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COLLEGE OF SOCIAL AND BEHAVIORAL SCIENCES

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James F. Kollie, Jr.

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ABSTRACT

Privatization in Developing Countries: Assessing the Preprivatization Perceptions of Stakeholders in Postwar Liberia

by

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M.B.A., University of St. Thomas, 2004
B.Sc., Zion University College, 1999

Dissertation Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Philosophy
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ABSTRACT

The government of Liberia, a post-conflict country with rates of 64 percent poverty and 80 percent unemployment, contemplated privatization without a clear understanding of the level of public support. Lacking public support, policies endorsing privatization have little chance of success. The theoretical foundation of the study is public choice, positing that citizens prefer private ownership of the means of production. The purpose of this study was to fill the gap in knowledge related to support for any type of privatization by key Liberian stakeholders. This qualitative case study used semi-structured, in-depth interviews to gather responses on key questions, including perceptions about privatization; issues and concerns about public sector service delivery; and alternatives to privatization. A self-designed, pre-coded response matrix was used to analyze the interview responses for perception, common themes, and alternatives to privatization. Participants included university students, academics, professionals, and employees of two state-owned enterprises. Results indicated that Liberian stakeholders were cautiously supportive of privatization and favored methods such as management contracts and build-operate-transfer rather than 100 percent divesture, or full-asset sales. A key discovery of the study is that access and affordability, although important in the privatization literature, were secondary to Liberian stakeholders during the study; stakeholders were more concerned about efficiency and service delivery. Corruption, lack of transparency, and poor service delivery were common concerns. This study has added to our understanding that stakeholders have greater interest in efficiency and service delivery than access and affordability. This nuanced understanding of privatization in Liberia can help policymakers formulate better privatization policies in postwar Liberia that can lead to economic growth.

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DEDICATION

To my kids (Louchi, Jamila, & Kpadehlyn), who understood that I couldn't spend much time with them sometimes because I had to do this; and to my darling, understanding, and supportive wife, Bendu, who filled in the gap so that I could complete this program. To my mother, Carol, and my mother-in-law, Musu, who consistently prayed that God would grant me my heart's desire, and to all the suffering people in Liberia, who really need the help that this degree will enable me to provide.

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CHAPTER 1: INTRODUCTION TO THE STUDY

Introduction

Since the 1980s, many developing countries, some in Africa, Eastern Europe, and Asia, have been involved with wide-ranging public sector reform. Paramount among the tools being used is privatization (Debebe, 2000; Jasso-Aguilar, 2007). According to Kohl (2004), who researched Bolivian privatization, and Faramand (1999), who examined privatization in the broader context of public sector reform, the proponents of privatization have attempted to present it as the only way to enhance economic growth and make governments more efficient in the allocation of scarce resources. In fact, Savas (1987, 2000), one of the earliest proponents and writers on American privatization, claimed that privatization is the key to better government.

Over the last 30 years, the privatization of state-owned enterprises (SOEs) has been the major public sector reform mechanism advocated by such major development institutions as the World Bank, the International Monetary Fund (IMF), and the U.S. Agency for International Development (USAID) as revealed by Debebe (2000), Forster and Mouly (2006), and Prasad (2006). According to Balasooriya, Alam, and Coghill (2007), Farazmand (1999), Jasso-Aguilar (2007), and Prizzia (2003), some developing countries, especially in Africa, have been pressured by these international financial organizations to implement some form of privatization such as management contract, asset sale, or build-operate-transfer (BOT). Privatization has been promoted almost as a panacea to the problems of developing countries ever since it gained political and ideological favor in the 1980s (Biglaiser & Danis, 2002; Debebe, 2000; Deme, 1997; Jasso-Aguilar, 2007; Spronk, 2007; Tunc, 2005).

The theoretical proponents of privatization, from Buchanan and Tullock (1962) to Savas (1987, 2000), have argued that the private sector is more efficient than the public sector. Therefore, allowing private firms to produce and deliver public services will produce the most effective and efficient use of public resources (Shaoul, 2009). Because most developing countries in African and other parts of the world, including Liberia, have public sectors that are not adequately serving their citizens, privatization has been presented as a viable alternative to delivering public services. D. Hall, Lobina, and de la Motte (2005) contended that international development agencies have promoted privatization principally because the public sector has been "suffering from underinvestment and inefficiency" (p. 286) due to excessive interference from politicians and rent-seeking behavior from bureaucrats.

The major theoretical foundation for privatization is in public choice and property rights (Adams & Mengistu, 2008; Dorado & Molz, 1998; Opper, 2004; Prasad, 2006), with agency theory, transaction cost, contract, and institutionalism playing supportive roles. Privatization can be implemented in several different forms, including the sale of assets or the awarding of management contracts or outsourcing, but both forms rest on the notion that private ownership of the means of production is better than public ownership. Because politicians seek their rational self-interest like any other economic being, unless they are subjected to market forces, they are always inclined to engage in rent-seeking activities (Buchanan, 2003).

Although many nations had been implementing privatization, including Britain, the United States, and several transitional and developing countries in Eastern Europe and Africa, Liberia was in the midst of a civil war from 1989 to 2003 that destroyed its already weak economic and political systems, thus making public sector reform more urgent, necessary, and challenging (IMF, 2008). The president of Liberia, Mrs. Johnson-Sirleaf, in her 2008 state of the nation address to the 3rd session of the 52nd Liberian Legislature, announced that Liberia would be taking a look at the more than 20 SOEs to determine which ones needed to be dissolved due to a lack of relevance or supported until such time when they could be "privatized either in part or in whole through equity infusion or management contract or the use of build, operate and transfer (BOT)" (Sirleaf, 2008). The President informed the legislators that although these SOEs were created over the years to provide services to the public, they had since become "moribund over time or a liability" to the government of Liberia. Since her statement was made, the ministry of state was charged with assessing these entities and making appropriate recommendations. The Governance Commission (GC) had also been critically examining public sector reform plans, which also include SOEs (Governance Commission Act of 2007). In its 2006 National Human Development Report, the United Nations Development Programme (UNDP) called for a review of the structure and mandate of various government institutions, including public corporations, as one of the ways to foster Liberia's economic recovery and development (2006).

Statement of the Problem

The research problem in this case study was the lack of knowledge about the support or resistance of Liberian stakeholder groups to mass privatization in postwar Liberia. Whether stakeholder groups in postwar Liberia would be willing to support privatization and what their concerns are about this policy choice remain unknown. For the government of Liberia to undertake a major public policy such as privatization, without knowing whether the major stakeholder groups are on board and what their concerns might be, is problematic. Privatizing SOEs without knowing whether stakeholders are in support is dangerous because the consequences of failed policies in a postwar context pose tremendous threats to peace and security.

By interviewing members of various stakeholder groups such as labor unions, student unions, legislators, academics and professional, this study proposed to understand and explain why Liberian stakeholders may, or may not, be ready to accept privatization. These perceptions are critical to the success or failure of privatization (Battaglio, 2009; Calzada & del Pino, 2008; Harsch, 2000; Kaltenthaler, Ceccoli, & Michta, 2006). Jasso-Aguilar (2007) observed that popular rejection of privatization programs in the 1990s was responsible for the difficulty experienced in implementing those programs.

The 14-year Liberian civil war destroyed nearly all institutions and infrastructure and left many citizens completely destitute. With the end of civil war in Liberia and the holding of democratic elections in 2005, the challenge of economic recovery and development has become urgent (UNDP, 2006). Critical infrastructure services such as water and electricity are provided by SOEs in Liberia and are among the struggling SOEs identified by the president (Sirleaf, 2008) as candidates for privatization.

The literature on privatization from several developing and transitional economies, including Poland, Hungary, and Latvia, have demonstrated that success is dependent upon a number of factors, including acceptance from stakeholders and citizens (Kaltenthaler, et al., 2006; Kedia, Dibrell, & Harveston, 2003; Osborn, 1998). In the case of Liberia, this acceptability has not been studied. If the privatization program is not successful, it could pose a serious problem to peace and security. For example, Kohl (2004) reported that in 2003, President Sanchez de Lozada had to resign because of citizens' protest against privatization of a gas pipeline in Bolivia. Kaltenthaler et al. also reported that Prime Minister Andris Skele of Latvia was forced to resign over the privatization of a natural gas monopoly.

These examples are evidence that citizens' resistance to privatization does turn violent. Liberia needs to take a lesson from these experiences. The problem, therefore, is the lack of any knowledge about where critical stakeholder groups in Liberia stand with respect any type of privatization. The literature on privatization is extensive. Table 1 summarizes some of the studies on privatization that were used to identify the research problem.

Table 1

Studies on Privatization

General research on Privatization	Privatization research in Europe and Latin America	Privatization research in Africa	Privatization research in Liberia
*** Adam, Cavendish, & Mistry	*** Abdala: Argentina	Forster: Gambia	UNDP
*** Barnett	* Kohl: Bolivia	Asalu: Nigeria	Radelet
*** Battaglio	* Kaltenthalu: Latvia	Adams: Sub-Saharan	
*** Bienen	Biglaiser: Latin America	Bayliss & McKinley	
*** Biglaiser & Danis	Clarke and Cull: Argentina	Boubakri & Cosset	
Birdsall & Nellis	Kristmundsson: Iceland	Debebe: Sub-Saharan	
Bortolotti & Siniscalco	*** Islam and Faramand: Bangladesh	*** Deme: Sub-Saharan	
*** Boubakri et al.	*** Arce: Peru	*** Forster: Gambia	
Clifford	Havrylyshyn	Guseh: Sub-Saharan	
Loc	Lopez-Calva: Latin America	Harsch	
Guriev	Osborn: Poland, Hungary & Czech	Rowes & Bradberry: South Africa	
Guislain	Frydman: Russia, Ukraine, & Baltic	Ugorji: Sub-Saharan	
*** D. Hall et al.	Zygmont: Poland	Tangri	
*** Kikeri & Kolo	Nakagane: China	Nwankwo: Sub-Saharan	
*** Kikeri & Nellis	Obloj: Poland	Pamacheche: Sub-Saharan	
*** Mackenzie	*** Stirbock		
Morgan	Tunc: Asia and Latin America		
Morris	Uddin: Bangladesh		
Nellis			
Opper			
*** Parker			
Prizzia			
Perlmann			
Penell			
*** Prasad			
Poole			
Price			
Rowthorn & Chang			
Weizsacker			
Yarrow			
Savas			

(*) = postwar studies
(**) = preprivatization studies
(***) = postprivatization studies

Significance of the Study

Privatization, to date, is the most studied topic in public administration (McNabb, 2008), but not much attention has been paid to the preprivatization perception of stakeholders. In those cases outside of Liberia (Peru, Bangladesh, etc.), where researchers have looked at the perceptions of stakeholders, the focus of these studies has been after implementation. Islam (2006) and Islam and Faramand (2008) assessed the postprivatization perceptions of Bangladeshi's civil servants. Arce (2008), on the other hand, conducted a study on the perceptions of stakeholders in Peru after the privatization program had encountered a major setback. Osborn (1998), in a study that was the closest to analyzing preprivatization perceptions, used survey data gathered before 1991 privatization in Poland, Hungary, and the Czech Republic, but the analysis was done long after the implementation of privatization programs in those countries. Moreover, Osborn's study was a statistical analysis to determine what group of people were more likely to accept privatization without providing any reason why. In this study, I went beyond determining which group is more inclined to support privatization in Liberia and provided reasons the stakeholders may accept or reject privatization.

I took this examination one step further by using face-to-face interviews to identify from stakeholders the reasons for their decision to accept or resist privatization. Knowing the reasons for stakeholders' perceptions is one way that policymakers can address those concerns. Parker and Kirkpatrick (2005) found that most case studies on privatization have examined the postprivatization results as a means of determining whether the programs had succeeded or failed. Parker and Kirkpatrick explained that most of these econometric studies by researchers, notably Galal, Jones, Tandon, and Vogelsang (1992); Megginson and Netter (2001); and Megginson, Nash, and van Randenborgh (1994), concentrated on developed countries, thus leaving the impact of privatization in developing countries to be controversial.

A more useful approach is to identify the major stakeholders early in the privatization process and assess their perceptions about the favorability and acceptability of the policy. This strategy will be a major contribution to the study of privatization and public policymaking in general. If policymakers knew in advance that the people would not accept a certain policy, they might consider alternative policies (Kaltenthaler et al., 2006) because according to Patton and Sawicki (1993), political viability is one of the most important evaluative criteria for any public policy. If relevant actors, including various stakeholder groups, do not support a policy, even if it is adopted, it will have little chance of succeeding (Patton & Sawicki, 1993). Resistance from various power groups or stakeholders has caused a number of privatization efforts to be delayed, cancelled, or reversed (Kikeri & Nellis, 2004; D. Hall et al., 2005). C. Hall and Lobina (2009) found that water privatization in Cochabama, Bolivia, was terminated because of uprising from the stakeholder groups. Battaglio (2009), performing a cross-national analysis of citizens' preferences about privatization, observed that even in developed countries, citizens are hesitant to support privatization because of fear and past experience.

Any kind of policy failure or reversal at this time in Liberia would not be beneficial to the nation. Large-scale privatization, which is new to Liberia, would be one of the greatest political and economic decisions in recent Liberian history; therefore, all stakeholders and policymakers need to ensure that the upcoming privatization is done right the first time. The risks are enormous, and the stakes are high. The country is just recovering from a civil war, and any attempt by the government to make decisions that seem to be against the public interest and for the benefit of an elite class have the propensity to send the country back into civil war, given the conflict history of the country (Collier, 2006). Avoiding such a situation is critical because the wounds of unsuccessful privatization leave scars that are not easily forgotten and can open windows of opportunity, justly or unjustly, for political exploitation by the opposition or war profiteers.

This case study of the preprivatization perceptions of stakeholders in Liberia may contribute significantly to the knowledge of privatization in postwar developing countries. The findings also will contribute to the design of national policies on privatization that take into account the perceptions of stakeholders before implementation. The intent of this study was to serve as a guide and warning that privatization, unless done correctly and supported by all major stakeholders, can have dire consequences. There is no one best way to undertake privatization, but the motives, rationale, planning, and implementation require careful consideration on the part of policymakers. In essence, the antecedent conditions must be in place, and political acceptability and favorability should be ensured in order for privatization to succeed, as observed by Asaolo, Oyesanmi, and Oladele (2005) in Nigeria and Uddin (2005) in Bangladesh.

Understanding the reasons that drive the perceptions of stakeholder groups about privatization in a postwar developing country is the best way to inform the privatization debate so that policymakers are aware of what stakeholders are thinking and how they can incorporate these concerns into the planning process. Ignoring the perceptions of stakeholder groups is risky because resistance from stakeholder groups is one of the major reasons for privatization failure or reversal (Parker, Kirkpatrick, & Figueira-Theodorakopoulou, 2005). For example, both Bywater (2008) and C. Hall and Lobina (2009) recorded that water privatization in Cochabamba failed because of the thousands who protested and formed "La Coordinadora de Defensa del Agua de la Vida." According to Collier (2006), the risk of returning to civil war after a country has had one is more than 50%, and a failed privatization effort could exacerbate this risk.

Background of the Study

Liberia, a country recovering from more than 14 years of civil war, is reentering the community of nations in a highly distressed economic state. It is in need of all of the development assistance that it can possibly get, and privatization has emerged as one of the options. Judging from history and circumstance, the same international funding agencies that advocated for privatization over the last 30 years, as observed by Forster and Mouly (2006) in their review of privatization in the Gambia, could be considered suspect in Liberia's privatization drive.

The war destroyed and multiplied the sufferings of an already destitute people. Liberia remains one of the world's poorest countries (UNDP, 2006). It also has been challenged by postconflict constraints, such as a collapsed infrastructure, degraded institutional capacity, and the loss of an experienced and skilled workforce (African Development Bank/Organization for Economic Cooperation and Development [AfDB/OECD], 2008). However, the current Liberian government has made some progress, such as growth in real gross domestic product (GDP), estimated at 9.2% for 2008; an increase in nominal domestic revenue (2007 revenue was 79% higher than the previous year); adoption of cash-based budgeting; implementation of the Governance and Economic Management Assistance Program, the signing of a memorandum of understanding between all SOEs and commercial banks for the deposit of all fees and revenues; and debt relief (AfDB/OECD, 2008; IMF, 2008).

Despite progress, construction and development challenges such as roads, bridges, schools and hospitals; unemployment; and the efficient provision of basic social services such as water and electricity remain. Poverty is still pervasive; more than 92% of Liberians are either food-insecure or moderately vulnerable to food insecurity (UNDP, 2006; Food and Agriculture Organization/World Health Organization [FAO/WHO], as cited in AfDB/OECD, 2008). Illiteracy is still high, and unemployment and health remain critical issues of concern (UNDP, 2006). All of these challenges add to an already complicated situation that includes efforts to respect and protect the basic human rights of all Liberians, as well as the provision of basic security for individuals and their property. In order to counter these challenges, the government will need to revitalize public institutions and deliver the appropriate and targeted policy responses and interventions, as well as sustain engagement with Liberians and international partners (UNDP, 2006).

In a society with nearly 82% unemployment (International Bank [IB], 2008); more than 76% of the people living below the poverty line of US$1 per day (IB, 2008); no indigenous entrepreneurial class; a weak entrepreneurial culture (AfDB/OECD, 2008); no capital market; and no trusted or effective regulatory regime, the question of how privatization will be perceived by Liberian stakeholders must be addressed. Giving away public assets or monopolies to private, profit-seeking entities can present political challenges, even if an economic rationale is found (Parker & Kirkpatrick, 2005). In Liberia, especially given the recent history of civil war and the past social, economic, and political deprivation of the majority (indigenous class) by the minority (Americo Liberian class), giving SOEs away to private investors who will be driven by profit motive may be problematic and risky. Because the political and economic powers were concentrated in the hands of the Americo Liberians for more than 133 years, making them wealthier than most of the population, any privatization program that involves the sale of assets could be seen by ordinary Liberians as a reemergence of the Americo Liberian class. Harsch (2000), while studying privatization in Africa, observed that some governments have been overthrown as the direct result of privatization that was viewed negatively by activist groups. Most privatization efforts have either failed or been reversed because of resistance from such stakeholder groups as employee union, students, environmental groups, and ordinary citizens (C. Hall & Lobina, 2009; D. Hall et al., 2005).

In spite of the caution, the government still needs to engage in some form of public sector reform that will ensure that public resources are not wasted on institutions that are not serving or meeting the needs of the people. At the same time, this reform should not be perceived by the public as being against their interests and to the benefit of the ruling elite. The important issue to study in this privatization move is the perceptions of Liberian stakeholders about privatization in a postwar country that lacks the antecedent conditions necessary for privatization to be successful (Perlmann & Zarenda, 1997; Uddin, 2005). Even though other researchers have studied privatization, as indicated by McNabb (2002), no major study has considered gauging the perceptions of citizens before the implementation of privatization. Knowing whether stakeholder groups in Liberia are willing to accept or reject privatization is important, but if they are not willing to accept it, it is important to know why and what needs to be done to win their support.

For now, very little comprehensive, comparative, and empirical information is available to inform policymakers about the negative consequences of unsuccessful privatization, especially in countries just recovering from civil war. This study is intended to contribute to Liberian scholarship and public policymaking in terms of what to consider when engaging in large-scale national reforms like privatization, which can have far-reaching consequences if not done properly. Most privatization efforts fail because of resistance from stakeholder groups and because governments have been overthrown because their efforts have failed (Harsch, 2000); therefore, it is important to gauge the perceptions of stakeholder groups before the implementation of privatization or during the planning stage.

Although it may be seen as a powerful economic tool, the implementation of privatization has a number of political ramifications (Opper, 2004). The results of privatization are far from settled in terms of benefits, so sufficient care needs to be taken when attempting to engage in such efforts. However, Sheshinski and Lopez-Calva (2003) noted that from a microeconomic perspective, the benefits of privatization are clear; it is only the macroeconomic perspective that the results remain inconclusive. For their part, Auriol and Picard (2009) observed that in those cases of privatization where public subsidies are eliminated, taxpayers benefit while consumers are affected by increased prices. To understand if privatization of the infrastructure is appropriate as a public sector reform method for Liberia at this time, an in-depth understanding of Liberia's economic and political history is required. Being aware of the unique complexities of the Liberian nation-state, such as why, after more than 160 years and tremendous economic growth in the 1960s (growth without development), it still remains one of the world's poorest countries without any level of development, the political landscape is the first place to begin any serious inquiry.

Political History of Liberia

Liberia is a small country on the West Coast of Africa. Its land area is about 43,000 square miles, and its population, based upon a 2008 census conducted by the Liberian Institute of Statistics and Geo-Information Services (2008), is about 3.4 million. Nearly 32% of Liberians live in Montserrado County, which is where the capital city of Monrovia is located. This is an indication that more and more people have been migrating to the urban areas in search of economic opportunities (Radelet, 2007).

Founded by freed Black slaves from the United States in 1822, Liberia became an independent republic on July 26, 1847. For more than 133 years, it was ruled by freed slaves or their decedents, who at the time represented less than 2% of the population (Lowenkopf, 1972). During this time, all major economic and political powers were concentrated in the hands of the ruling elite (Lowenkopf, 1972). The indigenous majority were excluded from sharing in the wealth of the nation, and opportunities were unevenly distributed (Radelet, 2007). According to Lowenkopf, infrastructure development was carried out only in areas where the ruling elite lived; the majority had no participation or representation. Conteh-Morgan and Kadivar (1995) contended that this marginalization of the majority by the elite class exacerbated class tension within the republic until 1980, when a coup d'état overthrew the 19th president and placed power in the hands of a semiliterate soldier.

