the first chapter and reviews the relevant literature in second chapter. Chapter outlined the methodology used to conduct the study. Data analysis and discussion of the results was provided in chapter four. Finally, chapter five gives the summary and conclusions of the study and provides the policy recommendation as well as areas for further research.

5.3 Discussions and conclusions

The benefits from privatization depend significantly on how it is carried out. From the results its evidence that before public corporation listed in NSE were privatized the following were done: Macroeconomic context were analyzed, appropriate policy sequences were considered, potential for and attractiveness of different types of investors were examined, the value of the company was estimated and an effective administrative process was established. For each of these areas, this study considered the general issues. While there is no universal formula for successful privatization, well-thought out policy is important for ensuring that privatization produces widespread public benefits.

Although there are several privatization methods, 60% of public corporations were privatized through initial public offer (IPO), while 20% privatization was through both joint ventures and private placement in each. Setting privatization goals before implementing privatization strategy is important. Majority of the corporation did set privatization goals and seven of them achieved these goals while two didn't. Only one company didn't set privatization goals but achieved its corporate goals. Seven corporations (70%) whose performance had improved since privatization had set privatizations goals and the appropriate privatization sequences. Only two (2%) corporations set the privatization goals but their performance had not improved.

It was not possible to collect hard financial data, which could have been used to measure the public corporation performance both before and after privatization. Therefore the study resulted to soft (primary) data where performance indicators were used to measure public corporation performance. The performance indicators used were market share, gross profit, total costs, total sales, total output, motivation, staff turnover, quality services, staff training and customer satisfaction. The mean score of all performance indicators before privatization was 2.2 while after privatization was 4.3. These statistics show that before privatization public corporation performance was below satisfactory while after privatization performance is good. Therefore, the study established that after privatization, public corporations listed in the Nairobi Stock Exchange perform better than before

5.4 Policy Recommendations

There need to emphasis set privatization goals and formulate appropriate policies before implementing privatization strategy. Results shows that majority corporations were privatized through IPO, this an advantage because by targeting a large segment of the investors, they help meet the goal of an equitable transfer of capital from government to the private sector. Successful IPOs and the subsequent gains in share prices serve to create constituencies that support existing and future privatization projects. Therefore, there is need to formulate policies and take measures that support the operations of both

NSE and CMA. This will help to instore public confidence in IPOs. The study benefited little from published secondary financial data and information disclosure yet this are listed companies. Measures should be taken to ensure disclosure of corporate true operations and financial status before and after privatization. This will help attract strategic private investors to venture in privatization process.

5.5 Limitations of the Study

The study faced difficulties in pursuit of drawing firm conclusions regarding privatization and performance of listed public corporation. Among the problems that the study faced is inadequate time. This is because the study applied survey and micro data, which is time consuming, and expensive due to the data collection techniques adopted. Capturing all aspects therefore, is not possible due to time constraints.

The study used descriptive statistics to value performance and obtain valid information for this purpose. However, the reliability of the method and validity of the responses depended much on the explicit presentation of the corporation to the interviewees. Much as the study made explicit the corporation, the results are still considered as approximations. Also the primary data is unreliable, use of the secondary data could have been better. It could have been interesting to carryout the study using regression analysis and use of current scientific methods such as Evaluation Value Added (EVA) and profitability ratios to evaluate performance.

5.6 Areas for further research

To judge whether privatized public corporations perform better both before and after privatization financial data is required as well as other relevant secondary data such as corporate structure. Hence this analysis ought to be extended to incorporate all the relevant secondary data. There is need to do further research using regression analysis and use of current scientific methods such as Evaluation Value Added (EVA) and profitability ratios to evaluate performance. Also further research is need on post privatization leadership in privatized corporations.

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APPENDIX I: COVER LETTER

To: The……………………………..