From 1980 to 1989, the indigenous soldier and his gang of plotters ran the country and further divided it along ethnic lines, thus providing an opportunity for war profiteers under the usual banner of liberators or revolutionarists to exploit to their economic advantage (Collier, 2002, 2006). This civil war began in December 1989 and continued until August 2003, when former rebel leader-elected president, Charles Taylor, was forced to leave the country for asylum in Nigeria. Elections were held in November 2005, and Johnson-Sirleaf was elected president, thus making her Africa's first female elected president.

President Sirleaf inherited a country that is terribly troubled and broken. Even though it was never colonized and had been in charge of its own resources since its founding, mismanagement, corruption, and the pursuit of self-interest at the expense of the masses have been the order of the day. Government, or closeness to authority, has been the major wealth creator in Liberia. The government of Liberia also has been the major employer of choice for several decades, and nearly every type of service, ranging from electricity to postal, has been the exclusive domain of the government, as in most other developing countries (Ugorji, 2001).

In Liberia, according to the 2007-2008 national budget (Republic of Liberia, 2008), more than 20 nonviable SOEs needed to be subsidized with taxpayers' money. In a country where there has been little economic development, no viable institutions, largely unskilled human resources, and severe poverty, protracted civil wars can be damaging, sometimes sinking countries to depths from which they can never rise. According to Collier (2006), a country's likelihood of returning to civil war once it has experienced one is greater than 50%. The difference between remaining stable and falling back into chaos may depend on how the government is perceived to be treating its marginalized population. In the case of the Liberia, a majority of the people have been kept at the margin of society for a very long time. The margin for error in public policy at this juncture is slim to nonexistent.

Purpose of the Study

The primary purpose of this qualitative case study was to assess the perceptions of Liberian stakeholder groups about the privatization program in Liberia with respect to corruption, competition, poverty reduction, regulation, access, and cost. Another purpose was to determine what other alternatives to privatization would be supported by these stakeholders if privatization were not their best option. Because stakeholders' acceptance, among other factors, is critical to the success of privatization, examining and understanding some of the reasons Liberian stakeholders might, or might not, be ready to accept privatization is important. Current political and economic conditions in Liberia demand that policymakers take stakeholders' concern very seriously. This study sought to reveal the deep concerns that need to be addressed if postwar Liberia is to maintain peace and recover economically. Privatization ranges from the outright sale of public assets and monopolies to built-operate-transfer arrangements (Clifford, 1993). The level of resistance to privatization also depends on which type of privatization is being implemented, with the outright sale of public assets being the most resisted.

Research Questions

The fact that an entity can be privatized is no indication or reason that it should be privatized. A number of other factors need to be considered by policymakers in the decision-making process, including citizen support (Battaglio, 2009); property rights; competition (Zhang, Parker, & Kirkpatrick, 2007); and an effective regulatory regime (Levy & Spiller, 1994). Privatization, similar to every other public policy, needs to ensure that the problems being solved are done so in an efficient and equitable manner. Issues of efficiency can be determined using technical or scientific means, but equality is a value drive and can largely be determined by perceptions. Once people feel that they are not been treated fairly, no matter the empiricism, liberal democracy offers them a way to have those feelings addressed. This can be a serious problem for policy implementation. A review of the privatization literature has shown that most privatization efforts have failed because of resistance from interested groups that include from environmental and human rights advocates, consumers, and labor unions (Kikeri & Nellis, 2004; Kohl, 2004; D. Hall et al., 2005).

To gauge the political landscape in Liberia and to determine the level of acceptance or resistance to privatization as a public sector reform tool in postwar Liberia focusing on economic growth and development, a case study using qualitative interviews was conducted to answer the following research questions:

1. What are the main perceptions of Liberian stakeholder groups about the privatization of SOEs?
2. What common themes or concerns drive the perceptions of Liberian stakeholder groups?
3. If Liberian stakeholder groups view privatization negatively, what alternatives would they prefer?

Given the state of the economy, foreign investors may not be willing to risk investing in a country like Liberia, where most of the people are uneducated, poor, and lack the economic means to create effective demand. With the exception of ArcelorMittal and Firestone, most of the companies operating in Liberia are small and do not have access to adequate financing (AfDB/OECD, 2008). The risk of war and the lack of technology, telecommunication, and skilled human resources make Liberia a seemingly unattractive place to invest. Given the severe risk that the entire nation faces if this initiative fails, obtaining mass public buy-in is critical to such an undertaking.

Definitions of Terms

Coase theorem: with assignment of property rights and imposition of transaction costs, only socially optimal products will be produced by market forces.

Club of Rome: a think tank that concerns itself with global development issues and serves as a catalyst for change by engaging public and private decision makers.

Degree of privatization: how far away the transfer of ownership is from an outright sale (i.e. 100% divesture).

Developing countries: countries that are neither developed nor failed. In most cases, these are countries with a lower human development index, as measured by the UNDP and lower per capital income. This simply means that the country is poor and needs significant assistance to meet its basic needs. Some countries are better than others in this categorization, but they are generally identified together.

Economic development: situation where the quality of life of citizens is improved and basic social services and infrastructure are provided. This term is used in measured contrast to economic growth.

Economic growth: measures the general increase in GDP when compared to previous years. In a postwar environment where all productive capacities were destroyed by the civil war, this is not a good measure of development because postwar productive capacities are generally and always higher than in a conflict situation.

Economic recovery: a broad term to indicate general progress in the economy. Economists use indicators such as unemployment, interest rates, wage rates, and others to gauge whether an economy is recovering. This is usually after a slowdown in economic activity.

International or development partners: international organizations and governments that are involved in development work.

Managerialism: a belief that organizations are more similar than different and that management skills used in the private sector also can be used to manage public sector organizations.

Perception: the level of awareness or insight by individuals about a particular program or event upon which opinions are formed and actions are taken.

Political conditions: a situation of political stability, for example, is there a workable democratic system, do policies have political buy-ins, and are the rights and voices of opposition parties respected and heard.

Polity data: a widely used data series in political science that contains coded annual information on regime authority characteristics and transactions for all independent states in the global state system and covers the years 1800 to 2006; Polity IV is the latest version.

Power group: various groups in society that have significant influence on public policy.

Privatization: the sale or transfer of public assets or monopolies to private entities. This can be done in a number of ways, such as an outright sale or a management contract. In this study, it could mean any of the various types, just so long as those assets or monopolies are being sold or transferred to private, for-profit entities (Savas, 2000).

Property right: the right of private individuals to own properties and dispose of them however they see fit.

Public corporations: entities in which the government has a majority ownership or operates them. They were the focus of this study; same as SOEs.

Public policy: what a government chooses or refuses to do as a way to solve public problems.

Public sector reform: the process of effecting the necessary policy and structural changes in the way government functions; mainly concerned with ensuring that the government and all its functionaries, including and especially SOEs, run effectively and efficiently.

Regulatory regime: necessary regulatory framework that protects investors, controls standards, enhances competition, enforces antitrust, and protects patents and copyrights.

Stakeholders: groups of people or organizations that can affect and/or be affected by privatization, particularly in Liberia, but also including stakeholders of other nations discussed in this study.

Assumptions

Liberia is contemplating the implementation of mass privatization as part of its overall public sector reform leading to economic recovery and development. To add to the body of knowledge on privatization and also to inform public policymaking in postwar Liberia, I interviewed participants from the major stakeholder groups to determine what concerns would cause them to support or resist the privatization of SOEs. To accomplish this objective, the following assumptions were made:

1. The interviewees will provide answers that are truthful and complete.
2. The government documents (annual reports of SOEs, national budget, legislation creating SOEs, etc.) that are reviewed will be as accurate as they claim to be.

Because this study was assessing the subjective perceptions of people, these perceptions could change over time depending upon political and economic conditions.

Scope and Limitations

I studied the privatization effort in Liberia as it relates to critical infrastructure services such as water and electricity. Liberia is a small country, with SOEs representing less than 4% of the national budget (Republic of Liberia, 2008). I looked at the broader policy framework in terms of what needs to be considered when designing macroprivatization policy that affects services that are important to national development and also directly affect poverty.

Liberia is a country where not many data are available because of the civil war. Some of the data that were used in this study, especially those covering the years of the civil war, were estimates by international organizations. Because of the lack of any credible data-gathering institution, the IMF, World Bank, and other UN agencies have been using best estimates for development work in Liberia. In addition, not a lot of refereed published materials are available on Liberia because the civil war made it difficult for scholars to access Liberia and conduct research. The major sources of published works on Liberia have been reports by UNDP, IMF, World Bank, and newspaper and Internet articles.

Delimitations

Because the case study depended upon semistructured interview and a review of documents, the analysis was as good as the answers received from the interviewed participants and reviewed documents. Assessing political conditions can be a challenging task, so the analysis of conditions that are likely to change over time may have rendered portions of this work obsolete or unrealistic between the time of the assessment and the publication of the findings. The results of the study are not generalizable because only a few Liberians who were representative of select stakeholder groups were interviewed in an effort to understand their thoughts and perceptions about privatization in postwar Liberia. The intent of the study was to understand and describe the perceptions of critical stakeholder groups in Liberia toward privatization, not to determine any cause-and-effect relationship. These interviews were conducted between August and October 2009.

Implications for Social Change

The social change implication of this qualitative case study is that it added to our understanding that, pertaining to privatization, stakeholders have greater interest in efficiency and service delivery than access and affordability. This nuanced understanding of privatization in Liberia has contributed to contemporary public administration especially relating to cost efficient democracy and public sector reform.

Because privatization is more a political decision than an economic one (Adams & Mengitsu, 2008), and because the risk of failure is too high for a country like Liberia that is returning from civil war, a study that assessed the perceptions of stakeholders and identified what needs to be done so that any policy failure or challenge can be mitigated will contribute to positive social change.

Summary

Privatization remains a widely studied area in public administration scholarship, but researchers have agreed that different countries present different sets of circumstances and require separate studies. Most studies have focused on postprivatization effects, with the hope that lessons learned can be applied to other countries (Parker & Kirkpatrick, 2005). Liberia is just recovering from a civil war and is about to undertake some form of privatization. The literature demonstrated that most delays, failures, or reversals of privatization efforts have been due in large part to resistance from stakeholder groups that are usually overlooked or ignored in the planning process (UNDP, 2006).

A case study employing the use qualitative interviews to assess the level of acceptance of privatization in the postwar Liberian context is justified. Acceptance and favorability are important aspects of any effective public policy if it is to succeed. This study attempted to contribute to the privatization efforts in Liberia by understanding and explaining why certain critical stakeholders may, or may not, be ready to accept privatization.

This study consists of five chapters. In this first chapter, an introduction to the study was presented. The problem was defined, some historical context was given about Liberia, the research questions were provided, and the purpose and significance of the study were outlined. Important terms were defined, and the limitations of the study were identified.

Chapter 2 provides an extensive review of the literature on privatization. There is no shortage of research on privatization because it has been one of most widely studied subject in public administration scholarship over the last few decades (McNabb, 2008). This chapter defines privatization, explores the theoretical framework, and provides some historical and trend information about the privatization movement. In the chapter, I intend to critically review the politics and economics of privatization and identify specific challenges that developing countries face in their privatization efforts. Though there has been very little information about privatization in a postconflict situation, a cursory review of postwar countries and their privatization attempts is presented. Understanding the sources of resistance to privatization that have been largely responsible for its delay, failure, or reversal was critical to the literature review. I also explain the research method.

Included in chapter 3 is an explanation of the research design and method used to gather data. Also found in chapter 3 is information about the general framework of the study, critical questions that the study in intended to answer, and the various groups that participated in the study. In this chapter, I also provide a rationale for selecting the qualitative case study method and the use of interview as the primary data-gathering technique for a study that involves understanding the perceptions of stakeholders. I also provide detailed explanations about how issues of quality, validity, data collection and analysis, and confidentiality were addressed.

In chapter 4, the actual results of the study are presented. The stakeholders are appropriately described and assigned numeric classification for ease of identification. Next, the general situations about the study are presented in terms of expected as well as the scope. The remainder of the chapter presents the responses by each stakeholder group to each of the main research questions.

Chapter 5 provides the conclusions and recommendations of the study. The research method is previewed, and the findings for each research question are presented.

Graphs that analyze the findings are included, along with implications of the study for practice as well as the positive social change significance. The chapter ends with recommendations for future research and recommendations for action by policymakers, especially legislators.

CHAPTER 2: LITERATURE REVIEW

Introduction

The literature review offers comprehensive, detailed information on the definition of privatization, the various forms of privatization, and the theoretical framework that underlies privatization. Results from other studies are included to illustrate the challenges, shortcomings, and benefits of privatization.

Although privatization may be seen as a tool of economic reform, many researchers, including Savas (1987, 2000), have agreed that it is more political than economic. Farazmand (1999) classified privatization as a global ideological strategy of capitalism. He contended that it is pursued by the corporate elite and by conservative, or right wing, governments in the West. The chapter discusses the implications of the literature to the present case study of the preprivatization perceptions of stakeholders in Liberia.

Research Strategy

I collected materials for this literature review by using such key databases as PolicyFile, SocINDEX, Academic Search Premier, Business Source Premier, Sage Political Science, ProQuest Central, ABI/INFORM Global, Google Scholar, and IMF and World Bank websites. The search strategy began with the use of key words that included *privatization*, *privatization & development*, *privatization & poverty*, *privatization in developing countries*, *privatization perception*, *results of privatization*, and *effects of privatization*. Some of the other key words are located in the Definition of Terms in chapter 1 and the title of the dissertation. The literature search began in 2008, and mainly focused on articles less than 5 years old, but when important studies and books beyond the 5-year timeframe added value to the review or provided foundational knowledge to the study, they were used. It was important to include some of these older materials because the height of the privatization movement and most of the studies on privatization were in the mid-1990s and early 2000s (Vidal, 2009). A proper understanding of the privatization requires reviewing some of the literature that was written when the privatization debate had currency. Predominantly peer-reviewed, published materials were used, but valuable resources were also gathered from the IMF and World Bank because these organizations have invested a lot of resources to produce some of the best studies on privatization.

Overview of Privatization

Privatization has become the predominant public sector reform tool used by many governments, irrespective of s country's particular socioeconomic or political situation, especially since the 1980s (Biglaiser & Danis, 2002; Debebe, 2000; Deme, 1997; Prizzia, 2003), when privatization gained political and ideological favor, first in Britain and then in the United States. The aforementioned researchers have studied privatization in a vast number of countries and regions ranging from Latin America to Sub-Saharan African, clearly demonstrating the widespread extent of privatization. Ever since that time, major international development and financial institutions like the World Bank and the IMF have made privatization a precondition for countries to receive assistance or loans, as observed by Forster and Mouly (2006), who studied privatization in Gambia. However, Nellis (2005), in a summary assessment of privatization in developing countries, pointed out that international financial institutions, including the World Bank, have been reconsidering their strong and dogmatic advocacy of ownership change.

Evidence of success of this public management reform tool has not been overwhelming, especially for developing and low-income countries (Deme, 1997; Prizzia, 2003), countries that face far greater challenges than what privatization attempts to mitigate. In spite of this shortfall, nearly every country has been embarking on privatization not because of the merits of it, but because of the imposition by international financial organizations like the World Bank, the IMF, and the USAID (Forster & Mouly, 2006). In this regard, Liberia, a country just recovering from a 15-year civil war with some of the worst macroeconomic conditions in the world, has been advised to undertake some level of privatization as a means of achieving economic growth. According to Nellis (2005), privatization has historically been an unpopular public sector reform tool. He contended that this might be the case because the benefits are spread far too thin and the costs are concentrated. Those who then bear the greatest cost have been able to organize and raise opposition to privatization. The perceptions of these stakeholder groups, whose opposition has been posing serious problems to privatization all around the world, are critical.

The sections that follow discuss why it was important to conduct a study of the perceptions of the stakeholders in the preprivatization stage, the need and urgency for public sector reform, and the theories and ideologies that challenge traditional government provision of services. The review also considers why privatization has been the most widely studied topic in public administration over the last 30 years (McNabb, 2008). This literature review begins with a definition of privatization and moves onto the methods and trends, and then the politics and economics of privatization. The review also examines the challenges and opportunities of privatization, and then delves into the reasons countries have undertaken privatization, what the results have been, and what conditions make privatization succeed or fail. By surveying the literature extensively, the Liberian reality of economic reform, in a postwar context, can be situated within the privatization movement and can be studied in this context.

It is important to note, however, that privatization, whether in developing or developed countries, faces challenges of overcoming opposition from such major stakeholder groups as labor unions, managers of SOEs, bureaucrats whose power and position are threatened, nationalists, and ordinary citizens who may see their free services taken away (Kikeri & Nellis, 2004). Understanding the perceptions of these stakeholder groups and devising ways to overcome them appropriately are necessary to the success of privatization.

Preprivatization Perceptions of Stakeholders

The public perception of privatization is critical to its success (Lopez-Calva, 1998; Nellis, 2005; Parker et al., 2005), but little has been done to consider it when planning privatization programs. For example, Parker et al. (2005) found that 63% of people surveyed in Latin America in 2001 felt that privatization has not been beneficial. This figure, according to the researchers, was up from 20% in a 1998 survey reported by Obser (as cited in Parker et al., 2005). Nellis also reported similar results about the public's perception of privatization, even though he felt that it might have been fueled by the lack of understanding and communication of the benefits of privatization. Liberia needs to give serious consideration to this issue of perception in the planning phase of the privatization program in order to reduce the negative consequences of public rejection.

Lopez-Calva (1998) argued that the entire political environment is important in privatization programs. He contended that issues of transparency and inclusion are critical to achieving political acceptability, which is vital to the successful implementation of privatization. The opponents of privatization, he argued, have been able to make their argument effectively against privatization and that if the proponents want to break through, they will need to launch a large-scale information campaign and open public debate to dispel the criticism that privatization only benefits a select or elite group of people while making the poor, poorer.

In spite of the critical nature of the public's perception in the successful implementation of privatization, very little research has been done to gauge this perception in the preprivatization era. In fact, most studies about privatization have focused exclusively on measuring the results, that is, postprivatization. To date, very few studies have examined the perceptions of the stakeholders on privatization. Islam (2006) studied the perception of Bangladesh's civil servants on privatization. Even in this case, Islam studied the postprivatization perception of these Bangladeshi civil servants. Although this will serve as a valuable resource and a lesson for future privatization, it would have been more relevant if the study had been done before privatization and policymakers had made efforts to mitigate some of the problems that arose from study, if there were any.

In Liberia, the stakes are too high to engage in a trial-and-error endeavor. The risk of any failed privatization could spark civil revolt and a possible return to civil war, a situation that Liberians are no longer prepared to endure. Because the privatization program is still in the feasibility phase and there is time to know what the issues are before proceeding, it was important to undertake a qualitative interview of the important stakeholders to understand, not only to know, their perceptions about privatization before it is undertaken that will add to good policymaking in Liberia and also to privatization scholarship in general.

Overview of the Public Sector Environment

There has been mounting criticism of governments (Buchanan, 2003; O'Driscoll & Hoskins, 2006) that they are inefficient and wasteful in the delivery of basic services and resource utilization. Osborne (2006) and Savas (1987, 2000) validated this claim. When compared to profit-making organizations, public sector organizations are seen as more process driven than outcome driven. The bureaucrats who run public organizations are seen as rational, self-interested individuals (Buchanan, 2003). Critics of public sector organizations claim that the inefficiencies observed are the result of a lack competition, performance measure, and incentives.

Some of the claims by Buchanan (2003) and others against the public sector that they wasteful, inefficient, and process driven are valid, but on the other hand, some claims are mere political statements motivated by neoliberal ideology (Aguirre, Eick, & Reese, 2006; Narsiah, 2008; Shaoul, 2009) about the existence and size government. Although government can be seen as wasteful, slow, and unresponsive, the public sector environment in which they operate does play a major part. A number of constraints, including citizens rights, equality, and justice, make these organizations perform the way they do. In democratic societies, the issues of rights and justice play important roles in the goals of government (Green & Shapiro, 1994). However, it is still possible to achieve superior results in the public environment, as can be seen by the difference in results between some agencies in the same country and also between different governments in different countries. However, the necessary caution needs to be taken so that democratic values are not sacrificed in the process.

Need for Transformation in the Public Sector

There has been increasing pressure on governments to change, especially because of recent advances in technology and globalization. Growing budget deficits, market competition, and higher demands from citizens are placing enormous pressure on public sector organizations to effect the necessary changes that will make them more effective, efficient, and relevant (Kotter, 1996; Osborne, 2006). This situation is more pressing in developing countries, whose citizens are feeling the real impact of government waste and inefficiencies. Although the public sector, especially government, stands in need of transformation, no defined answer can explain how this change should be implemented. Walsh and Shirley (2001) concluded, after reviewing 52 empirical studies, that private firms are superior to SOEs in their delivery of services. In spite of this claim, no consensus exists on what needs to be done to improve the situation. However, several methods have gained support from the professional and academic communities. Over the last 30 years, privatization has gained the greatest currency (Opper, 2004) and has been vigorously advocated by major financial and development organizations as one of the ways to solve the problems of the developing world (Vidal, 2009).

Definition of Privatization

Privatization has been the most widely discussed and researched topic in public administration over the last 3 decades and has gained an increased scope and role in public sector reforms over the last 10 years, as observed by Prizzia (2003), especially in developing countries. Developing countries, which historically have relied on SOEs as engines to achieve social and economic development (Kaur, 2004), were especially devastated during the global recession of the mid-1980s. At this point, the proponents of less government and the advocates of a free market saw an opportunity to assert that the private sector was more superior to government (Narsiah, 2008). By then, SOEs were seen as a financial burden on governments because their debts and subsidies were straining national coffers while they were unable to function efficiently. Thus, the free market proponents argued strongly that the private sector should be allowed to take over, especially in cases where it had been proven that the private sector can do a better job than the government. This is when the notion of privatization was born and how it has since become a major force shaping global public administration as more and more developing countries are been pressured to implement some form of privatization (Aguirre et al., 2006; Forster & Mouly, 2006; Harsch, 2000; Jasso-Aguilar, 2007; Spronk, 2007). Contrary to what most researchers have asserted about the pressure from international financial organizations, Conteh and Ohemeng (2009) countered that this may not be true in all cases, as the case of Botswana proves.

What exactly is meant by privatization has been a complex issue. Adams (2006) considered it the process and method whereby the functions or assets of the public sector are transferred to private entities and corporations. One may argue that this is an oversimplification because the topic is far more complex than that. For example, Guseh (2001) broadly defined privatization as the divesture of public sector enterprises to private owners, and he further asserted that it then results in the private sector controlling a larger portion of the economy. It is easy to see how Guseh's definition meshed with that of Savas (1987), who stated simply that privatization symbolizes a new way of looking at the role of government. He posited that to privatize means that citizens rely more on private institutions than government for their needs.

Therefore, any activity that reduces the role of government or increases the role or ownership of the private sector is privatization. The process is complex and incurs a lot of negotiations, dialogue, and public consultation in most countries. Privatization had been regarded as a necessary ingredient to economic reform and growth, especially in countries that seek assistance from the IMF and other investors (Bayliss & McKinley, 2007; Harsch, 2000). In the recent past, more countries began to adopt privatization, regardless of the political system of the state, and it has spread from the powerful capitalist economies to those who have recently gained democratic freedom and in postwar countries.

Privatization had been useful in the rehabilitation of countries undergoing drastic political and economic changes because it involves the restructuring of the economy and the economic and political policies governing the corporations and property rights of the country (Harsch, 2000). Privatization, however, has more likelihood of being successful in free market economies, wherein individual decision making leads to individual incentives that are dependent on the property rights mandated by the government. According to De Soto (1996), modern market economies promote growth because of the delineation of formal property rights that promote productivity. Moreover, privatization can improve the efficiency of the corporation; it can provide relief from financial debt; it opens the corporation to a number of stakeholders; and it increases the private sector's economic influence, which most investors are likely to favor.

Privatization is a concept that everyone has an idea about but has difficulty explaining. Its definition can range from the transfer to the private sector of activities, services, and functions that used to be in the public sector; the sale of public corporations to private institutions; or the transfer of managerial functions to the private sector to improve efficiency and productivity of the corporation or as a way to dispose of government assets. Privatization as a conceptual construct has been defined numerous ways and has been used to mean many things.

Prasad (2006) offered a more theoretical definition of privatization, stating that privatization is a political strategy that results in the creation of new rules; it also brings about the "allocation new roles among the state, the market and civil society" (p. 672). Tunc (2005), on the other hand, defined privatization as the partial or complete sale of state assets and services to the private sector. This definition, Tunc contended, can be empirically observed and measured.

Privatization also means different things to different countries. For example, in the United States, privatization occurs when the government contracts with the private sector to provide services that the government continues to fund and operate (Price, 2007). Price also observed that in the United Kingdom, privatization means reassigning the ownership of a public corporation, whose services and products had been largely directed to private consumers, to private institutions. The ideologies associated with privatization had been pursued by most researchers to refer to the American experience of privatization because it is the only option for them because the country is large and the government alone cannot run it efficiently (Mankiw, 2008). In Europe and most developing countries, privatization is the means to an end; it has been argued that privatization will enable these governments to increase efficiency and decrease loses on public corporations that do not generate income (Farazmand, 1999; Prasad, 2006).

The transfer of the public corporation usually occurs as a sale wherein the government offers to private institutions the company that it wishes to sell; the highest bidder usually gets the company. Privatization also has been defined as increased competition, joint venture, and ownership transfer. From the American tradition of privatization, contracting also has been accepted as a variant of the concept of privatization (Prizzia, 2003; Savas, 1987). Any government activity that enlists private involvement is termed as privatization in the American context but this is not true in the developing countries' context as privatization would mainly be those activities that involve the sales of public assets (Morris, 1999).

Privatization is a broad concept that has enormous implications for the political and economic status of a country. With the plethora of definitions of what privatization is, the following discussion may provide a sense of order and discuss what privatization is and how it has been actually implemented in several countries. To provide a contrast to how privatization has been defined, a discussion on what privatization is not is included in order to gain a better understanding of the myriad and complex nature of privatization.

Ideological Foundations of Privatization

The ideological foundations of privatization are based upon the concept that increased efficiency and productivity can result only when there is a reduction of government involvement in the production of the goods and services that it is obligated to provide (Leavitt & Morris, 2004). It is a reality that the inefficiency of bureaucracies has contributed to the growth of privatization as an economic strategy, especially because the international economic community believes that privatization is an intelligent strategy that can solve all of the world's economic woes (Leavitt & Morris, 2004). The different definitions of privatization and often complicated terminologies denote a single end, which is to increase private sector economic involvement and reduce government intervention. In different contexts and realities of countries and economies in the world, privatization includes government withdrawal from any specific service, joint public-private venture, divestiture, franchising, farming out, leasing, contracting out, voucher and grant, and user charges. Liberalization is one of the reform activities that is sometimes seen a variant of, as well as an alternative, to privatization. Weizsacker, Young, and Finger (2005) contended that although privatization and liberalization are separate phenomena, they work together.

Government Withdrawal From Services

The government has certain obligations and responsibilities to its citizenry that include the provision of basic services and products such as roads, bridges, electricity, schools, prisons, hospitals, and health services. Privatization occurs when the government does not provide for or manage the production of these goods and services. The government's withdrawal can be brought about by any of the following conditions: the government is undergoing reform, and it wishes to redefine its tasks; it has been persuaded politically to terminate these services or products; there is a lack of need for such services; there is a lack of funds to support these services; and there is the presence of similar products and services provided by the private sector (Campos & Esfahani, 1996). Withdrawal from the provision of services and products can occur only under the premise that these services and products are not important; it does not fall into the basic service that the government must provide.

Joint Public-Private Venture

Joint public-private venture refers to the process of setting up auxiliary units or entities with private companies. This is in contrast to the direct selling of an SOE by the government, wherein the ownership of the company has been transferred to the private corporation. In this process, the government builds an alliance with a private entity to form a new corporation, where the capital is contributed by the government and the private entity it asks to join in the process (Prasad, 2006). This venture occurs under the assumption that it is still in the best interest of the government and citizenry that some form of public control and intervention remain present in the enterprise. In this way, the government is able to reap profits while protecting the rights and interest of the citizens.

Divestiture of Assets

Divestiture occurs when the government sells its ownership of a certain enterprise to the private sector. Because the government gives up its control and management of the enterprise, it absconds from its responsibilities to the corporation once the sale has been finalized in the case of complete divestment; in a partial divestment, the enterprise is broken into business units, and the government decides which parts of the business should be sold (Debebe, 2000). In a case where the public enterprise being sold is profitable to the government, it would yield more income for the government; if the enterprise being sold is losing or has been costing the government money to maintain and subsidize its loses, the sale of such an enterprise would still be beneficial to the government because it would absolve it from subsidizing the enterprise. In one way or another, the proponents of privatization make it appear that divestiture is advantageous to the government. Divestment has a number of forms that range from the absolute sale of the whole enterprise or the sale of units of the enterprise to the sale of stocks to private investors. Closure, or liquidation, of an SOE rarely occurs, but if it happens, it is considered a form of divestment, but not privatization (Clarke & Cull, 1998). On the other hand, closure, or liquidation, means that the government has given up its control and subsidy, making it open to private entities. However, this situation can occur only in a free market economy, wherein private entities have the capability to set up businesses to replace the closed SOEs. For the purpose of this study, divestiture of assets was the closest to what is meant by privatization in the Liberian context, even though management contracting also is possible.

Franchising

The government can award franchises to private companies in the same way that private corporations can expand their business by offering franchises. When the government awards a franchise to a private entity, it could be the privilege of monopolizing that enterprise, or it could award the franchise to several private corporations, wherein the operation of the enterprise is sanctioned by the state but monopoly of the enterprise is not maintained (Savas, 1987). The government usually awards franchises to supply and produce products or services, and the prices are regulated by the state's corresponding agencies. Moreover, when the government has awarded a franchise, the government must refrain from providing that service or product; instead, consumers must pay the private franchisee for the use of such a service or product (Savas, 2000).

Farming Out

Farming out refers to the privatization method in which the government awards to private entities the rights to produce the said services and products for determined fees to be paid to the government. Farming out is different from franchising in the sense that the private sector must bid for the monopoly privileges and the highest bidder gets the privilege, but the bidder must be able to offer the government the highest fixed amount through the collection of the income of such enterprise while the government does not pay the bidder. Instead, revenues in excess of the amount promised to the government are kept by the private bidder (Alexander & Kessler, 2006). However, if the private bidder cannot deliver the promised amount to the government, then it has to promise the government that it would give the government the amount and pay it in subsequent terms. This method, which was used in Thailand, did contribute to the growth of the country because the government was assured of a steady income from its private corporations. It was also acknowledged that this method helped to increase the productivity of the workers and the private corporations in the country because anything in excess of the agreed upon quantity of goods or revenues would be awarded to the private entity. A similar method, unless tightly regulated, would be problematic in Liberia because the private bidder now becomes a monopolist and can do everything to ensure that more profits are made in order to pay the government the promised fixed amount.

Leasing, Turn-Key Operation, and Contracting Out

Leasing refers to the temporary turnover of the government's assets, including infrastructure, equipment, and systems, to a private entity to use or operate. The private operator leases the assets subject to the terms and conditions of the lease agreement. The lease contract often extends for 10 to 20 years and can be renewed by both parties in the event of the termination of the contract. Leasing is beneficial to the government because it can generate income from assets that are not actually earning at the moment and is only costing the government for their upkeep. On the other hand, the private sector benefits from the lease because it can use these assets for longer periods.

Another form of leasing is the turn-key operation, which also can be construed as a form of privatization. In turn-key operations, the government awards a private corporation the rights to build and operate a certain service for a determined period of time, wherein all income generated by the service will be kept by the private operator as payment for the building and operation of the service, after which the government will then take over the service. This form of leasing is more advantageous for the government because it does not have to pay for the initial costs of building such a service (Debebe, 2000). For the private operator, it is guaranteed to regain its capital for building the service because the government usually does not exact taxes on the operation covered by the time period of the agreement; hence, the private operator can make all the profit that it can.

Contracting out refers to the process wherein the government pays for the production of goods and the delivery of services carried out by private entities or other governments (Savas, 1987). The contract is awarded through bidding that is very competitive; the private corporation with the lowest bid usually gets the contract. Contracting out is favored by most governments because it is cost effective for them because the lowest bidder provides the services and goods that the government would otherwise produce if there were no external private corporation to contract it to (Debebe, 2000). On the other hand, contracting out is not a new aspect of managerial strategies for the government because some services or the production of goods used by some other government unit is the result of contracting out. For example, the state funds and operates public education through its department of education; however, the books used by the students for each level have been contracted out, the government pays for the books, and the students use them free of charge. Meanwhile, contracting out also can occur when the government contracts a private company to manage a government agency that provides services to the public, for example, the government funds the delivery of health services, but a private corporation manages the agency that delivers the health services (Savas).

Vouchers and Grants

Another method in which privatization is manifested is through the use of vouchers, coupons or tickets that the government hands to its citizens based upon certain requirements. Vouchers for food, education, health services, and social welfare are usually given to citizens under categories such as income, employment, age, and status. The vouchers are exchanged by private enterprises and returned for refunds to the government agencies that initially meted out the vouchers (Debebe, 2000; Savas, 1987). The government funds the services, but private corporations produce the services. In this way, the government is able to increase market competition because the government generally pays for it, albeit at a later date, and the consumers get to choose from the various providers what they need. It is expected that consumers generally will prefer the private providers who give the lowest prices, but not all private corporations will accept vouchers. Private corporations have to enter into an agreement with the government to accept vouchers.

Meanwhile, grants are given by government to subsidize the production of services or goods by private corporations that are indispensable. The subsidies may be in the form of whichever is applicable, namely, money that the government directly awards to the private corporations, tax exemptions, or discounts (Savas, 1987). The government provides partial funding for the services and products, and the consumers pay directly in the market. Vouchers and grants are advantageous to the government because they alleviate the government's expenditures and funding for the production of services, but this may not be applicable in places like Africa, where the capability to control and monitor is lacking (Debebe, 2000).

User Charges

In normal instances, the government provides services to its citizens that are fully paid for by the taxes that the people pay. However, there are cases in which some services are charged by a determined fee, wherein the citizens who wish to avail themselves of those services have to pay for them through service charges, tolls, or fees (Boycko, Shleifer, & Vishny, 1996). Examples include the use of superhighways, visits to national parks and reserves, applications for licenses, and so on. In this way, the government acts like a private entity, using the income from these fees to deliver the services. The government does not need to finance the services from the nation's taxes; instead, it uses the fees as the operating capital of the public enterprise. The charges or fees demanded from consumers may vary based upon the capabilities of the consumers; some may even be exempted, especially if they meet the criteria for exemption (Abdala, 1993). Savas (1987) contended that the introduction of user fees might be a better way of initiating the privatization process because it first demonstrates to citizens the goods or services that they have consuming are not free. Only citizens who really need the goods or service will show up and pay for them, even thought there might some equity and distributional issues because poor people who really need the services might be able to pay for them (Birdsall & Nellis, 2003; Farazmand, 1999; Prizzia, 2003).

Privatization can take many forms and the degree to which a country seeks to implement privatization in its many SOEs is always dependent on the current political and economic situation of the country. Some states favor divestiture because it frees the government from allocating funds for enterprises, some may limit it only to contracting out, and some may use liberalization to privatize its businesses. Moreover, some forms of privatization are more appropriate for certain aspects of government responsibilities, for example, vouchers and grants can be more applicable to the delivery of social welfare, whereas leasing and turn-key projects can speed up infrastructure and transportation services. Even though privatization has been hailed as an important tool for economic and political reform, most studies supporting privatization (Nellis, 2005) have focused only on the technical efficiency produced and have paid little attention to the allocative and distributional efficiencies (Birdsall & Nellis, 2003). Privatization efforts and processes overlap with certain concepts but have distinct characteristics that set them apart from similar concepts. The following section is provided to serve as a contrast to what privatization is.

Misconceptions About Privatization

Privatization has various definitions and forms, but certain processes that may be construed as part of privatization are not necessarily so. One of these is the adoption of a business management style to the operation and management of SOEs (Morgan, 1992). Although some SOEs may benefit from the implementation of a corporate management style, adopting one does not and should not be construed as privatization. SOEs are businesses that should be run and managed as businesses, and most managers must be able to exact the best services from their workers. Privatization is not only the adoption of business strategies but also the giving of ownership of the enterprise to private entities.

When the government sets up policies that govern economic and financial systems to operate and monitor public enterprises, the strategy is to provide safety nets in which the government can manage the finances that are used for the enterprise and which should not be taken as privatization efforts. The government's borrowing from its own coffers also should not be taken as privatization because it is the same as the government going above its credit limit; it is similar to when a private institution borrows money from financial enterprises (Dorado & Molz, 1998). Borrowing money for government allocation of funds is a debt to be paid, not a move toward the transfer of ownership.

SOEs generally sell their products and service to consumers to maintain and operate the enterprise; however, the prices of such goods and services are strictly regulated by the government, and they may, or may not, reflect the true value of such goods and services. Hence, the government often has to pay for the deficits of the operations. When the government tries to recoup losses from the selling of goods and services, the process does not imply privatization efforts (Kikeri, 1999). Moreover, when the government decides to increase the taxes levied on basic services and goods, it does not mean privatization. The government has the authority to change the policies regarding taxable amounts and the like. This is different from the introduction of user fees because the former still places the financial burden on all citizens, not just the users of the goods or services.

On the other hand, when private and nongovernment corporations make substantial donations to the government, this is not privatization; also, when these private entities provide services and donate them to the government, the donations are construed as voluntary. However, when the government seeks the help of private corporations to finance the production of goods or services that are being managed by the government, the situation can be construed to form part of privatization similar to user charges (Guislain, 1997).

Privatization may be broad and narrow at the same time, but privatization is a process, that is, it is a means to an end, not simply the provision of one or more conditions but an all-encompassing process that may, or may not, result in achieving the economic goals of the country. Privatization has been used by many economies and states, but it seem to be more successful in open and liberal markets, where the government is quick to restructure its economic policies to promote the free market economy, where private entities have the resources and the leaders to take on the ownership of SOEs. The conditions would generally then provide the environment in which privatization efforts could be successful (Weizsacker et al., 2005). The next section discusses the theoretical framework upon which the arguments of privatization are based.

Liberalization: An Alternative or a Form of Privatization?

Liberalization is a concept that has broad implications, and how it falls under the umbrella of privatization is based upon the narrow definition of liberalization as the removal of government control and statutes governing economic trade policies. However, if the definition were broadened to include the actions that government takes to stimulate competition in the market (Weizsacker et al., 2005), then the difference between privatization and liberalization becomes clearer because liberalization can take on different meanings, including antitrust measures, the elimination of subsidies, incentives to stimulate competition, and the setting up of regulatory authorities. On the other hand, privatization only entails activities that reduce the role of government and increase the role of private firms. Some liberalization activities can be classified as privatization, but not all privatization is liberalization. The market undergoes liberalization when the government eases the barriers on the pricing, imports, and tariffs of certain products that had previously been a monopoly of the government (Mackenzie, 1998). In this definition, liberalization comes closer to have the same meaning as deregulation, which means the loosening of regulatory policies on the market of services that had previously been highly regulated, such as fuel, communications, and transportation.

In the past, the government used to regulate the price of fuel, which kept the consumers happy, but international competition for fuel and pressure from the market has brought about the deregulation of the fuel industry. Deregulation is the relaxation of government control over industries in order for private corporations to enter the market and promote free trade. The government benefits from such an arrangement because it is freed from subsidizing the enterprise when the market is losing (Sheshinski & Lopez-Calva, 2003).

Liberalization is more applicable to countries where public enterprises still dominate their industries; liberalization refers to the relaxation of the regulations that govern the management of public enterprises. According to Stirbock (2001), the impact of liberalization, as observed in Central and Eastern Europe, includes an increase into market competition, the easing of market entry by other private enterprises, the lowering of prices, and a more efficient management system. Stirbock's assessment of these impacts would have been different in a country like Liberia because the basic preconditions to making liberalization effective are missing. However, liberalization does not mean the complete elimination of the government's control over public enterprises; the government still enforces rules pertaining to the environmental impact of the enterprises as well as the quality of such services. Liberalization refers to the abolishment of unnecessary regulations that hinder the growth of the market. In some cases, liberalizing the market before attempting to sell or divest public assets might be a good strategy because it ensures that there are private firms willing, capable, and ready to supply the services and that the citizens are comfortable with and capable of paying for private provision (Stirbock). Liberalization also can stimulate the private sector confidence in the government's ability to protect its investments and rights (Stirbock).

Theoretical Framework of Privatization

Privatization as a policy tool is based upon a number of theories and has been tried in developing as well as developed countries. The international privatization movement has been found in different countries and economic systems of the world. Privatization has been proposed as a tool for economic growth in many developing economies, even though privatization first started in the developed world when the government of Germany sold its stocks in Volkswagen to private investors in 1961 (Bortolotti & Siniscalco, 2004). However, little was written about privatization until the 1980s, when Britain's Margaret Thatcher privatized Britain Telecom; the privatization of large banks in France soon followed (Bortolotti & Siniscalco, 2004; Megginson, 2005). From this point in time, privatization spread like wildfire across continents and economies. It even reached Mexico and Japan, where communication enterprises were privatized (Bortolotti & Siniscalco, 2004).

With the fall of the European communist regime, privatization has been employed as a tool for rehabilitating and restructuring the government and the economic policies of communist states (Bortolotti & Siniscalco, 2004). More recently, China, Cuba, and other developing countries have embraced privatization in order to generate economic growth (Kaur, 2004). Whether this has been the case is still open to debate (Debebe, 2000). Jasso-Aguilar (2007) and Perlmann and Zarenda (1997) argued that the results of privatization have been suggestive, not conclusive, with more success reported in countries with higher incomes, better regulatory regimes, and superior macroeconomic policies (Loc, Lanjouw, & Lensink, 2006). To understand privatization, one must have a good understanding of property rights and public choice and managerialism. The supporters of these theories have argued that private agencies are more efficient than public agencies and that the market should be used as tool to correct so-called government failure.