……………………………………

……………………………………

Date: ……/…/2006

Ref: LETTER OF REQUEST TO CARRY RESEARCH IN YOUR ORGANIZATION

I am currently a MBA student with School of Business, University of Nairobi. Pursuant to the fulfillment of the award of Master in business administration degree, am carry out a research on ***"Privatization and performance of public corporations in Kenya listed in NSE*** " and answer the following research question *"do public corporations perform better after privatization ?*

The corporation under your management has been selected for this study. I therefore request you to complete/assist the interviewer to complete the attached questionnaire. The information and data provided is needed for academic purpose only and will be treated confidentially.

Thank you in participating.

Yours truly,

Sign…………………………… Sign……………………………

Zipporah Thambu Supervisor

APPENDIX II: SURVEY QUESTIONNAIRE

Note: The information in this questionnaire will be used strictly for academic purposes only and will be treated with utmost confidentiality.

Questionnaire No…………… Date……………………………….

Part A: Bio-Data

1. Name of Organization

……………………………………………………………………

2. Year of establishment………………………………………………………………………

3. Orientation [For profit………… Not for profit …………..]

4. Number of employees	0 - 100	[ ]
	101 - 200	[ ]
	201 - 300	[ ]
	301 - 400	[ ]
	401 and above	[ ]

5. Incorporation

(a) Name of the Act of Parliament under which you operate……………………………..

…………………………………………………………

(b) If not Act of parliament, specify below……………………………………………….

…………………………………………………………

6. Title of interviewee...

7 How long have you been with the organization? ....

Part B: Privatization of the corporation

8. When was your corporation privatized? ....

9. Before the privatization were following done:

a. Analyzed the macroeconomic context? Yes [ ] No [ ]

b. Considered appropriate policy sequencing? Yes [ ] No [ ]

c. Estimated the value of the company and establish an effective administrate process Yes [ ] No [ ]

d. Examined the potential for and attractiveness of different types of privatization strategies Yes [ ] No [ ]

10. Which strategy/method was used to privatize the corporation? (Tick one)

1. Concession [ ] 2. Mixed sale [ ] 3. Public offer [ ]
4. Direct sale [ ] 5. Voucher distribution [ ]
6. Any other (specify)...

11. (a) Do you set goals for the corporation? Yes [ ] No [ ]

(b) Which ones (Specify)...
....

(C) Do you achieve this goal? Yes [ ] No [ ]

Part C: Performance of the Public Corporation

12 i. How would you regard the change in corporation performance since privatization?

Improved [ ]   Not improved [ ]

ii. How would you rate the performance of your public corporation in each aspects tabled below before and after privatization?

(Use the five point scale provided where 1= very poor, 2=poor, 3=satisfactory, 4=good and 5=very good)

Tick on the table accordingly

a. Before privatization

Factors	1	2	3	4	5
Market share					
Gross profit					
Total costs					
Total sales					
Total output					
Motivation					
Staff turnover					
Service/Product Quality					
Staff training					
Customer satisfaction					

b. After privatization

Factors	1	2	3	4	5
Market share					
Gross profit					
Total costs					
Total sales					
Total output					
Motivation					
Staff turnover					
Service/Product Quality					
Staff training					
Employee satisfaction					

13. i) Insert the corporation performance (in figures) in below areas each year after privatization

Year	Total sales	Total cost	Production	Market share	Gross profit

ii) Insert the corporation performance (in figures) in below areas, 5 years before privatization

Year	Total sales	Total cost	Production	Market share	Gross profit

Comment on the general performance of the corporation after privatization...

....