Property Rights

Formalized property rights provide private individuals with the ability to own property and enter into markets and businesses; it also is an important component of free market economies, where prices are dictated by the movement of the market and the policies governing them. In addition, the specialization and existence of a market industry are dependent on property rights because every individual or organization has the right to own, develop, and invest in properties (Mankiw, 2008). Property rights should be formalized in the sense that their statutes and implications are understood and accepted by the rest of the society, where they are subject to the rule of law. This is probably why privatization succeeds in most capitalist markets because the property rights are clearly delineated and each individual or entity is allowed to increase wealth and property, which is the core of a free market. Without properties to own, develop, and market, the market will not exist. de Soto (1996) explained that most developing countries have difficulty sustaining economic growth because they have no clear policies and rules on property rights; he also noted that property rights give private individuals the assurance that they can earn from their properties and that their ownership of property is absolute.

When the state is able to clarify and protect property rights, private individuals are motivated to work, invest in, and develop their properties because they are able to yield profits from it without state interference. In this way, individuals can aspire to long-term economic goals because they do not have any fear of losing their property. They also can use their property to obtain credit and financial assistance that may help them to invest in their properties. For example, a nation where farmers are assured of their property rights over their lands will continuously farm it and perhaps invest in infrastructure that will yield more crops. If there are no property rights, the farmers will generally not develop the land because it could be taken from them without notice.

Managerialism

Another important consideration for the proponents of privatization is a theory sometimes referred to as managerialism (Moynihan, 2006), which is based upon the works of Coase (1960). Managerialism is sometimes used as the theoretical basis for the concept of privatization. This theory asserts that private sector management is superior to that of the public sector (Vigoda & Yuval, 2003). Under this theory, management seek to measure and reward performance, produce goods and services for the lowest cost, and respond only to demands by clients or customers. The Coase theorem states that the private sector is more effective in providing solutions to the problems brought about by market externalities through bargaining that provides private individuals with strong incentives. The Coase theorem points out that regardless of the market situation, individual parties become involved in a cost-benefit process that may occur directly or indirectly in an effort to arrive at the most efficient solution.

The Coase (1960) theorem suggests that formal property rights should be strengthened and that it should be the aim of government to delineate the legalities and implications of policies to protect and uphold the property rights of the private sector. In this way, the private sector in different industries and markets will settle among themselves the costs of market problems by costless bargaining. The Coase theorem also presupposes that it does not matter how rights are granted and allocated, as long as the property rights are clear and well delineated, because the private individuals will then sort out ways among themselves to derive the most cost-efficient solution. It is within this framework that privatization flourishes because when the government transfers its ownership or the management and operation of SOEs to the private firm, the firm will then engage in the business, and even when it is losing, the private firm would be able to arrive at a cost-efficient solution by virtue of the property rights protected by the state.

Public Choice

The two theories of property rights and managerialism are important in understanding and appreciating privatization as a viable economic tool for attaining better government (Savas, 1987). A more ideological and perhaps more political understanding and rationalization of privatization can be gleaned from the study of public choice, a politicoeconomic theory that is largely responsible for the polarization of the privatization debate. Public choice, arguably, is the major motivation driving the proponents of privatization, even though as a concept or a process, it relies on economic theoretical assumptions such as property rights and managerialism or the Coase (1960) theorem. The proponents of public choice assert that all individuals are self-interested, rational, and methodological (Buchanan, 2003). Whenever an individual is confronted with decision making, whether in government or the market, the natural choice is to select the option that gives him the most personal utility. Based on this theory, there is nothing called the public interest and therefore, public services should be left to market forces.

Rationale for Privatization

Because privatization has been used largely to decrease the size of government, it is based upon the public choice argument that the market can be used to correct government failure. Because everyone is seeking to satisfy self-interests, these interests can counterbalance themselves. Public corporations do not usually care whether they are earning profits, or not, because the government is there to subsidize the operation (Easterly, 2001). Privatization then becomes an economic tool and shifts the concentration of the enterprise from political goals to economic goals. It is a reality that governments lose billions every year because of excesses, huge financial drains resulting from bad government decisions, and corruption among government offices. When public enterprises are privatized, government has less involvement in the economy and is less likely to impact the market or industry.

Privatization has been heavily favored by most governments as tools for economic growth because aside from reducing government spending on nonperforming businesses, it also generates for the government a fixed income based on taxes levied against privatized enterprises. With privatization, governments can pay off debts, and lowered debts mean lower interest rates and more economic power, as noted by Poole (1996), who studied the privatization process in general, and Tunc (2005), who analyzed the political and economic predictors of privatization in 17 developing countries in Asia and Latin America. Privatization also means that ownership of SOEs would fall to a large number of private individuals who, because of property rights, will work to improve and invest in their properties. These efforts would lead to an increase in investment, which can significantly cause economic growth for the market or industry. In this situation, the market then becomes attractive to foreign investors, who favor a robust economy.

Foreign investment has several benefits to the country, such as advancement of technology. Because foreign companies bring about technological change in how they do business, the private sector can benefit from that infusion of knowledge and skills, as was the case in Iceland, as documented in the study by Kristmundsson (2002). The public management situation in Iceland may be different from that in Liberia but some of the benefits of effective privatization could also be possibly observed in Liberia and other developing countries if the necessary conditions are in place; however, most developing countries lack these preconditions (Perlmann & Zarenda, 1997; Weizsacker et al., 2005). Besides, most privatization interventions seem to ignore the historical and political realities of these countries and set out to apply a good solution to a problem not sufficiently understood (Debebe, 2000; Farazmand, 1999; Harsch, 2000).

In summary, the theoretical assumptions regarding privatization had been heavily dependent on the robustness of the property rights of the country and how it has been drawn up and protected by the government. In addition, the Coase(1960) theorem plays a major role in the conception of privatization in the sense that private investors and firms have the capability to respond to market demands once they are given the opportunity to do so. Besides, privatization has as its underlying motivation the ideology that less government is better (Savas, 1987; Shaoul, 2009) or that public officials, like other individuals, have self-interests; therefore, government should be replaced by the market.

Privatization has been favored by many governments because it facilitates economic changes and growth just by deriving income from the sale of SOEs, which results in a reduction of financial debt and expenditure for the government and the strengthening of the market economy, which also increases investment and fiscal power (Biglaiser & Danis, 2002). However, in the case of developing countries, privatization has been a sine qua non for economic development advancement in spite of the lack of conclusive evidence to support its claims. In fact, developing countries have been pressured to accept this as a precondition to receiving development assistance, as pointed out by Harsch (2000), who conducted an examination of the privatization movement in Africa and discovered that public acceptance was becoming a major concern, which was critical to this case study on Liberia. Spronk (2007), in reviewing water privatization in the developing world, also found that organizations like the World Bank and the IMF have pressured developing countries into opening up their markets to water privatization or forfeit new loans. The next section reviews the trends and methods of privatization as actually implemented by different countries ranging from developed to developing in Latin America, Central Europe, African and Asia.

Trends, Development, and Methods of Privatization in Developing Countries

Privatization trends and methods have undergone a number of transformations since the birth of privatization in the 1980s as a powerful economic strategy. This section reviews the privatization efforts of some countries regarding how they have failed or succeeded as well as their advantages and disadvantages. This discussion may provide the reader with an understanding of the characteristics in which privatization can thrive and where it is doomed. The use of public enterprises to obtain industrialization and economic development in most developing countries, especially in Sub-Saharan Africa, was a major strategy in the postindependence era of the 1960s and 1970s. With these enterprises now becoming an economic and financial burden, the tide is turning more toward privatization. The question has become how to proceed, not necessarily why.

In spite of the lack of conclusive evidence that privatization will deliver the promised efficiencies and development, coupled with the allocative inefficiencies that have resulted from privatization, developing countries continue to embrace privatization as a tool for economic reform. Whether this is true because of its promise or because of pressure from international development partners (Alexander & Kessler, 2006), statistics have shown that since the 1990s, more and more African countries are implementing some form of privatization (Debebe, 2000; Harsch, 2000). Kikeri and Kolo (2005) reported that between 1990 and 2003, more than 960 privatization transactions had taken place in Sub-Saharan Africa, with Ghana, Nigeria, and South Africa reporting the few larger transactions. According to this same report, these transactions generated total proceeds of about $11 billion, which represented only 3% of total world privatization proceeds in this same period. Even though privatization activities have been increasing in Africa, the dollar amounts are small relative to global privatization either because the privatized firms are undervalued and undersold or they are not worth much to potential buyers.

Since the beginning of the privatization movement in the West in response to looming budget deficits and an increasing skepticism about the ability of government to effectively and efficiently run companies, the trend has shifted to transition economies first and then to developing economies (Debebe, 2000). Countries that include Nigeria, Togo, Cote d'Ivoire, Ghana, and Zambia have been implementing some form of privatization. Even South Africa, which was once opposed to privatization, has had a reversal in policy and has begun implementing some type of privatization (Rowles & Bradberry, 2004). The African National Congress (ANC), according to the researchers, had originally promised the nationalization or renationalization of essential services, but the need for cash, along with pressure from international partners, forced them to undertake some major privatization efforts amid enormous protest from various antiprivatization groups (Emery, 2006).

As the ANC continues to sell assets to private companies or contract out the provision of basic services like electricity and water, the economic burden is pushed on to poor families that are unable to pay market rates for services. In some cases, water-borne diseases have increased, leading to hundreds of deaths; in other cases, workers have lost their jobs (Emery, 2006). The problem then becomes one of providing services to people who are unable to pay for them by a government that is incapable of providing them. The South African experience shows that militant unions are moving toward becoming more active in the negotiation of privatization schemes rather than just merely opposing in the face of the reality. According to Harsch (2000), every country in Africa has some form of privatization program or is contemplating one. He commented that Liberia and Sierra

Leone, countries that had been terribly damaged, have some ongoing privatization or are planning to undertake some form of it.

Some of these countries have been pursuing privatization as a way to generate income to help governments settle their debt burdens, even though Adams and Mengistu (2008) found that debt burden is not a major determinant of privatization; free up resources so that governments can focus on more important social concerns; improve economies in the areas of productivity and efficiency (Pennell & Robertshaw, 1999); or bow to pressure from international organizations or the Washington Consensus (Nakagane, 2000; Prasad, 2006). The methods used in privatization, as well as the policies and principles adapted by each country, often are politically influenced. The privatization methods used often are the decisions of the dominant political party, and the economic state of the country dictates how privatization efforts should be pursued (Adam, Cavendish, & Mistry, 1992). Privatizing small institutions and companies is easier than privatizing large ones because the transfer of ownership and the turnover of processes and systems are more manageable. This gradualist approach has been the case in China.

Nakagane (2000) observed that the Chinese have taken a gradualist approach, privatizing only small- and medium-sized firms. The large and strategic companies remain under state control, even though they are being listed on the stock exchanges gradually. The rationale is that as more and more nonpublic firms enter the marketplace, the percentage of SOEs will eventually be reduced in the economy. This is what Nakagane referred to as macroprivatization, which can be contrasted with microprivatization. In addition, smaller institutions are much more readily sold than large enterprises, which would require more capital and involve higher risks that domestic investors might not be able to meet.

Types of Privatization

Sale of SOEs

Different countries use various methods to privatize SOEs. These methods include the outright sale of assets to outsiders or to management and employees, BOT, management contract, sale of minority shares, and other methods (Aguirre et al., 2006; Narsiah, 2008). The most often used method of privatizing is the sale of the SOE, which necessitates that government transfer the ownership of the SOE to the private investor absolutely and refrain from interfering in the conduct of the business. The government usually decides which among its SOEs would be sold, and because smaller SOEs are easier to sell, governments break up larger SOEs into smaller units. In most underdeveloped countries, it is very difficult to attract domestic investors to buy public enterprises because they simply do not have the finances to do so, which is why most privatization efforts involve the sale of companies to foreign investors (Stirbock, 2001). Contrary to what Stirbock observed in Central and Eastern Europe, Guislain (1997) found that Jamaica successfully privatized its National Commercial Bank by selling shares and stocks in the bank to its domestic investors, which could be private groups or individuals. Within a span of 3 months, the government was able to successfully privatize the bank, and all of its shares were owned by the investors. The bank continued to generate revenues and keep the market afloat.

Gradualist Approach

Another type of privatization, the gradualist approach rather than the shock approach, has had some success and is being practiced in India (Gupta, 2005). This gradualist approach takes into consideration the condition of the SOEs and then decides whether full ownership or only partial ownership is given away. The government retains a controlling stake in these companies but allows private investors to assume management. These companies are even listed on the stock exchange and if conditions change, the government is willing to give up some of its control. This form of privatization has been a way of protecting the public interest while benefiting from increased profits from these companies.

Contract

The contract method of privatization has gained prominence, but whether it is achieving the desired results is an open question. The World Bank, according to Prizzia (2003), conducted a study in 1995 that focused on the results from three types of contract: performance, management, and regulatory. The results showed that performance contracts tend to cause more harm than good; management and regulatory contracts have some potential; but situation and design, respectively, are important. Prizzia also stated that countries prefer to use contracts when it comes to important and problematic activities. He cited tea in Sri Lanka, gold in Ghana, and hotels in Egypt as examples. These contracts are made so that governments do not lose control of these infrastructures while still providing better services at prices that are reasonable.

Voucher System

Voucher privatization, or mass privatization, is one of the methods used in privatization efforts. The government by its very nature usually gives out vouchers to citizens who meet the required conditions and status; these vouchers are then sold to investors or are exchanged with other institutions as shares. This method does not usually result in income generation for the state because it had to pay for the value of the vouchers, but it is one way of speeding up the privatization process (Havrylyshyn & McGettigan, 1996). For example, According to Pennell and Robertshaw (1999), the Czech Republic used the voucher system because it wanted to privatize as many government institutions as possible because it feared that communism might make a comeback. Thus, the government offered vouchers to its citizens at a lower price to encourage them to invest in a number of enterprises. The citizens had the option of using the vouchers to invest in existing funds or invest in newly created funds used to set up business enterprises. The voucher system also was assumed to generate the much needed financial restructuring of the country after the communist regime because it would be able to encourage the investment of private firms to set up businesses. The mass voucher privatization resulted in the privatization of many SOEs, but it was not as successful as was expected because the government was not able to respond to the legal implications of the voucher investments as well as institutional policies of the SOEs regarding how private investments should be allocated and used. In addition, the banking sector also was not ready to respond to the voucher system and individual investments (Farazmand, 1999). This type of privatization is mostly pursued when the major concern is political acceptability (Pennell & Robertshaw, 1999), as was the case in the Czech Republic.

Unlike the Czech Republic, voucher privatization is highly impractical in a developing country like Liberia because there is no institutional framework to make it feasible, even though it might be appealing in the sense that it would give ownership rights to a larger section of the poor indigenous population.

Buyout

Employee or management buyout is another method to privatize SOEs. The employees and the management of a company are given the opportunity to buy out the company's shares and stocks. Because the employees are already part of the enterprise, it is much easier for them to invest and possibly contribute to the growth of the business. However, it does not generate much profit for the government, but it does relieve the government of the burden of operating and maintaining the enterprise.

Implementing employee or management buyout in poor countries such as Liberia is not easy because employees often do not have the resources needed to rehabilitate or invest in the business, which would provide only a limited degree of restructuring or even investment in the company. For privatization to be successful, the government needs strategic investors who have more resources to invest and who have a better understanding of the market. Slovenia adopted this method, which resulted in the privatization of most of its state-owned assets, but the limited financial power of its employees and the lack of strategic investors contributed to the failure of Slovenia's privatization efforts (Yarrow, 1999). Management buyout is only practical and rational if it is well established that the low level of productivity and efficiency is due to the lack of incentives. In this case, giving management the opportunity to buy or a contract to run the firm can be prudent, but if the issues affecting the firm are more than incentives to be productive, other methods need to be considered.

In countries that have undergone drastic political changes like that from democracy to communism or socialism, the government becomes the owner of the enterprises and companies previously owned by private firms based upon government action. Restitution occurs when the country shifts to another form of government and decides to give the enterprise back to the original owners. Obloj and Kostera (1994) observed this to be the case in Poland; it is a form of privatization that has been used in some countries, but it is not used often because of the inherent difficulty of looking for the original owners and also because the value of the company would be affected by the political conditions of the economy.

Foreign and Domestic Investors

One of the most successful privatization efforts was that of Hungary (Mihalyi, 2001). The country had one of the highest running debt of approximately $20 billion during the early 1990s and had sought to privatize its assets and corporations as quickly as possible (Mihalyi, 2001). The government offered SOEs to foreign investors and domestic strategic investors. These actions generated foreign capital for the country and led to the technological advancement that the country needed. The foreign investors in Hungary were committed to buying and investing in the banks of the country, and this led to stronger competition between foreign and domestic firms. The Hungarian government was quick to restructure its banking policies and their legal regulations (Bayliss & McKinley, 2007). In other parts of Latin America, such as Argentina, Peru, and Mexico, each country was able to implement privatization successfully, and the revenues that they earned from the sale of their controlled assets were used to pay their outstanding debts, resulting in greater economic growth (Biglaiser & Brown, 2003).

Unlike other countries in Latin America and Central Europe, only Zambia in Africa can boast of some level of success in its privatization efforts. For the most part, the difference in results between developed and developing countries related to privatization are clear: Most developed countries tend to benefit from privatization more because the necessary conditions like property rights, legal and regulatory regimes (Levy & Spiller, 1994), and liquid capital markets are present, whereas they are terribly wanting in low-income, poor, and developing countries (Parker & Kirkpatrick, 2005). Nellis (2005) argued that although privatization has had an enormous economic impact in developing countries, it continues to be viewed with suspicion and attract a lot of opposition in developing countries because not much work has been on the distribution of benefits and the transparency of the process, and no effective regulatory regime has been put in place to address abuses that might arise from private ownership.

Auriol and Picard (2009) found that in the cases where credible regulatory agencies are absent, public ownership can help to achieve some type of regulation. In essence, the economics of privatization can be argued, but the social and political aspects diminish any gain. Parker and Kirkpatrick (2005) agreed with Nellis (2005) about the economic impact of privatization, but they also argued that privatization as a policy needs to focus on more than economic efficiency and higher productivity. For developing countries, issues relating to poverty reduction and long-term economic development need to be addressed. In addition, issues institutional capacity and sequencing are critical when it comes to postwar situations such as those in Liberia and Sierra Leone.

Summary

The information in this section focused on the privatization trends and the methods used by different countries. Some have been successful, but others have failed to yield the expected results. It may be surmised that privatization is more likely to succeed in countries where the governments are able to respond quickly to changing economic landscapes by restructuring laws and policies that would provide the environment in which privatization occurs. The inability of governments to respond to changes always results in the limited success of privatization efforts.

Political Economy of Privatization in African and Other Developing Nations

Privatization is a political and an economic tool, but the decision to privatize usually rests on political arguments and strategies (Adams & Mengistu, 2008). This section presents the ramifications of privatization on the political and economic realities of a country or state, and It explains how privatization affects and is affected by the political and economic policies of government. Tangri (1999), like many other researchers, observed that the dismal performance of parastatals in African countries is not solely the result of "public ownership, but rather the imposition of political constraints on economic decision making" (p. 5). In fact, Parker and Kirkpatrick (2005) viewed privatization in developing countries as the application of an economic solution to a political problem. Supporting this argument further, Adams and Mengistu (2008) asserted that “politics play a significant role in the privatization decision in Sub-Saharan African countries” (p. 78).

Privatization and Democracy

After examining the theoretical underpinning of privatization, it may be reasonably argued that privatization is more suitable in free market economies where property rights are clearly delineated and respected by all. In this context, it is acknowledged that privatization will more likely succeed in a democratic country because it supports market freedom, private property rights, and the rule of law, and also because it advocates for social justice and public accountability. These conditions tend to favor and increase private sector participation in the economy. However, institutions like the World Bank have made it a requirement for governments to implement privatization as a prerequisite for financial aid. A government that has recently undergone drastic financial loses or has been to war has an infrastructure and an economy in chaos that need funding to rehabilitate the country. However, the World Bank does not grant loans to governments unless they engage in privatization efforts.

Even though privatization was intended to ensure that these countries would use the proceeds from the sale of SOEs to pay off debts or generate revenue to be invested in non-income-generating infrastructures (Leavitt & Morris, 2004), most countries that lack the complementary institutions (Guriev & Megginson, 2007) to support privatization are forced to accept it because they need the money. Asking countries to agree to certain preconditions, ex ante, and then giving them the money is not the best way to exact compliance from them. This has been one of the major weaknesses of the entire privatization movement in developing countries.

Many researchers have argued whether democracy, as a regime type, has any particular bearing on the decision to privatize. Chile, one of the first countries to begin privatization in the 1970s (Guriev & Megginson, 2007), presented a case that made researchers contemplate the possibility that authoritarian regimes are better able to undertake privatization because the decision rests exclusively with the leader. This led to a series of studies that disagreed with this contention. Biglaiser and Danis (2002), in a study of the effect of regime type on the decision to privatize, concluded that democratic regimes tend to privatize more than authoritarian regimes.

In fact, contrary to the belief that privatization is due mainly to economic difficulties, Biglaiser and Danis (2002) showed that wealthier developing countries with budget surpluses tend to privatize more. They used panel data for 76 developing countries. The only issue in the study was distinguishing democratic from authoritarian styles of government. If leaders of democratic countries could exhibit authoritarian tendencies when making decisions about privatization because they are under enormous pressure from international organizations like the IMF and the World Bank, it could be argued that if a country proceeds with privatization, despite massive opposition from its citizens and stakeholders, then the government has some authoritarian tendencies that may influence its decision. Is it fair to conclude that just because these officials were elected, does that mean that they are democratic, even though they have ignored the will of the people in the decision-making process?

Biglaiser and Brown (2003) conducted another study of 16 Latin American countries for the period 1980 to 1997 that partially supported the work of Biglaiser and Danis in 2002. They tested more subregime types in the areas of ideology, polarization, external debt, number of years since election, regime type, and so on, to see if any of these factors had any significant effect on the decision to and pace of privatization. Using Gurr's polity data (Polity IV) to operationalize democracy, Biglaiser and Brown summed the autocratic score with that of the democratic score. The result showed that none of the political subvariables, including regime type, had any negative effect on privatization. Because privatization is a case-by-case issue, the researchers cautioned that no generalization should be made of this study, even though it tends to support the results of previous studies.

One of the major drivers of the decision to privatize is political pressure. One such political pressure is the presence of political cronies and the corruption of a country's government. Local investors who may be long-time supporters of current government leaders may directly influence government policies and decisions. Most of the targeted SOEs to be privatized are utilities, such as water, power, and telecommunications, which to a large part are monopolized by the government and whose profits are assured because the public considers these utilities as basic necessities of daily living. When political supporters and financers pressure government officials to award them the operation and management of these SOEs, the government uses privatization to cloak the intention to give in to the demands of cronies and supporters (Tangri, 1999).

Privatization is an economic tool that will result to economic growth if it is used properly and with no hidden political agendas.

Corruption in government is almost an expected and accepted fact, but corruption in the privatization of certain government services and institutions also is prevalent. Contracting out which is the most widely used privatization method is very likely to be influenced by corruption, as outlined by Adams (2006), who looked at the impact of privatization on economic growth and income inequality in Sub-Saharan Africa. The awarding of contracts to private firms undergoes a competitive bidding process, with the result being that governments award contracts to the lowest bidders. Because governments pay for the services and goods contracted out to the private firms, it is in the best interests of governments to favor the lowest bidders because it means the lowest costs.

Government agencies responsible for such services and goods usually decide on the bidding process and who gets the contract, but when private firms give government officials a percentage of the contract, then bribery and corruption ensue. Privatization in some instances can be susceptible to unscrupulous businesses and those who see kickbacks and incentives to government officials as necessary tools of the trade. A government official would not think twice about accepting a kickback payment because it is government money that is being spent and he earns more than what the government pays him. This is ironic because governments usually turn underperforming enterprises over to private firms to revive the enterprises, yet here are private firms undermining the credibility of the privatization process. For example, the building of roads and schools has always been contracted out, but more strategic and devious contractors can easily buy out all of the competition, bribe officials to award them the contracts, and monopolize the building of all infrastructure.

Privatizations are political transactions, and they often withstand the worst of political changes in a country. For example, when a government sells its SOEs to foreign multinational corporations, the contract is binding, but if the government is replaced or overthrown, the government that earlier signed the agreement could retract it and seek the privatization effort as a political move that is no longer recognized by the new government. Hence, without clear property rights and legal protection, privatization may not always materialize. In addition, the country's own judicial system may counter the privatization efforts of the government. When this occurs, foreign investors may lose confidence in the government's credibility and withdraw any interest in acquiring the government's assets. Moreover, the current political arena and peace-and-order situation in a country also may affect a government's privatization program. Investors generally shy away from countries that have unstable political situations, are being threatened with war, and have difficult government systems such as dictatorships or civil war. All of these factors are unattractive to investors and private firms.

Privatization and Economic Growth

Privatization is considered the economic panacea of modern economies, but exactly how and to what degree privatization had contributed to economic growth is subject to debate and further studies. Privatization gained momentum in the 1980s, but not much has been written about its effectiveness or impact on economic growth. For the most part, privatization research has been concerned with measuring the extent of privatization. According to Balasooriya et al. (2007), developing countries such as Sri Lanka have turned to privatization as a way to initiate economic growth without any clear idea of what it is and how it should be done. In most cases, the such necessary preconditions as genuine political commitment, appropriate institutional framework, overall quality of governance, and developed capital markets (Balasooriya et al., 2007) are lacking, a situation that has hampered the successful implementation of privatization.

The literature on privatization has been overwhelming on any discussion whether privatization has contributed to economic growth in developing countries, though not thoroughly settled. Considering that the definition of economic growth is the increase in real GDP, privatization as an economic tool has arguably achieved those goals, especially when it comes to measuring firm improvements in financial and economic measures such as profitability, return on investment, and efficiency. Birdsall and Nellis (2003) concluded that the effect of privatization on economic welfare and growth has been positive, but controversy remains regarding the macrolevel of the economy. Prizzia (2003) cited a World Bank study from 2000 that called for the broadening of quantitative measure of economic growth to include such qualitative measures as human, social, and environmental development that are more sustainable in nature. By this standard, the effects of privatization will be even more inconclusive.

Boubakri and Cosset (1999), in an extensive survey of the literature on privatization in developing countries, reported that 16 African countries suggested that privatization did result in profitability improvement, but not significantly. In a follow-up study by Boubakri, Cosset, and Guedhami (2008), who used panel data for 189 firms situated in 39 countries, they found that state ownership had a negative effect on firm profitability. Even Guriev and Megginson (2007), who attempted to sound optimistic about the effects of privatization, sounded a warning that even though privatization may have a positive effect on firms and society as a whole, this effect is largely dependent on the existence of certain institutions and regulatory frameworks. For example, putting in place special courts to adjudicate financial matters as well as institutions to regulate stock market activities is necessary to enhance privatization efforts.

Most of the privatization efforts in developing countries have involved the complete sale of utility companies that provide such basic services as light, water, and communication, but how the privatization of such utilities has contributed to economic growth has not been studied. However, more researchers and practitioners have felt the need to evaluate the performances of privatized companies after implementation of privatization programs and whether governments have really profited from the privatization of the said companies. Barnett (2000) studied the postprivatization performance of 18 countries in terms of economic growth and concluded that privatization is correlated with positive financial gains for governments. He also cautioned that the result was not sufficient to establish causality.

Privatization also has had positive effects that may be construed indirectly as economic growth in the sense that it forces governments to check and review the legalities of property ownership, which attracts more foreign investors. It also has been thought that transferring management from public to private firms would yield more productivity and efficiency. The problem with this assumption is that even though some SOEs are inefficient and poorly run, some SOEs may be performing well and are efficient in their jobs. Thus, the assumption that the mere transfer of ownership is already an improvement to the previous system is biased and untrue.

The attempt to measure the impact on economic growth of transferring ownership of a firm from the public sector to the private sector is a complicated issue. First, economic growth can be affected by several factors not related to privatization; second, the privatization process may also effect changes in the rules and policies governing the industry and would invariably change the economic scenario of the country; lastly, empirical analysis is limited in this area of study because controlling for the various effects of political and economic changes in the country is not possible because most of them are not quantifiable. Parker and Kirkpatrick (2005) recognized that assessing the effects of privatization can be complex and challenging. The difficulty lies in identifying appropriate counterfactuals as well as in determining causality in the assessment of the effects of privatization. Shirley and Walsh (2001) reported a similar problem with the construction of counterfactual. So far, the two types of assessment used in developing countries are statistical or econometric analysis and the case study. According to Parker and Kirkpatrick (2005), the “case studies usually provide a rich source of descriptive data and more readily address qualitative as well as quantitative effects” (p. 517). In most cases, the case study can provide valuable information that could be lost in the aggregation that goes into econometric analysis. However, it is important for privatization researchers to note that each method of research has its own limitations.

To demonstrate this difficulty, a review of the literature resulted in identifying few studies that have tried to measure economic growth brought about by privatization. Boubakri, Cosset, and Guedhami (2008) used the GDP growth of 39 countries for 18 years following privatization, and it found that privatization was associated with an increase in GDP growth for more public goods than in any other sector. The other study was an IMF study by Ossowski, Richardson, and Barnett (as cited in Nellis, 2005) in which the effect of privatization was measured against GDP growth, unemployment, and investment. Twelve developing countries and 6 transitional economies were included in the study, which found that privatization was positively correlated with an increase in GDP growth. However, this might just be correlation, not causation, because privatization could be a proxy for other structural reforms not yet investigated. No researchers, including Megginson (2005), Megginson et al. (1994), and Nellis (2005), have been able to convincingly conclude that a change in ownership alone is responsible for any observed improvements in measures of economic growth. Even Boubakri et al. (2008) found that the presence of sound institutional and political environment moderated the negative effect of government ownership on profitability and proficiency.

Political and economic factors shape privatization efforts; however, the decision to privatize usually stems from political reasons more so than economic ones. A government on the verge of bankruptcy has to seek financial help from international banks to rehabilitate the country, but foreign aid or loans will happen only if the government agrees to privatize its assets. Although the reason for privatization would be to yield economic progress, the decision is a political strategy. It is true, however, that privatization leads to economic results, with some asserting that it is associated with positive growth and others failing to find any difference, but the fact remains that governments are able to extend their credit and are granted the financial aid they need. Privatization can be seen as benefiting all parties in that governments get the funds that they need and economic markets become more active. Whether it leads to real economic gains remains inconclusive.

Privatization, Economic Development, and Poverty Reduction

Understanding how privatization is linked to sustainable economic development and poverty reduction is important because these are the major challenges affecting the people of Liberia and many other developing and postwar countries. Economic growth, as measured by an increase in GDP and other financial indicators, is important, but what is more important is whether the living standard of poor people in a particular country is improving. Development of the country's infrastructure and a reduction in poverty can be good indicators of whether progress is being made. In the case of Liberia, the challenges of improving the living conditions of people devastated by more than 14 years of civil war is more than a measure of percentage change in GDP.

Inherent in the assumptions about privatization is that once the promised effects of privatization (increased productivity, efficiency, reduced prices, reduced government subsidies, etc.) are achieved, developing countries should be able to benefit from accelerated economic growth, sustainable development, and reduced poverty. The problem is that even the explicit indicators of financial and operational efficiency that are promised by privatization are far from settled in public administration research. As the preceding section highlighted, some studies have shown firm level success, but from a macroeconomic perspective, the results are inconclusive.

To date, no single study in Sub-Saharan Africa has been able to show a clear and positive relationship between privatization and economic development or poverty reduction (Nwankwo & Richards, 2001), even though Nellis (2005) cited a study by McKenzie and Mookherjee to summarize the distributional impact of 10 infrastructure privatizations in Latin America. Their findings were that the privatizations contributed only slightly to unemployment, increased access to services, had a very small effect on inequality, and even reduced or had no effect on poverty. Their study was done in Latin America, which can be fairly classified as an area of developing countries, but it is important to note that income level and institutional strength are critical factors about the success or failure of privatization.

Birdsall and Nellis (2003) agreed that privatization does hurt the poor more than the wealthy and in the absence of properly regulatory framework, which is always the case in developing countries, the new owners of privatized firms tend to benefit more than consumers do. Prices rise, the rural poor are unserved and relatively worse off, and the urban poor also become worse off. Birdsall and Nellis argued that although privatization has proven its economic worth, as borne out by numerous studies, including the one by Megginson and Nette (as cited in Birdsall & Nellis, 2003), its effects on issues of budget, growth, employment, development, and investment remain less well established. Pamacheche and Koma (2007) in their review of privatization in Sub-Sahara Africa tried to establish a link between poverty alleviation and privatization.

Poverty reduction has become one of the leading measures in developing countries. Nearly every country in Sub-Saharan Africa has some form of poverty reduction strategy in place or one that is being crafted as per the instructions of the international donor community. According to Pamacheche and Koma (2007), privatization could be a route to reducing poverty, but they cautioned that any privatization program must first be properly designed, with poverty alleviation as part of the strategy. This is exactly what other researchers such as Parker and Kirkpatrick (2005) have argued, namely, that privatization can take place only when certain antecedent conditions such as enforcement of property rights, market competition, and a strong regulatory regime are in place and that it should be integrated into a broader process of structural reform. Trying to implement privatization with the hope that it will accelerate and strengthen the conditions that should have preceded it has been the major flaw in the privatization drive.

Regarding issues other than measuring firm levels of success with respect to privatization, the assessment has been almost overwhelming among researchers that privatization has done very little to improve the living conditions of the poor. Bayliss and McKinley (2007) cited a UNDP conclusion that privatization has been a widespread failure regarding the delivery of water and electricity. They commented that this is important because it hampers the achievement of the Millennium Development Goals (MDGs), which were set by the United Nations in a call for the halving of poverty by 2015. This means, among other things, that more people should have access to safe drinking water, educational opportunities, and health care. Bayliss and McKinley contended that the ideological push for privatization is consistently ignoring the reality that privatization has not improved the living standards of the world's poor. With increased spending on the private provision of basic services like water and electricity, Sub-Saharan Africa continues to see negligible increases in the provision of these services. On the other hand, public provision still continues to be the more dominant source with very little financing is available for it.

The poor continue to pay more for water and electricity not because they are willing but because they need these services. Bywater (2008) observed that privatization of water affects many people at the bottom of society because water, if treated as a commodity, has no substitute, forcing the poor to make very difficult choices. This is often misconstrued by donors and policymakers to mean that the poor are able to pay, and this sometimes leads to an increase in tariffs. What is needed, according to Bayliss and McKinley (2007), is for international donor organizations to invest in public utilities, prioritize poverty reduction and the MDGs, and scale up financing for public provisions. The verdict is in, and privatization is not the answer. Most private investors are not prepared and ready to assume the kind of risk present in developing countries. The fascination with cost recovery makes it unlikely that investors will promote social welfare objectives such as poverty reduction and equality, which are the major goals of developing countries.

Conditions for Successful Privatization

The main goal of development policy is to reduce poverty and give poor people access to safe drinking water; education; health care; and basic infrastructure services such as electricity, telephone, and roads (Parker et al., 2005). Over the last 3 decades, privatization has been the major emphasis of development experts and governments all over the world (Adams & Mengistu, 2008). Therefore, understanding how privatization achieves poverty reduction or whether it has done to do so is critical for anyone interested in development studies and policies. Privatization can either make or break the future of a country in terms of political and economic growth. Sometimes, knowing what conditions support the success of privatization can be advantageous to the government because it would, to some degree, guarantee the success of the privatization program. This section discusses the conditions for successful privatization.

Privatization is a strategic process that involves the complete or partial transfer of ownership of SOEs to private firms. However attractive the privatization contract is, without clear privatization policies that would govern the privatization process, the more it is likely to fail (Nwankwo & Richards, 2001). Before privatization is initiated, governments must be able to draw up the privatization plans, strategies, and policies that can provide the framework for programs. Without this element, privatization programs become haphazard and counterproductive, and may even ignite popular unrest. For example, in Sri Lanka, the government privatized tea plantations, and the tea planters uprooted the tea plants in order to plant potatoes, a crop that was still subsidized by the government. Moreover, when the public is not informed of privatization programs, the impact of privatization, such as increase in prices, additional charges, and so on, may spur civil resistance, which would significantly affect the market.

Privatization should never be implemented hastily just because it is the only option available to the government. Privatization programs are always doomed to failure when there is insufficient political, economic, and legal preparation. The most important point to consider when drawing up any privatization program is that it is a long-term process and the objective is to provide an economic environment in which privatization will thrive. The necessary but inadequate conditions for successful privatization include political permanence (Clarke, Cull, & Shirley, 2004; Frydman, Hessel, & Rapaczynski, 1999); potential economic for growth; competition; and robustness of the local market (Balasooriya et al., 2007). Researchers such as Nellis (2005) have reported that political decisiveness and will are not enough to ensure successful privatization; rather, political structures and institutions should be ready for the privatization process. It would be foolhardy to begin privatization without any mechanism for the monitoring and control of the process because the transfer of ownership does not only happen through the signing of contracts or agreements. The new owner who takes over the asset has the expectation that it will run smoothly and without problems and controversies.

Parker et al. (2005) confirmed, after thoroughly surveying several empirical studies, that regulation is key to ensuring that public sector reforms like privatization and liberalization achieve their goals of economic efficiency and poverty reduction. In a follow-up study, Zhang, Parker and Kirkpatrick (2007) found that competition and the proper regulation of infrastructure utilities have a direct relationship with poverty reduction that entails more than a change in ownership. This regulatory challenge has been a major problem for the failure of privatization in several developing countries.

Many countries lack the kind of framework that could ensure that the privatization of the infrastructure would increase affordability and access, especially for the rural poor. So far, few regulatory successes have been reported for Latin America, but Parker et al. cautioned that it would be problematic to extrapolate the results to other developing countries because areas such as Sub-Saharan Africa have institutional weaknesses that cannot be compared with those of most Latin American countries.

However, Lopez-Calva (1998) identified four critical conditions that should be considered in an attempt to engage in privatization: market structure, political scenario, institutional endowment, and the privatization method chosen but none of these conditions actually exists in postwar Liberia, even though some progress is being made. The market structure refers to whether there are barriers to entry and exist, competition, and adequate demand for goods and services. This is important because it will give private investors confidence that they will be able to recoup their investments. In fact, included in this market structure are proper regulation and clear rules.

Political desirability, feasibility, and credibility were the political scenarios that Lopez-Calva (1998) also was concerned about. In order for privatization to be politically acceptable, there will have be signs that the process is transparent and competitive. If the public feels that the process favors only an elite group, there will be resistance that could undermine the process the diminish investors confidence. Another factor affecting political acceptability is how affected groups like unions and managers are treated. From a policy perspective, Wallner (2008) contended that irrespective of efficacies, policies are bound to fail if they lack legitimacy that can come only from the perception of the affected policy community or stakeholders at large. Parker et al. (2005) pointed out that a concession agreement in Bolivia collapsed because of civil unrest, and in Guinea, a lease contract was not renewed after it expired because of public opposition.

Institutional endowment was mentioned by Lopez-Calva (1998) as another constraint that should be addressed if privatization is to be successful. This is exactly what Parker et al. (2005) were referring to when they contended that the regulatory regime is critical to privatization. Levy and Spiller (1994) found that privatization programs in the United Kingdom and the Philippines were successful simply because credible and independent judiciaries as well checks and balances in government existed.

The fourth constraint identified by Lopez-Calva (1998) as important in the privatization process is the method of privatization. Lopez-Calva suggested that the selection of a method should be based in large part on the objectives of the privatization program. He also argued that no matter what method is selected, employees' participation is critical to its success. Because a government decides which of its many SOEs are to the privatized, it also dictates at what price they should be sold and in what way they should be sold. The literature suggested that political maneuverings usually result in a price and a process that are the most beneficial to the government and can be learned through experience. The difficulty with developing countries and transition governments is that they lack experience in the privatization process.

Developing countries do not know how to ensure that their privatization programs will work and that they will be successful unless they seek assistance from countries that have succeeded in the implementation of privatization programs (Nellis, 2005; Tangri, 1999). However, one country's success does not really mean that it also will be successful in other countries because cultural and political forces cannot be the same in two countries. The most important thing to consider when designing a privatization plan is to provide a business environment that is supportive of the privatization program (Nwankwo & Richards, 2001).

One condition that will lead to the success of privatization is that the implementation of the program is made transparent and open to all the stakeholders. This involves that the privatization policies be communicated to the nation's business sector; the public and private sectors; domestic and foreign investors; and the companies, employees, and managers, who will be directly affected by privatization efforts (Perlmann & Zarenda, 1997). The privatization program should not be influenced politically and must be free from bureaucratic interference, which would only discourage private firms from investing in SOEs. Some countries have employed a privatization council that is independent of the state to manage and implement the privatization process. This requires soliciting the expertise of privatization experts and consultants who may head such privatization programs. Although the government has to spend to form this council and pay its expert consultants, it is more cost effective to pay for these services to ensure successful privatization than to rush the process and fail (Nellis, 1994).

The concept of privatization rests on the clear and adequate property rights of government. Without property rights, privatization would not materialize because private firms and individuals would not be willing to invest in something that they do not own. However, just as important as property rights, governments also should be able to draw up a law that would legally sanction privatization. Privatization programs must be put into law so that agreements and conditions applicable to privatization programs would be legally recognized and protected from any drastic political changes in the country (Mankiw, 2008). Privatization programs should be put into law because in developing countries where there are unstable political climates, a privatization policy may be quickly overturned by the political party in power. The legalities associated with privatization programs should be drafted and enacted even before privatization is implemented to make the process irreversible. In this way, it cannot be contested by domestic investors or political allies who do not favor privatization or those who have ulterior motives for the future of the companies.

Privatization laws give governments and private investors the legal and rightful interest to sell and own the SOE that is being privatized. Privatization laws should be drafted to incorporate the government's intention to privatize, amend existing business and economic laws that might hinder the privatization process, form the consulting body that would oversee the privatization program, provide for the restructuring and reorganization of government assets and SOEs to make them more attractive to private investors, delineate the privatization process, and provide guidelines that would determine the proceeds from the sale of government assets (Alexander & Kessler, 2006). However, privatization laws should not provide the list of government assets that should be privatized because how privatization will proceed cannot be foretold. Moreover, a competition law also should be drafted along with the privatization law to encourage more investors and private entities to participate in the market.