Thank You for Your Co-Operation

APPENDIX III: LISTED COMPANIES IN NSE

Note: Those appearing in broad are Public Corporation

MAIN INVESTMENTS MARKET SEGMENT		
AGRICULTURAL		
Unilever Tea Kenya Norfolk Towers, 2nd FLOOR P.O BOX 42011 NAIROBI TEL:229951/214516/224900 FAX: 334701email: E-mail: manoj.chopra@unilever.com	REA VIPINGO LTD. Madison Insurance Hse P.O. BOX 17648 NAIROBI TEL: 723558,725558,725736,725386 FAX: 725731,712571, Email: jkiaye@reavipingo.co.ke (co. sec.)	Sasini Tea & Coffee Ltd Sasini House, Loita Street P.O. Box 30151 NAIROBI Tel: 335671/2/3, 335729/38 Fax: 333370 E-mail: Sasini @africaonline.co.ke
Kakuzi Ltd New Rehani House, Westlands P.O. BOX 30572 NAIROBI TEL: 440115/7/9,151-64620 FAX: 449635 E-mail: mail@kakuzi.co.ke		
COMMERCIAL & SERVICES		
TPS (Serena) Williamson Hse, 4th Floor P.O Box 48690 NAIROBI Bus: 710511	Car & General Ltd New Cargen House Lusaka Road P.O. Box 20001 NAIROBI	Hutchings Biemer Ltd **(Suspended)** Ralph Bunche Rd, Milimani P.O Box 40408 NAIROBI

Bus Fax: 718101	Tel: 540860, 540873, 540843 Fax: 545761, 545992	Tel: 729873/714470 Fax: 714491
CMC Holdings Connaught Hse, Lusaka Rd P.O Box 30135 NAIROBI Tel: 544111/554211/650255 Fax: 543012/543615/650315 E-mail: cgtrade@net2000ke.com	**Kenya Airways** **Airport North Road, Embakasi** **P.O. Box 19002** **NAIROBI** **Tel: 32822000, 352322, 32823535** **Fax: 823488** **E-mail: info@kenya-airways.com**	**Uchumi Supermarkets Ltd** **Nanyuki Road, Industrial Area** **P.O Box 73167** **NAIROBI** **Tel: 227002/227001/227003** **Fax: 211020** **E-mail: enquiry@uchumi.com**
Marshalls (EA) Ltd Marshalls Hse, Harambee Avenue P.O Box 30366 NAIROBI Tel: 330061-9/228971-3 Fax: 331085 E-mail: gmd@marshalls-ea.com	Nation Media Group Nation Centre P.O Box 49010 NAIROBI Tel: 221222/337710 Fax: 217112/215611 E-mail: nation@africaonline.co.ke	

FINANCE & INVESTMENT

National Industrial Credit Bank Ltd **NIC House, Masaba Road** **P.O. Box 44599** **NAIROBI** **Tel: 718200/718199**	Pan Africa Insurance Holdings Ltd Pan Africa House P.O. Box 30065 NAIROBI Tel: 339544/247600/247217	**Housing Finance Ltd** **Rehani House** **P.O. Box 30088** **NAIROBI** **Tel: 333910** **Fax: 334670**

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Diamond Trust Bank of Kenya Nation Centre P.O. Box 61711 NAIROBI Tel: 210988/210983,85,86,89,91,93,94 Fax: 214525/336836	**ICDC Investment Company Ltd.** **International Life House** **P. O. Box 10518** **Nairobi** **Tel: 252397/333199** **Fax: 223223** **E-mail:** **info@icdci.co.ke** **peter@icdci.co.ke** (CS)	Jubilee Insurance Co Ltd. Jubilee Insurance House P.O. Box 30376 NAIROBI Tel: 340343/229931 Fax: 216882 E-Mail: jic@jubileekenya.com muhuni@jubileekenya.com (CS) nasreen@jubileekenya.com(SR)

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Mumias Sugar Co. **Royal Ngao House, 2nd Floor** **P.O Box 57092** **Nairobi** **Tel: 712317/712318** **Fax: 712316** **Email: msc@mumias-sugar.com**	**Kenya Power & Lighting Co. Ltd** **Stima Plaza, Parklands** **P.O. Box 30099** **NAIROBI** **Tel: 243366** **Fax: 337351**	**Kenya Oil Ltd** **ICEA Building, 9th Floor** **P.O. Box 44202** **NAIROBI** **Tel: 227913, 221544** **Fax: 230967/218274/221614** **E-mail: seqman@kenkob.co.ke (MD) kp@kenkob.co.ke**

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