The privatization of an organization or a company can only yield growth and benefits if it performs better than it had in the past. Competition is what drives performance and increases market activity; therefore, the presence of a competitive business environment in which the SOE is situated is a necessary condition for the success of privatization. Shirley and Walsh (2001) posited that "empirical research strongly favors private ownership in competitive markets over state-owned counterfactual" (p. 1). When there is no competition, the privatized company may still monopolize the market, and this does not change the performance of the organization as a whole. When privatized firms have to face competition from similar private organizations, the newly privatized firms have to step up their operation and performance.

Reasons for the Failure of Privatization

Not all privatization programs are the same. Some countries have succeeded in their privatization programs, but others have failed and have been left with more economic and political problems than they had before privatization. Still, in some countries, privatization has neither failed nor succeeded, but has perpetuated the status quo. There is a lack of literature on the direct contribution to privatization to economic growth, but what little empirical evidence there is has suggested that privatization has been an advantage to most countries that have embraced it. It often has led to positive increases in GDP, the lowering of debts, and the better management of resources (Barnett, 2000). In cases when privatization has failed or the expected economic gain has not materialized, the causes include economic and financial conditions, political conditions, administrative conditions, and the public's perception of the entire program.

Privatization is an economic tool that it should not be affected by political maneuverings; however, privatization efforts are doomed to failure when economic and financial events in the country, such as stock-flow constraints and fiscal constraints, deter privatization. Stock-flow constraints refer to the country's lack of finances or wealth to invest in the sale of public enterprises. Without wealth to dispense or money to buy stocks, vouchers, or shares, the government's efforts to sell its assets are futile because the private sector does not have the capacity to do so. This situation, however, is more common in transition economies that have come from civil war or have experienced a change in its government system from socialism, where the market industry and property rights are nonexistent, to capitalism. Privatization in these instances would really fail and could only be remedied through the move of the government to offer its assets to foreign investors.

In other cases, governments might launch a mass privatization drive to give private individuals the opportunity to buy shares and stocks of government assets in the hope that privatization will take hold, along with promised economic reforms and growth. This method is unpopular and prone to failure because the government obviously is not equipped to provide the funding and resources to privatize its assets; with a failing market, privatization cannot flourish. Fiscal constraints refer to the costs of privatization. Before privatization can occur, the government first has to prepare the SOE and make it attractive to private investors. This entails the restructuring the SOE, which may result in downsizing and job cuts (Frydman, Rapaczynski, & Earle, 1993). The government has to incur costs in compensating workers who retire from the company prior to privatization as well as compensating those who have been laid off. Because governments employ thousands of people, when an SOE is restructured, the sheer number of employees affected by the downsizing who must be compensated will place an enormous economic burden on government (Megginson et al., 1994). These financial constraints might deter governments from pursuing the privatization process or that some aspects of the privatization program would be sacrificed, such as employing consultants for the program.

The political conditions in a country greatly affect the success of privatization programs. Two kinds of political conditions hinder successful privatization, namely, the political constraints before privatization and after privatization. The decision to privatize is not without inherent problems, especially in countries that have not undergone any drastic political events and where there is no solid and robust market. Politicians who might be affected by the privatization of certain assets would naturally counter the decision to privatize; moreover, they would strongly oppose the drafting of any privatization law or policy (Bienen & Waterbury, 1989). This would mean that privatization may, or may not, materialize. Another form of political constraint occurs after the implementation of privatization policies, and the political situation in a country may be affected by privatization through violent protests, court hearings, restraining orders, and the suspension of privatization programs. These political scenarios would naturally deter investors, so instead of growth, government may be left with nonperforming and high-cost SOEs.

Administrative conditions also contribute to the failure of privatization programs because the privatization of SOEs usually involves the sale of a large government company and the administrative tasks of implementing, monitoring, evaluating and continuing of the privatization program are daunting. In addition, administratively speaking, privatization councils are often composed of private and public individuals who are more likely to have a vested interest in the process and might be influenced by corrupt individuals. A large number of administrative duties involve the transfer of systems and processes, the restructuring of the organization, and the evaluation of its compensation and benefits package. Most often, the people assigned to these administrative functions are not familiar with the organization or how to complete these tasks (Rowthorn & Chang, 1993).

Privatization programs have always been met negatively by the citizens of the country that would like to implement them (Nellis, 2005). Among the accusations leveled against privatization include infringements against the right to protest, trade union rights, and workers' legal rights (Zygmont, 1994). Stories of ill-fated experiences of the public in their protests against privatization have been documented. For example, according to Zygmont, in Senegal, union leaders were imprisoned for protesting the privatization of the country's electric company. In Dabhol, western India, protestors of the giant power plant Enron were manhandled by the police and were dispersed forcefully. In Pakistan, the government granted a foreign investor a free hand in the privatization of the water plant in the country and banned trade union participation in the process. Even in the United Kingdom, under Prime Minister Margaret Thatcher, workers at local hospitals and agencies had to reapply for their old jobs with fewer benefits and compensation or be dismissed when the health sector was privatized. According to Adams (2006), privatization is a painful and complicated process, and it is aggravated by the negativity associated with the whole program.

The consequences of privatization are what the public fears the most because it inevitably leads to job loss, plant shutdowns, stringent job conditions, less compensation, and a more rigorous work ethic. The truth, however, is that because people resist change, they see privatization as a threat to what they have been used to and to what they are comfortable with. The potential negative impact of the public's perceptions about privatization, including mass protests and movements, should be considered gravely by any government wanting to implement any kind of privatization program, as mentioned by Clarke and Cull (1998) in their analysis of bank privatization in Argentina, which faced many of the same challenges as other developing countries.

Privatization programs in developing countries rely on foreign investors because private individuals in these countries do not have the wealth or financial capability to invest in large companies. Foreign investors are more likely to push through privatization deals if there is no resistance to them. Mass protests, court hearings, union strikes and work stoppages, negative employee behavior, and political interference will naturally scare investors from buying SOEs as reported by Harsch (2000), who studied the privatization movement in Africa.

The success and failure of privatization programs rests on the political, economic, and social forces in the country. Privatization is more likely to succeed when conditions such as political will, privatization policies and laws, a positive business environment, and a competitive and open market exist. These conditions must be met in order to predict that the privatization process will be successful; however, political instability, public unrest, the lack of a competitive market, and resistance from the public for privatization program would surely doom privatization efforts to failure.

Review of Research Methods

Depending upon the questions and the ways in which the researcher wants to answer them, a qualitative or a quantitative research method may be appropriate. Because issues such as privatization are more political and value driven (Savas, 1987), they lend themselves to be more suitably studied from a qualitative approach. The qualitative case study method was more appropriate for this study because it is rigorous, flexible, and continuously emerging as the study dictates (Babbie, 2007; Creswell, 2007). Because the purpose of this case study was not to determine how many persons are in favor of or against privatization in Liberia, the quantitative method favored by the positivist school of thought was not appropriate for this study (Kvale, 1996; Rubin & Rubin, 2005). O'Sullivan, Rassel, and Berner (2007) concluded that quantitative studies are not useful to obtain detailed information about context or to understand and describe. The quantitative method is only good at proving or explaining. The quantitative method is the most appropriate method when researchers want to count, determine central tendencies, or provide other statistical information that is used to generalize; however, when the purpose of the study is to understand the lived experiences of people and to obtain a fuller and richer understanding of complex and nuanced issues, the postpositivist, interpretivist method of inquiry, which involves qualitative data gathering and analysis, is appropriate.

In any case, no method is superior to another. The best researchers use the most appropriate methods to fully answer the research questions. In this case, having a professional conversation that was well structured and had a defined purpose that allowed the study participants to express their deeply held feelings and thoughts was the most appropriate method for this study on privatization.

Summary

Privatization has become the predominant public sector reform tool used by many governments, irrespective of their particular socio, economic, or political conditions. It first gained political and ideological favor in Britain and other Western countries in the 1980s. Since then, major international development and financial institutions such as the World Bank and the IMF have made it a precondition for developing countries to receive assistance or loans. Although Castro (2008) agreed that pressure has been exerted on developing countries in some cases to privatize, he argued that in other cases, these countries have accepted privatization out of pragmatism.

The ideological foundations of privatization lie in the belief that a reduction of government involvement will increase the efficiency and productivity of the goods and services that government is obligated to provide. It is a reality that the inefficiency of bureaucracies has contributed to the appeal of privatization as an economic strategy, especially because the international economic community recognizes privatization as an intelligent strategy. The different definitions and often complicated terminologies often denote a single outcome, which is to increase private sector economic involvement and reduce government intervention.

Privatization can take many forms, and the degree to which a country seeks to privatize its SOEs is dependent upon the current political and economic situation of the country. Some states favor divestiture because it frees up government funding. Some governments may limit it only to contracting out, and others may use it to privatize businesses. Moreover, some forms of privatization are more appropriate for certain aspects of government responsibilities, such as vouchers and grants, which can be more applicable to the delivery of social welfare, and leasing and turn-key projects, which can speed up infrastructure and transportation services. Privatization has been hailed as an important tool for economic and political reform.

Privatization may be broad and narrow at the same time, but privatization is a process. It is a means to an end, not simply the provision of one or more conditions. It is a process that may, or may not, assist in meeting the economic goals of a country. Privatization has been used by many economies and states, but it seems to be more successful in open and liberal markets, where governments are quick to restructure economic policies to promote a free market economy and where private entities have the resources and the leaders to assume ownership of SOEs. These conditions would generally provide the environment in which privatization efforts could be successful.

Political and economic factors shape privatization efforts; however, the decision to privatize usually stems from political reasons more than economic ones. A government on of the edge of bankruptcy has to seek financial help from international banks to rehabilitate the country, but foreign aid or loans can happen only if the government agrees to privatize its assets. Although the reason for privatization would be to yield economic progress, the decision is a political strategy. Privatization leads to economic results, with some saying that it is associated with positive growth, whereas others failing to find any difference, but the fact remains that governments are able to extend their credit and are granted the financial aid they need. Privatization is considered a win-win situation in that governments get the funds they need, and economic market become more active. Whether this leads to real economic gains remains inconclusive.

Chapter 3 includes an explanation of the research design and method used to gather data for this study. Information about the general framework of the study, critical questions that the study intended to answer, and the various groups that participated in the study is located in the chapter. I also provide a rationale for selecting the qualitative case study method and the use of interview as the primary data-gathering technique for a study that sought to understand the perceptions of the stakeholders about privatization. I also provide detailed explanations about the ways in which issues of quality, validity, data collection and analysis, and confidentiality were addressed.

CHAPTER 3: RESEARCH METHOD

Introduction

A review of the privatization literature regarding developing countries and stakeholders' perception, as well as the sequencing of reforms in postwar countries, raised the following research questions:

1. What are the main perceptions of Liberian stakeholder groups about the privatization of SOEs?
2. What common themes or concerns drive the perceptions of Liberian stakeholders?
3. If Liberian stakeholder groups view privatization negatively, what alternatives would they prefer?

The literature on privatization demonstrated not only that the results are far from conclusive in terms of its levels of success but also that in order to be successful, certain antecedent conditions, such a effective regulatory regime, stock market, market competition, and so on, are necessary (Bayliss & McKinley, 2007; Guriev & Megginson, 2007; Levy & Spiller, 1994, Parker & Kirkpatrick, 2005; Weizsacker et al., 2005). The literature suggested that without the aforementioned conditions, privatization has a lower likelihood of making any significant contribution to economic growth, development, and poverty reduction (Balasooriya et al., 2007; Boycko et al., 1996).

To adequately answer the research questions, a qualitative case study method was used. After I received permission from Walden University' Institutional Review Board to conduct this study (IRB approval #12-03-09-0317872), I interviewed 20 Liberians from five major stakeholder groups: professionals, labor unions, academics, legislators, and students. Some of these groups are often overlooked in the policy-making process in Liberia, but they are very important in determining whether any public policy will succeed or fail. Open-ended, semistructured interview questions were used to gather the responses from the interviewees.

The Case Study

According to Creswell (2007), researchers continue to debate whether the case study is a methodology or simply what a researcher studies. For the purpose of this study, the case study method was the research method and the focus of the study. McNabb (2008) identified the case study method as the most popular research approach in public administration scholarship because of its flexibility. Through this method, public administrators have been able to learn about what has worked in their field and what has not worked. Yin (2008) described the case study as the use of multiple sources of evidence to empirically investigate a phenomenon within a real-life context, cautioning that researchers should use it when they are interested in deliberately studying a contextual condition.

Creswell (2007) corroborated the use of case study as a research method when the researcher is interested in exploring a "bounded system through detailed, in-depth data collection from several sources" (p. 73). Leedy and Ormrod (2005) asserted that the case study method is "suitable for learning more about a little known or poorly understood situation" (p. 137). The case study method is known to public administration scholars, even though the majority of them use quantitative methods of data analysis.

Qualitative Interviewing in a Case Study

Until recently, social science researchers have not regarded interviewing as a valid research technique, even though anthropologists and sociologists have long used interviews to obtain knowledge from their informants (Kvale, 1996; Kvale & Brinkmand, 2008). Recent decades have seen an increase in the use of the qualitative interview as a research method with an emerging or expanding methodological literature on how it should be conducted (Kvale, 1996). The development of the tape recorder in the 1950s and the emergence of various computer programs and software in the 1980s to analyze qualitative data have raised the profile of the interview as a valid social science research method. The research interview's closeness to everyday conversations or social interaction (Warren & Karner, 2010) may cast doubt on its validity as a research method, but there is no better way to gain knowledge of lived experiences than by talking to people. Social science knowledge no longer depends upon quantified data only; now, it also includes interpretations of meaningful relationships (Kvale, 1996). Moving away from observation and experiments toward understanding by engaging in conversations with human beings is the goal of the qualitative interview as a research method (Leedy & Ormrod, 2005).

Rubin and Rubin (2005) posited that through qualitative interviews, researchers have been "able to learn about the world; extend our intellectual and emotional reach; and roused and satisfied our intellectual curiosity" (p. vii). In the interview process, rather than treat the interviewees as objects of study, the researcher treats them as partners. In fact, Kvale (1996) referred to the interviewees as conversation partners, arguing that researchers seek to build relationship with interviewees that helps them to understand their experiences, feelings, and hopes about the world in which they live. Though the interview may seem conversational and lend itself to criticism that it is not scientific, it is a professional conversation that has structure and meaning. The questions are carefully posed, and the interviewer listens intently for meanings and themes, and seeks clarification where needed to properly understand and interpret the interviewees' experiences, thereby systematically adding to knowledge.

Kvale (1996) eloquently portrayed the qualitative interview as a scientific research method. Though conversational in style, it is professional and has structure and purpose. It involves careful questioning and listening as ways to gain in-depth knowledge. Because I was interested in understanding and explaining certain phenomena about the privatization program in Liberia, I determined that an appropriate method would be qualitative, especially an open-ended, qualitative interview. In a qualitative study, the researcher is interested in gathering more detail, observing interactions that numbers cannot provide, clarifying issues that are not clear, allowing flexibility in research design based on unfolding events, and detecting issues to explore in further research. These are some of the advantages of qualitative research.

There are, however, some negative aspects of this method. For example, the researcher easily can become subjectively immersed in the study; the data could be coded incorrectly; and the results can be too specific, thereby making generalizability difficult (Leedy & Ormrod, 2005). The major problem has to do with validity and reliability, which can be taken care of by triangulation, which is the gathering of pieces of evidence from several sources to ensure that they are corroborated. In the next section, the framework within which the study was conducted is discussed.

Research Framework

Liberia, a country classified as poor and developing, is recovering from a civil war that destroyed its infrastructure. Liberia is in the process of planning and implementing the mass privatization of its SOEs. This case study employed a qualitative interview to assess and understand the underlining reasons Liberians may accept or resist any attempts to privatize public corporations. Privatization has the greatest likelihood of succeeding if it receives support from the major stakeholder groups. If citizens do not consider the policy desirable or fair, they will oppose it by protesting, boycotting, or using other civic means to express their disapproval. In the case of Liberia, any action of this sort will be detrimental to peace and security. It was necessary to conduct this qualitative interview to understand why Liberians might, or might not, be prepared to support such a program. Understanding could help to address their concerns before the consequences become extensive as the result of an ill-conceived public policy.

Conducting in-depth interviews of the stakeholders who hold great potential in influencing public opinion in Liberia was the best method for this study. In such a case, it was not how many, but why, that mattered. Asking people in their natural surroundings to explain their feelings was more knowledge generating in this case than any other method (Babbie, 2007). The qualitative method was the best method to conduct any meaningful study because Liberia is completely data bankrupt and most quantitative data are either best guesses by international organizations or are nonexistent (IMF, 2008). The lack of a functioning postal service or a telephone directory made survey research impractical because the response rate was destined to be very low. In addition, because the intent of the study was not to count or measure, but rather to understand and explain, an in-depth interview of a few critical stakeholders was the only practical, viable, and appropriate method of studying such an issue in a country destroyed by civil war.

Population, Setting, and Scope

The study took place in Liberia. Conducting research in the natural setting where the participants live adds more context and richness to a study (Babbie, 2007; Creswell, 2007; Kvale, 1996; Kvale & Brinkmand, 2008; Rubin & Rubin, 2005; Seidman, 2006). This interaction in the participants' environment is a major strength of qualitative research. Observing, interacting, and asking Liberian stakeholders how they perceive one of the major public policies that is about to be undertaken, and why, gave them a sense of pride and an opportunity to express what they think in ways that is seldom done in Liberia.

For the purpose of the interview, I talked to five groups of stakeholders: professionals, labor union, academics, legislators, and university students. No special attention was paid to age, gender, educational level, or economic class unless it was relevant to the particular stakeholder under consideration. Those classified as professionals for the purpose of this study were past government officials and private business people who were knowledgeable about the effects of privatization at the macrolevel. I interviewed 5 people from this group. Academics consisted of instructors of economics and political science at various universities in Liberia. I interviewed 4 people in this category. These first two groups were important to the study because they have enormous influence over public opinion and their assessments can be seen as highly informed or as expert in the Liberian context.

The third group consisted of employees of critical SOEs that were being considered as targets for privatization. They included employees from the Liberia Electricity Corporation, and the Liberian Water and Sewer Corporation. The Liberia Electricity Corporation and the Liberian Water and Sewer Corporation are critical infrastructures and that are being poorly managed. These institutions are important and critical to economic development and poverty reduction because they directly affect the daily lives of ordinary Liberians. They were important for this study because they are monopolies that if not properly regulated while in private hands, may have severe consequences for the entire economy. The poor may feel the brunt in terms of higher prices and lack of access. I interviewed 6 people in this group. These groups could be on the streets demonstrating if they do not accept the government's privatization proposal, so understanding what they think early is important.

The fourth group comprised university students, a major stakeholder group in many developing countries. Since the late 1960s, the student movement has been a major player in the political lives of many developing countries. For example, Jasso-Aguilar (2007) observed that university students were among those who protested the privatization effort in Bolivia. The relevance of the student movement is still true in Liberia. University students are the first to begin any large-scale protest against government actions that they deem unfair. Understanding what students think today about any attempt to privatize SOEs, and why, is important. There are five major universities and colleges in Liberia, so I interviewed 2 students from each university.

The criteria used to select the groups interviewed was based upon my observation of the political landscape. These groups are among the ones most likely to influence public opinion in Liberia. They are always on national radio and television, invited by the national legislature to give professional opinions (professionals and academics), ready to protest or demonstrate in the streets if they feel offended or marginalized (students and labor unions), and will be directly impacted by this policy (labor unions). Rural and uneducated people did not participate in the study because of funding, logistics, and their indirect impact on the process. Even though they might be some of the most affected in the event of any failure of privatization, they currently lack the political will to effect any influence on the process. Besides, most rural and illiterate people get their information from their children, so in this study, the university students indirectly represented the perceptions of their illiterate parents.

Selecting the participants was a mixture of purposeful sampling (Creswell, 2007) and random selection. In the case of the employees from public corporations that were interviewed, and individuals in the professional category, the selection was based upon the potential contribution that they made to the study. Key informants were used to identify other individuals who were knowledgeable about privatization and had something interesting to contribute to the study. With other participants like students and employees, the selection was random because I wanted to obtain more diverse views about what they thought and why.

Role of the Researcher

Because this was a qualitative research, in addition to assuming other roles, I served as the instrument that collected the data rather than depended on questionnaires or instruments developed by others (Creswell, 2007; Warren & Karner, 2010). I interpreted what was seen, heard, and understood. The qualitative interview in particular challenges a researcher to be able to ask questions, listen carefully, and think fast enough to be able to ask probing or clarifying questions (Kvale, 1996; Rubin & Rubin, 2005).

I have been a keen observer and participant in the politics of Liberia, but researchers are cautioned to not allow their political orientation to interfere with or unduly influence their scientific research (Babbie, 2007). Any bias on my part was eliminated by subjecting the findings of the study to peer reviewers who had studied similar issues in the Liberian context and were familiar with the findings. Transcripts of the interviews were sent to participants for verification. I relied on the method of qualitative interviewing established so carefully by such esteemed scholars as Kvale (1996), Rubin and Rubin (2005), Seidman (2006), and Weiss (1994) to conduct the study and report only the findings, not a personal political worldview or ideology.

I approached the study with no defined hypothesis to be tested, as is the case in most field research (Babbie, 2007; Seidman, 2006). My role was to observe, interact with, and gather from Liberians their perceptions about the government's intentions to privatize SOEs (see Appendix A). The focus was not on my knowledge or ego but on the responses from participants. This was a professional activity that had established norms, and it was kept as such. The review of the literature was used only as a tool to inform the questions so that they were reasonable, pointed, and nonleading.

I was able to "listen, think, and talk at the same time," as Seidman (2006, p. 306) prescribed for any successful qualitative interview. I developed a conversational relationship with the interviewees (Kvale, 1996) so that they freely, truthfully, and openly revealed what they thought and felt. I had to listen more, process answers quickly, and ask probing or clarifying questions (Kvale, 1996; Rubin & Rubin, 2005). I gave the interviewees the opportunity to express themselves as I sought to learn from them, not to teach them (Seidman, 2006). The participants' stories and perceptions were the important focus of this case study.

Data Collection

The stakeholder groups that are considered critical to any policy-making process were identified and contacted to serve as interviewees for this study. According to Patton and Sawicki (1993, p. 215) such groups are referred to as "power group" in the policy-making process. They often are overlooked and marginalized, but no public policy is likely to succeed if it is not acceptable to the relevant actors. Patton and Sawicki lamented that in addition to policy feasibility, public policy will have to be politically viable if it is to have any significant impact on the problems being addressed. The groups identified included Liberian professionals (folks in academics, business, and law making); labor unions (employees of the SOEs to be affected by privatization); and students (those attending universities and colleges).

A total of 20 persons were interviewed for about 1 hour each, with the potential for follow up. Because these individuals were considered the most likely to influence public opinion in Liberia, assessing their perceptions of privatization as a public sector reform tool in postwar Liberia was an excellent way to know what dangers or support lie ahead. If these individuals were more inclined to support privatization, the likelihood of there being any widespread resistance or opposition was slim. However, if they were opposed to any type of privatization, the underlying reasons and the veracity of their sentiments would be important concerns that policymakers should heed. Liberian political history is replete with the unwillingness of policymakers to listen to the stakeholders, but this time, the stakes are too high for business as usual.

Multiple sources of data were used; Creswell (2007) and Warren and Karner (2010) argued that multiple sources of data can help with validity. In this case study, I reviewed relevant documents, observed the general mood in the country as well as that of the employees of SOEs and other participants, and interviewed the participants. During the face-to-face interviews, I asked the participants open-ended questions so that they could fully express themselves in their answers. Weiss (1994) suggested that if the questions are predefined and closed, allowing only certain kind of answers, it does not appropriately classify as an in-depth or a qualitative interview. Leedy and Ormrod (2005) observed that open-ended have more flexibility and yield more information. Field notes were taken, but more importantly, and with the permission of the interviewees, I tape recorded the interviews so that no information was missed. Although several other qualitative and quantitative methods exist for studying this subject, none is more appropriate for capturing nuances and complexities of what this researcher wanted to study. Liberia is a country that is data bankrupt, thereby making any kind of quantitative study superficial.

Semistructured Interviews

Semistructured, face-to-face interviews were conducted with selected professionals in academics, business, and politics, as well as members of labor unions and university and college students. Open-ended questions allowed the participants to answer the interview questions in a more complete manner, which had the potential to reveal additional information that I had not anticipated (Leedy & Ormrod, 2005). The participants were encouraged to freely and honestly express their views so that the nuances and complexities of their perceptions and thoughts about privatization were captured and articulated in the final report.

The questions that were asked flowed from the interview, but there were three major categories of questions. Those classified as professionals and academics carried a separate line of questioning; students and labor unions had another category of questions. The final category of questions was for the legislators, who have the authority to directly influence public policies. This method of questioning, which was similar to what Islam and Farazmand (2008) used when studying the perceptions of civil servants in Bangladesh, was appropriate because each stakeholder group had a different concern and a different role to play in the privatization process. By asking them specific questions relating to their roles in the privatization process, I was be able to get relevant information that made my findings and recommendations more relevant.

Documentation and Archival Records

I reviewed documents from the LRDC, the GC, and other sources such as newspapers and online news magazine to understand the privatization process in Liberia. Newspapers and other Internet news sources were reviewed to understand how the Liberian citizenry was discussing and participating in the privatization debate. Other important archival records about the formation and mandates of these SOEs were reviewed to understand the proper roles and functions of these SOEs and to assess if they were failing or were performing as they were set up.

Observation

To corroborate the data that were collected from the experts, policymakers (law makers), and other participants, I made general observations of the situation in Liberia. There are times when official information is different from the reality on the ground, so observing what took place in those workplaces, the economy, and society as a whole was another way of ensuring that the study captured official and pragmatic realities. The interviewees as well as the general condition were carefully observed to ensure that there was some kind of connection between the information and the atmosphere in the workplace and in the country as a whole.

Data Analysis

Open-ended, qualitative interviews can present some problems in analyzing and interpreting the data (Babbie, 2007) that could be the result of the huge volume of responses received by allowing the participants to express their thoughts, feelings, and stories. However, this is manageable, depending upon the way in which the researcher designs the study and conducts the analysis. Kvale (1996) identified five approaches to data analysis that qualitative researchers can use: categorizing, condensing, structuring through narrative, interpreting, and ad hoc method of generating. Based upon the time and financial resources available for this study, I used categorization, a method whereby large amounts of text are reduced into a few tables and figures. I developed codes and categories in which each participant's response were classified. Additional categories emerged based on the types of responses received and once that was done, the responses were analyzed based on those codes and categories.

Interview questions were precoded with themes from the privatization literature and historical observations about Liberia. Based upon the responses from each participant, a code was assigned, and then all responses were analyzed. There were instances where new themes emerged that were not previously identified; these themes also formed part of the data analysis. The coding of the responses did not diminish the richness of the qualitative method because it only grouped the responses into categories that were used to express what the respondents said. Kvale (1996) explained that categories or codes could be formed before or after the interview depending on the researcher's choice. By developing these codes in advance, I saved a lot of time during the analysis phase (Kvale, 1996). The predefining of codes did not eliminate the possibility that other themes not identified could emerge. I was opened to capture any themes that emerged from the data gathered.

During the analysis, responses were categorized into one or several codes that were established. In the event that a response struck a different theme than what was already listed, a separate code was established for that theme. Other responses with similar themes were classified under this new code, and special attention was paid to it to determine whether this was something that other researchers had missed or whether it was an emerging concern not tracked previously in the privatization literature.

The objective of data analysis in a qualitative case study that uses interview is not merely to count or provide numeric summary, but rather to discover variation, portray meaning, and examine complexity (Rubin & Rubin, 2005). It was not about counting what percentage of interviewees were opposed to the idea of privatization, but about identifying the deep sentiments and rationale expressed, which if not considered by policymakers, could be dangerous for the policy and the country.

The analysis of the data involved organizing, manipulating, and summarizing the interview material to discover important patterns in the data. The analysis reduced the raw data to a form that allowed the phenomenon represented by the data to be described, examined, and interpreted (Long, Convey, & Chwalek, 1985). The intention was to interpret the data, that is, to assess its meaning to the purpose of the study and ensure that the method of analysis was consistent with the objectives and design of the study.

According to Glatthorn and Joyner (2005), in analyzing the data, the following should take place:

1. Transcribing the interviews.
2. Reading the transcripts to tentatively identify categories of responses.
3. Testing the tentative categories by classifying responses in the first hour of the interviews.
4. Using final categories to code all responses.
5. Searching for patterns or connections between the themes and meanings, and clustering them together.
6. Tallying coded responses (p. 195)

Therefore, I reviewed the notes and transcription of each participant's responses from the interviews and then tested the categorization. Specific statements from the interviews were reviewed, particularly as they pertained to the research questions. The data analysis stage was more accurately thought of as a reflection process. The intent was to interact with the information obtained from the participants in a deeply personal way.

Then themes or concepts from the interviews that were common to all, as well as the significant variability, were extracted. This was defined as interpretivism by Miles and Huberman (1994). I carefully summarized the text to gain an accurate understanding of the interview. Once the concepts of the semistructured interviews were identified, I clustered them according to themes. Theme identification is one of the most fundamental tasks in qualitative research. Themes are abstract constructs that researchers identify while they are collecting the data, and the themes come from a review of the interviews or literature and from the characteristics of the phenomenon being studied (Denzin & Lincoln, 2000). Clustering is a system for arranging the themes. It is a plurality of clusters comprising one or more concepts per theme. Thus, clusters that fit the criteria are assigned by theme (Miles & Huberman).

The interviews were taped so that the interviewees' exact quotes and illustrative examples could be utilized. The tapes were then reviewed to identify the themes of this study, and the information were organized and presented in a thematic fashion that described each participant's personal perceptions as well as those of the group. As Kvale (1996) stated, "The analysis proper involves developing the meaning of the interview, bringing the subject's own understanding into the light as well as providing new perspectives from the researcher to the phenomenon" (p. 190). Where appropriate, the data were manifested in charts or graphics.

Evidence of Quality

The purpose of this section is to apprise the reader of the debate surrounding issues of verification, validity, trustworthiness, credibility, transferability, and reliability in qualitative studies, as well as to outline the steps that have been taken to ensure that this study is of the highest scholarly quality. In order for any scholar or practitioner to take any study seriously, be it qualitative or quantitative, issues of quality have to be addressed adequately.

Scholars have disagreed on what terminology to use in describing critical aspects of a study that will ensure the readers that the information can be trusted. In a quantitative study, the terms *reliability* and *validity* have been used to describe those quality issues that researchers must address if they want their studies or experiments to be taken seriously. In qualitative research, however, although these same issues are important, scholars have refused to use these terminologies to describe what needs to be done in a qualitative paradigm (Golafshani, 2003).

Golafshani (2003) agreed that the concept of reliability is misleading in a qualitative study because whenever issues of reliability are raised with respect to a qualitative study, it means that the study is flawed. The growing consensus is that reliability and validity must be redefined as issues of credibility, verifiability, trustworthiness, dependability, transferability, and rigor (Creswell, 2007; Golafshani). Whatever terminology is used to classify these quality issues, the fact remains that in any study, they must be addressed, and one way that has been identified in qualitative literature to address these issues is triangulation, a process whereby several methods are used to collect the same data to ensure that the results are similar. If data from one source is checked with data from other sources and the results or conclusions are the same, then there is an assurance that the data can be relied upon.

In order to address issues of credibility, dependability, transferability, rigor, and trustworthiness in the data collection and the overall study, a process of triangulation was put into place (Babbie, 2007; McNabb, 2008). Using multiple sources, including document review and analysis; observations; peer review; and face-to-face, semistructured interviews, to gather the data helped to ensure verifiability and credibility. The data I gathered from one source were corroborated with data from other sources and also confirmed with other scholars who have been studying similar issues about Liberia as a means of demonstrating that sufficient efforts were undertaken to maintain quality of the entire study.

To ensure accuracy in the collection of the data, which would have a bearing on the results, I used a digital tape recorder during the interviews to ensure that the responses were captured in full. Notes were taken during the interviews to record the participants' responses as well as their moods and tones. During the transcription, the field notes were finally compared with the audio files. Clandinin and Connelly (2000) explained that this enables the researcher to recreate the setting and recall indicators of reliability.

In addition, the methodology, results, and conclusions were reviewed by at least two peer reviewers. Comparing the results of this study with what other scholars have seen or observed was another way of demonstrating verifiability. Creswell (2007) advised that researchers should seek agreement between and among themselves. The issue of lack of sufficient scholarly material on Liberia was a problem, but reports from the World Bank, the IMF, and other UN agencies provided some general information on Liberia. These were the only authoritative sources on the general economic conditions in Liberia; however, care was taken to verify claims in these reports against reality on the ground. Key informants were also used to point the researcher in the direction of credible participants, and sources of documents. These informants also served as peer reviewers.

Confidentiality and Anonymity

The study was designed to obtain the kind of honesty and cooperation that was needed from the interviewees, to guarantee the anonymity of the participants. It is the professional requirement of all researchers to ensure that their participants are protected (Babbie, 2007; Walden University, 2008) and that no harm is done to them as a result of their participation in the study. As promised in the letter of consent (see Appendix B), I ensured that every participant was guaranteed anonymity and that no confidential information provided by the participants were revealed. I used special codes to identify participants rather than their actual names to further ensure that they were protected.

Although I was interested in the responses of these interviewees, no direct quote from the participants or any identifying remarks or characteristics were divulge in the report. Direct quotes were included only if the participants fully agreed and if the researcher was convinced that the remarks caused no potential harm or embarrassment to the participants. All of these interviews were done in such a way that the purpose of the study was not diminished or that the advantages of the qualitative interviewing process were not lost.

Summary

This chapter fully described the method that was used to gather the data needed to answer the research questions. Qualitative case study using interviews are based on the postmodernist and interpretive schools of thoughts (Babbie, 2007; Creswell, 2007), which have argued that capturing the nuances and subtleties of the lived experiences of people can be valuable in gaining scientific knowledge. Seidman (2006) posited that the participants in qualitative studies can talk and think, so counting is not the only way to gain knowledge.

In the chapter, I explained how the data were analyzed and my role in the gathering of data, especially during the interview process. A clear outline of the steps that were taken to ensure that the participants were protected or were not harmed as a result of their participation in the study was provided. The issues of data gathering and participant protection are important aspects of any qualitative study, so addressing them beforehand is critical. I shared some insights into what the qualitative interview is and why it was the most appropriate data-gathering technique for assessing the preprivatization perceptions of Liberian stakeholders. Before selecting the case study with qualitative interview, I presented a general overview of the differences between qualitative and quantitative research methods and demonstrated why no one method is superior to another, but that different studies demand different methods. Good research is determined by whether the most appropriate method to answer the research question in the particular context was used. In this case, the case study method with qualitative interview was demonstrated to be the most appropriate method to understand and explain the perceptions of Liberian stakeholders about the privatization program.

In chapter 4, I present the results of the study. The stakeholders are appropriately described and assigned numeric classification for ease of identification. Next, the general situations about the study are presented in terms of expected as well as the scope. The remainder of the chapter includes responses given by each stakeholder group to each of the main research questions.

CHAPTER 4: RESULTS

Introduction

The aim of this study was to assess the preprivatization perceptions of stakeholders in postwar Liberia in an effort to understand common themes driving their perceptions. I focused on identifying alternatives to privatization that the stakeholders would consider if they felt that privatization was unacceptable. A review of the privatization literature demonstrated that the results of privatization have been far from conclusive in terms of its success and that for privatization to be successful, certain antecedent conditions, such as effective regulatory regime, stock market, market competition, and so on, are necessary (Bayliss & McKinley, 2007; Guriev & Megginson, 2007; Levy & Spiller, 1994, Parker & Kirkpatrick, 2005; Weizsacker et al., 2005). The literature also highlighted the role of perception in the success of any public policy and that the absence of these antecedent conditions can adversely affect the perceptions of key stakeholder groups.

The following research questions guided the study:

1. What are the perceptions of Liberian stakeholder groups about the privatization of SOEs?
2. What common themes or concerns drive their perceptions?
3. If they view privatization negatively, what alternatives would they prefer?

The research questions were considered appropriate because of the history and current context of Liberia, a country returning from civil war with a history of deep economic and political inequalities and a poverty incidence of 64% (Liberia Poverty

Reduction Strategy [LPRS], 2008). An attempt to undertake such a controversial policy, namely, the privatization of SOEs, as part of its overall public sector reform leading to economic recovery and development, should be supported by a vast majority of the population. With a lack of support from the majority of the population, the risk of failure is high.

Stakeholder Groups and Classification

I interviewed four groups of stakeholders: professionals, members of labor unions, academics, and university students. No special attention was paid to age, gender, educational level, or economic class. For the purpose of this study, professionals were former and current government officials, private business people, and independent consultants knowledgeable about the effects of privatization at the macrolevel. The participants in this category were identified as P1, P2, P3, P4, and P5, where "P" represented the professional category, and the numbers represented the order in which they were interviewed. The order was of no significance. The participants identified as academics were instructors of economics and political science at various universities in Liberia. They were identified as A1, A2, A3, A4, and A5, with the order being insignificant. The third group consisted of employees of SOEs being considered for privatization. The corporations included in this study were the Liberia Electricity Corporation (LEC) and the Liberian Water and Sewer Corporation (LWSC). The LEC and the LWSC are critical infrastructures that are being poorly managed (Clive, Jappah, & Nmah, 2009). The participants in this group were identified as E1, E2, E3, E4, and E5. The fourth group consisted of university students, a major stakeholder group in many developing countries. Since the late 1960s, the student movement has had a major role in the politics of many developing countries. For example, Jasso-Aguilar (2007) observed that university students were among those who protested the privatization effort in Bolivia. The student movement remains relevant in Liberia. University students are the first to begin any large-scale protest against government actions that they deem unfair. Understanding what students thought about any attempt to privatize SOEs was important to this study. There are five major universities and colleges in Liberia, and the leaders of the student unions were interviewed and indentified as S1, S2, S3, S4, and S5 to S10, with the order being insignificant.

Unexpected Situation

Originally, I had identified five stakeholder groups to be interviewed for the purpose of gauging their perceptions about privatization in Liberia. The groups were professionals, academics, employees, students, and legislators. When designing the study and selecting these groups, I had made the assumption that these groups may have been overlooked in the privatization planning process and that it was important to understand what they thought about this process. However, by the time of the study, after reviewing the national SOE report, I discovered that key leaders in the national legislature had been interviewed by the team conducting the review for the government. It then became unnecessary for me to interview this same group of people because their perceptions were already well documented in the SOE report.

To achieve the same results intended by interviewing these legislators, I decided to replace this group (i.e., the legislature) with more students and then share a copy of the report's findings with the national legislature. Because the legislators are in the best position to incorporate the concerns of the people before the privatization policy becomes law, the social change impact of the study will still be met by serving the national legislature with a copy of the findings. If the SOE report had not indicated any interaction with the national legislature on the privatization process, this study would have been served by interviewing them, but they had already participated in the national study. However, the legislators may have no idea that other critical stakeholder groups have been left out of the process; therefore, sharing a copy of the report with them will be important.

Increasing the number of students from 5 to 10 enhanced the richness of the study. As mentioned earlier, students are important in the political lives of many developing countries, with Liberia being no exception. University students serve as a proxy for their uneducated parents and friends. Many times, these students are asked by their parents to explain controversial policy decisions to them, so it is important that students understand and support these policies. In addition, these students are on the front line of national demonstrations and riots. Politicians find it easy to get these students in the streets to demonstrate against the national government if they disagree with the policy choices of the ruling government. This is why the study was well served by increasing the number of the students who were interviewed.

Scope of the Study

To adequately answer the research questions, I used a qualitative case study method to interview 25 Liberians representing four major stakeholder groups:

professionals, members of labor unions, academics, and students. I asked open-ended, semistructured interview questions to gather responses from the interviewees. This study covered the privatization efforts in Liberia related to such critical infrastructure services as water and electricity. A review and analysis of Liberia's 2008-2009 budget showed that subsidies of SOEs represent less than 4% of the national budget. I investigated the broader policy framework in terms of what needs to be considered when designing a national privatization policy that affects services that are important to national development and directly affects poverty.

Semistructured, face-to-face interviews were conducted with selected professionals, academics, university students, and employees of SOEs. The format of the interview was the same for each group, and except for the employees, all groups were asked similar questions. Open-ended questions allowed the participants to answer the interview questions in a more complete manner, which revealed additional information that I had not anticipated (Leedy & Ormrod, 2005). The participants were encouraged to express their views freely and honestly so that the nuances and complexities of their perceptions and thoughts about privatization were captured and articulated in the final report.

Observation and Document Review Analysis

To appreciate the gravity of the issue being studied, I moved to Liberia in March 2009 and spent nearly 9 months before starting the interview process. During this time, I observed the general conditions in the country and paid special attention to the service delivery of some these privatization targets. It became clear to me that problems existed in these public corporations. For example, Delta Air Lines, which had expressed an interest in operating direct flights between the United States and Liberia, had to cancel its plans because of management issues at the Roberts International Airport (RIA). Another example was the provision of electricity to Monrovia, the capital city. Even though the present government has been in power for nearly 4 years, the LEC has not been able to provide electricity to most parts of the city. Most homes are powered by personal generators, and the streets remain dark. There are no traffic lights in any part of the city, and streetlights are rare, if even available. Services in electricity and water are not been met by state-owned enterprises, and the citizens are growing increasingly disappointed. At some public corporations, workers are demoralized and have nothing to do at their jobs. They are eager to be involved in some activities that relate to what they have been trained to do.

Other aspects of the study involved reviewing important documents to understand and appreciate the role of SOEs in Liberia; the level of work done by the government related to the privatization program; and the public sentiment about attempts to privatize SOEs expressed via newspapers, the Internet, and radio. The first document reviewed was about the laws establishing the entities. With the exception of the RIA, each of the other five (i.e., LEC, LWSC, Monrovia Transit Authority [MTA], National Port Authority [NPA], and Liberia Telecommunications Corporation [LTC]) public utility SOEs was established by either an act of legislation or an article of incorporation. The RIA was established as a military base of the U.S. Government during World War II (SOE Report, 2009). The instruments establishing those entities gave 100% ownership to the government of Liberia and gave authority to the president to appoint the managers and boards of directors of these corporations. In some instances, confirmation by the Liberian Senate was required.

I also reviewed the final report from the government of Liberia on what needs to be done with SOEs in the Liberian context. The report was commissioned by the government of Liberia. The UNDP provided technical assistance, but the ministry of state for finance, economic and legal affairs was the lead government agency. A team of four individuals, including an international consultant from the UNDP, was then assembled to conduct the study. The purpose for conducting the study was to dissolve or privatize SOEs and improve the efficiency and economic governance of the remaining SOEs. The methodology used to conduct the study was interview. Senior managers from 18 SOEs, along with key legislators and officials from the GC, the International Financial Corporation (IFC), and the Insurance Association of Liberia were interviewed. The representatives from the SOEs was interviewed about their mandates and functions under the instruments creating them and their operational efficiency, financial viability, and relevance.

After this thorough review by the team, a number of recommendations were made. In many cases, the team had no consensus on what should be done. For example, on the issue of regulatory oversight of SOEs, the team remained divided over a decentralized versus a centralized approach to regulating SOEs. The international consultant argued that the remaining SOEs were too heterogeneous to be regulated by a centralized board; the Liberian members of the team argued the opposite. Another area of disagreement was on what should be done with former state-owned banks and finance institutions. Again, the team was divided. The international consultant favored the total dissolution of the Agricultural Cooperative Development Bank, the Liberian-Libyan Holding Company, and the National Housing and Savings Bank, whereas the Liberian members of the team felt that the two banking institutions should be combined and revived. In either case, the team documented that these four moribund SOEs cost the government of Liberia US$477,000 in fiscal 2008-2009 (Clive, Jappah, & Nmah, 2009).

One area where the team seemed to agree was on the partial privatization of public utility SOEs (LEC, MTA, LWSC, RIA, NPA, and LTC). According to the report, this recommendation was supported by the senior managers of these SOEs, as revealed in its 11th recommendation:

> The managers of all six public utility SOEs expressed awareness to the team of options for privatizing some of their companies' current functions, and indicated support for at least partial privatization. In some cases negotiations are already underway with potential private managers/operators—e.g. NPA and RIA—or a study is planned for the near future that will recommend concrete steps towards privatization. (p. iv)

Overall, the team felt that the general policy environment in Liberia was favorable to partial privatization. As for other areas, such as the insurance sector, the team decided that a specialized study to be commissioned by the UNDP was necessary before proper recommendations could be made.

The next important document reviewed was the LPRS, which gave broad instructions to the ministry of state to undertake a study on existing SOEs; make recommendations in terms of which ones need to privatized, restructured, or dissolved;

and then work with these agencies to fully implement the recommendations. To date, only the study has been conducted, but nothing substantive has been done in terms of recommendations or their implementation. In fact, during the course of this study, the deputy minister of state responsible for this project was fired by the president in August 2009. Since then, little has happened to finalize the study or make the needed recommendations. A review of the LPRS showed that all of the interventions assigned to the ministry of state with respect to SOEs activities are significantly past due.

In spite of the standstill on the SOE report and recommendation, other activities relating to privatization in some public corporations are occurring. Under the LPRS, the LEC, the RIA and the NPA are to engage in management contracting. To date, the RIA has been successful in contracting out the operational management of the airport to Lockheed Martin, and the LEC and the NPA are in final talks about the awarding of management contracts for their respective agencies. There has been no significant public outcry about these activities. Neither local dailies nor online Liberian news magazines has shown any negative public sentiment about these moves. On the local front, it seems that the public is supportive of such moves in the hope that these services will now be provided. Perhaps issues of price and affordability will surface later, but for now, service delivery is the primary concern for these ordinary citizens.

Interview Responses by Stakeholder Group

The interview sessions began with an explanation of and purpose for the study. Participants were given general idea about the study but specific questions were not shared with them prior to the actual interview. An explanation about the categorization of the various individuals into groups was given, and the participants were asked to confirm whether they truly belonged to the group in which they had been placed and also whether they belonged to any of the other groups listed. Issues relating to informed consent were discussed, and the participants were made aware of their rights. Participants also were informed that even though only a few questions had been selected to guide the interview, they were free to discuss whatever they felt was relevant to the topic under discussion. My intent was not to get wrong or right answers, but rather to find out what each participant thought and felt about the ensuring privatization process in Liberia, given the history and context of Liberia. In all the sessions that followed, interpretations about the perceptions of each stakeholder group were toward the ensuring privatization of SOEs in Liberia are given. As much as possible, direct quotes were avoided.

Knowledge, Awareness, and Involvement With Privatization

Few questions of the interview focused on the knowledge, awareness, and involvement of various stakeholder groups (see Table 2). To effectively gauge the responses, it was necessary to understand how much each participant knew about the subject matter under discussion. There was no way that the participants could meaningfully contribute to the study if they had no appreciable understanding of privatization.

Table 2

Awareness and Involvement of Stakeholders

	Awareness and involvement		
Stakeholders	Aware and involved	Aware and not involved	Not aware and not involved
Students	2	4	4
Professionals	2	3	0
Academics	1	4	0
Employees	0	3	2
Total	5	14	6
Percentage	20%	56%	24%

Students

On the issue of knowledge, members of the student group had sufficient knowledge to discuss the issue of privatization intelligently and appropriately. One student defined privatization as the transformation of state-owned enterprises or public corporations into private for-profit institutions. The students recognized that privatization involved transferring public agencies to private owners, who would then make a profit. The types of privatization were not quite clear to them, but the new goal of profit making by these agencies was very clear to them.

The other area of interest in obtaining background information was whether they were aware that some form of privatization was about to take place in Liberia. None of them vividly remembered that the president had made this pronouncement in her 2008 State of the Nation address, but they all knew that something of this sort was occurring in the country. Few of the students were able to identify that the LTC and the LEC were candidates for privatization. As S2 put it, “Not formally but have idea of efforts at the NPA and RIA.”

Asked whether students actually were involved in any way with the privatization planning process, the overwhelming answer was that they were not. These students claimed that they were "not really involved"; another student mentioned that they had a lot of interest, but had not been involved in the process. They asserted that as leaders of the student unions, S1 pointed out that they, the student leaders, had the "traditional responsibility to talk for those who cannot talk for themselves." They also recognized that the only national discussion had been within the mainstream of government. There had been small-scale talk shows, but mainly with government officials.

Professionals

The professionals had in-depth knowledge of privatization, sufficient enough to discuss the issue on the professional level. P1 defined the subject as "generally, when the state decides to give some level of ownership of state-owned enterprises to non-state actors." The RIA was given an example of what the participants understood privatization to mean. When questions around awareness about privatization were raised, this group, except for P3, knew quite a bit about the issue. P2 cited the same source that I had identified, namely, President Sirleaf's 2008 State of the Nation address, and mentioned LEC, LPRC, and NPA as potential candidates for this program.

When the issue of involvement in the privatization planning process was discussed with this group, all of the participants indicated that they were not involved with the process, even though they wanted to be involved. P4, a former government minister, commented that he was "disappointed that government has not involved stakeholders in the process." He cautioned that "success will be elusive" if the stakeholders are not involved in the privatization process. Only P1 indicated that even though he was not involved directly, his participation in street talks, where national discussions were held, was a form of indirect involvement. To the best of his knowledge, these "tea shop" discussions had some effect on national direction.

P3 and P5, both of whom had a civil society background, believed that although it was not organized, a national debate was taking place on the issue of privatization and that advocacy by civil society and political oppositions about the inefficient performance of government in the delivery of services by public corporations would be the reason for the move toward privatization. Overall, the professionals felt that there was a need to open the discussion on privatization and involve a broader spectrum of the population.

Academics

Participant A1, an instructor of economics, had adequate knowledge of privatization and defined it as government intervention in the market to turn inefficient SOEs over to the private sector. Regarding the question about any attempt to privatize SOEs in Liberia, A1 mentioned that "Telecom and water & sewer are being considered for privatization. To him, the issues being considered in the study were about "subsidy versus efficiency." A1 did not mention the president's speech about privatization, but he argued that it would be impossible for any privatization decision to be taken in the absence of a preliminary study. When I asked whether the academic community was involved in the policy debate around privatization, he responded, "Most policy debates don't involve the academic community, even though the need for academics is critical to prudent and successful public policy development." He was unsure whether other stakeholder groups were involved in the policy debate, but he did observe that civil society organizations tended to be more interested in politics and advocacy than economic issues. A1 conceded that no national debate had taken place on the subject, but discussions were being held between government and affected corporations. “Only consultations are taking place, but no national debate,” A1 conceded.

A2, an instructor of development economics and statistics, noted that bureaucratic constraints and a lack of managerial skills and capacity were responsible for government allowing the private sector to take over services currently being provided by the government. He agreed that even though no national debate had taken place, low-level debates, such as those in newspapers, had taken place. A2 rationalized this situation by noting that discussions in newspapers do make their way into the policy-making forum. In fact, he mentioned the LTC as a case in 2003 that led to a public-private partnership (PPP). On the issue of involvement in the process, A2 contended that to some extent, professionals and academics have been involved in the process and, by extension, illiterate people.

Employees

At the LEC, all of the employees had some knowledge of the privatization discussion, even though they cited different means through which they had obtained their information. E1 mentioned that the head of his department, after a senior staff meeting, usually called departmental meetings to announce that management was seeking private companies to take over the LEC. He mentioned that there had been no discussions about these issues and that no one was interested in what the employees thought.

E2 indicated that he got his information by way of rumors in the office. He had not been to any departmental meetings where such announcements had been made. He was quick to mention that he had been with the company for only 6 months. When asked whether he knew about the involvement of the employees' union, he was quick to answer that the union was not involved. He also thought that the union was not active because it never held any meetings.

The other two employees who were interviewed obtained their information about the privatization of the LEC from the newspaper. They indicated that it was an open secret because the expression of interest (EOI) for management contracting was placed in the local dailies. They indicated that management had evaluated the EOIs and were close to awarding a contract to one of the companies. The other employee, who was from the LWSC, noted that there had been no talk about privatization at his company. He felt that everything was fine and that management was doing a good job. He averred that if any privatization discussions were taking place at the LWSC, he was not aware of them, but he sincerely doubted that any such discussions were taking place at the highest level.

It was clear from the discussions with all these employees, especially those at the LEC, that they were not involved in the privatization process, even though they wanted to participate. The employees had concerns that they thought should be addressed in any negotiated agreement, but management was not concerned about the employees' issues. All of them felt excited that negotiations were ongoing and that there was transparency in the process, especially since the EOI had been made public. They were hoping that management would protect them in contract negotiations and that the LEC would return to the Liberian government within 5 to 10 years.

Perceptions of Stakeholders About Privatization

One of the main purposes of the study was to understand what the Liberian stakeholders were thinking about the privatization of SOEs. To fully understand their viewpoints, a few questions gauging their perceptions were asked. As shown in Table 3, the stakeholders' responses were analyzed in terms of whether they supported privatization fully or cautiously, or were against it entirely.

Table 3

Stakeholders' Perceptions of Privatization

	Overall perceptions		
Stakeholders	Fully support	Cautious	Against
Students	1	7	2
Professionals	2	2	1
Academics	1	4	0
Employees	1	3	1
Total	5	16	4
Percentage	20%	64%	16%

To know the actual perceptions of the stakeholders, two major questions and several other follow-up questions were asked: (a) What is your overall impression of the ensuing privatization in Liberia, and (b) Should Liberia proceed with privatization, given all you know and what we have discussed. Answering these two questions gave me an idea of whether the interviewee fully supported, was cautious about, or was against privatization.

Students

On the main question of their perceptions, the results were mixed. Three of the 5 students were optimistic and hopeful, so they viewed privatization favorably. S2 exclaimed that he was "optimistic but small check and balances needed to be put in place." He further asserted that "privatization will speed up the economy." On the other hand, S1 was very doubtful and negative, cautioning that "considering where we are and where we have come from, privatization will do more harm than good." He was particularly concerned about the economic situation of most Liberians, most of whom were unemployed and had no way to pay for services.

When the students were pressed further and more directly as to whether government should proceed with privatization, the answers were mixed. S1 argued that the government needs to do more in terms of improving the lives and livelihoods of its people and that until those things are done, privatization is not the right way to go. Other students felt that privatization in the context of Liberia will be a win-win proposition and agreed that the government should proceed.

Professionals

The majority of the professionals felt good but cautious about privatization. P1, an economist who worked for the government, stated:

> I am impressed. The fact that civil society, students, and other stakeholders are discussing privatization and the common people see the dare need for the provision of the basic services, I think it will be good idea. So far, only in the telecom sector things have picked up and the people are seeing the benefits. Besides, even the bureau of state enterprises, the agency responsible to oversee SOEs is dead.

He postulated that privatization would induce investment and have greater benefits. He also admitted that despite some shortcomings, the benefits of privatization were greater. On the down side, investors may be looking for skills that are currently unavailable in the Liberian market, and then unemployment would ensue. In general, P1 thought that the government should precede with privatization of SOEs, except for critical institutions like the LPRC, whose products or services are political. “Rice and gas are political commodities in the Liberian context,” P1 acknowledged.

The only dissenting view in this category came from P2, who was a development officer with a very political nature. P2 commented, “Due to the history and increase in corruption, privatization is not the best route to take - don’t feel good about privatization.” He sincerely believed that “privatization will enrich an elite group of people, those who control state power; officials will take kickbacks, and the privatization will not be people centered.”

Other participants took positions similar to that of P1. For example, P3 and P4, both of whom had a civil society background, felt that the government had not been able to provide basic services because of patronage politics. They argued that government should turn over the provision of these services to private companies so that the people could benefit. Their support of private takeovers was in protest of the government, not support for privatization or the processes leading to it. They also cautioned that care should be taken when undertaking these programs; by and large, they supported the spirit and intent of privatization.

Academics

For A1, privatization was a welcome undertaking. He was quick to point out that since the opening of the telecom market to private players, the cost of telephone service had come down, and tele-density has increased. He stated, "I am optimistic except that care has to be taken with those services that have political implications." For him, government should not proceed immediately with privatization until the necessary political and regulatory frameworks are put in place. "Government should continue to provide these services but with significant improvements; and subsidies to these SOEs should be reduced" was the considered advice from A1.

A2 indicated that in spite of the enormous positive benefits of privatization, his overall impression was mixed. He cited corruption as a weakness that could undermine any intention to privatization. He also felt that the private sector may lack the capacity to provide the services and that some segment of the population may be affected by this decision to privatize. He was quick to mention that "services like water cannot be privatized" and in the case of electricity, some kind of public-private partnership would be more desirable. He also indicated that "full privatization is not prudent in a poverty stricken country like Liberia." He expressed concern that in the short term, privatization could lead to unemployment and in the absence of market, companies could find it difficult to recover their costs, subsequently pushing prices up.

In a country where prices are high and the people are poor, service delivery could be hampered, and achievement of the MDGs could be prolonged. A2 was worried that privatization, if not properly done, could lead to income inequality, which could have negative effects on peace and reconciliation. He was the only person who saw this connection and was quick to point that out. Identifying some of the negative consequences of ill-conceived public policy did not prevent A2 from commenting that privatization does have some very good benefits, such as propelling national reconstruction and increasing employment in the long run.

Employees

Only one employee, E4, was completely against privatization of the water company. E4 believed that the government was doing a wonderful job of running the water company and did not need to turn it over to the private sector. He noted that management had raised the employees' salaries and that citizens had increased access to safe drinking water. He also admitted that a certain segment of the population was dissatisfied with the quality of services, but he said that even private companies would not be able to solve those problems.

The other 4 stakeholders in this group supported privatization, but they all cautioned that the government should not sell these companies. The employees were more interested in seeing the government enter a management contract, whereby private entities would run these companies for about 5 years and then turn them over to the government again. Their support for this form of privatization was driven mainly by the fact that they felt that the government lacked the required fiscal resources to revive these institutions and needed private support. Overall, the employees were excited about the prospects of privatization but were cautious about the agreements. They wanted the agreements to protect Liberian employees and transfer knowledge and skills to them for the eventual takeover of these companies.

Preferred Alternatives to Privatization

I also was interested in understanding the alternatives to privatization that the stakeholders would prefer, just in case they were apprehensive about privatization or were not fully supportive of it. Understanding the preferred alternatives (see Table 4) would help to develop policy options that could be considered by the decision makers in the policy debate. The alternatives considered were whether the government should retain 100% ownership, execute management contracts or BOT, or engage in some other form of gradual privatization.

Table 4

Alternatives to Privatization

	Alternatives to privatization		
Stakeholders	100% state owned	Management contract or BOT	Gradual privatization (% of private ownership)
Students	1	6	3
Professionals	1	3	1
Academics	1	2	2
Employees	1	4	0
Total	4	15	6
Percentage	16%	60%	24%

One primary question guided this section: If you think that privatization is good for Liberia, what strategies should be adopted in privatizing SOEs so that it enhances national development? There were other supporting questions, but a lot of time was spent on this question so that the stakeholders could discuss the merits of the various alternatives.

Students

Even if privatization were viewed positively by the student community, wholesale privatization was not an advocated option. In the case of the student who responded positively to the question, the advice was that a committee should be set up, the bidding process should be transparent, and a legal framework should be put in place to ensure that the public is protected. In the case where students were apprehensive about privatization, some students thought that the government could retain ownership of public corporations and still make them efficient. However, for this outcome to happen, S5 warned that "the right managers should be put in place and the level of political influence reduced." The issue of poor performance was raised because of the extensive political influence and patronage of the political leaders. They observed that most of the managers in these institutions were clearly not qualified and were given the job as top managers solely because of their political connections.

The students also were concerned that the government needed to do more in terms of improving the lives and livelihoods of its people rather than simply contemplating the idea of privatization. They believed that privatization is not the right way to go. They contended that the focus should be on the creation of more jobs, the establishment of a mechanism to control prices, and the provision of more welfare services such as unemployment benefits to poor Liberians. Privatization should be dependent on the availability of more jobs so that people could afford privatized services.

In any case, rather than focus on turning government services over to for-profit institutions, issues around management contract should be prioritized. When I mentioned the possibility of a gradual approach similar to what has been done in India, they were more accommodating to that type of privatization than the wholesale giveaway of public corporations to the private sector.

Professionals

With the exception of 1 participant, these stakeholders had a favorable view of the intent and spirit of privatization. Their concern was the lack of provision of basic services. They cited the telecommunication sector as a good example of the private provision of services. For many years, when the government was the sole provider of telecommunication services, these services were expensive and almost never available, but with the entry of private companies into the marketplace, tele-density had increased, and everyone seemed happy. What these professionals did not immediately recognize, until I pointed out to them, was that in the case of telecommunication, the sector lends itself to competition and what happened was a liberalization of the industry, not outright privatization. The technical difference between liberalization and privatization was not immediately clear to them; once private actors were providing services, they considered it privatization. In either case, they felt that privatization was good.

P1 recognized that "once people feel that these institutions are government owned, they tend to abuse them." P1 revealed almost authoritatively that "privatization will be partial." This will then enable the government to direct private investors to rural areas so that rural people can have access to basic services like water and electricity. He then cautioned that the best way is to ensure a phased approach is to move into the big cities first and then start to move to smaller cities; include these conditions in the privatization agreement. P1 concluded, “Partial privatization is what been discussed at organized forum,” and he believed that “tea shop” discussions will happen eventually because they influence public policies.

P2, who had the only clear dissenting view in this category, conceded that the government should “privatize if, and only if, the private sector approach to management was being utilized.” At first, it was not apparently clear what he meant by this statement, but when pressed further, he clarified that if the government privatizes but still has significant political control over management, it will be useless. However, if the private sector management approach were instituted in these organizations, the issue of private ownership versus government ownership would be moot. P2 stated, “Government should not private if it has the money to run these SOEs and I think the monies are available but corruption is hampering the process.”

P3 and P4 favored a gradualist approach. They asserted that the government should not just completely divest all of its interests in these corporations but give out a sizable portion just enough for private owners to manage, but not to take away the government’s stake. P3 wanted a full assessment of prospective companies, a reduction of political influence in the running of these private companies by government, and a transparent process of vetting privatization bids. P4, after a detailed discussion on the various types of privatization, favored the BOT methodology because it would return these entities to government ownership in the future. He said this approach also would afford government the opportunity to correct whatever mistakes were in the initial agreement once the term of operation was over.

Academics

If the government is to proceed with privatization, A1 wants it to be a gradual process with only a certain percentage going to private individual, or better still, "management contracts would also be appropriate but with more effective regulation." This was the only way that privatization could enhance reconstruction.

A2's main preference is for a public-private partnership rather than full privatization. He did not think that the private sector in Liberia has the capacity to fill in the gap where the government is deficient. However, he also understood the need to provide better services to the Liberian people. In the absence of a PPP, A2 recommended that a gradual approach that allows the government to keep a controlling stake in the privatized entity is preferred. In that case, the government would have some level of involvement to protect ordinary people from the vagaries of corporatism and later sell shares to ordinary people when they have the means to buy.

Employees

E4 believed that the government is doing a wonderful job at the LWSC and favored 100% state ownership of the water company. He was quick to mention that he did not know the conditions at other public corporations and could not say what would be the best for them, but as far as he was concerned, government ownership of the water company is working. He mentioned that the water company been providing water to most parts of city and are moving to other parts of country. He also indicated that the challenges faced by the water company today could be solved by placing it in the hands of private people.

Except for that lone employee, all of the other employees who were interviewed favored the use of management contract. They all rejected any sale of public corporations. They felt that the government should retain ownership of and contract with private companies to manage these companies for a few years before returning them to the government. They felt that private management would be able to infuse the necessary capital resources to make these agencies functional again.

Common Themes or Concerns Driving Stakeholders' Perceptions

To advance practical recommendations to policymakers, the study was designed to identify some of the issues and concerns of the stakeholders as they formed their overall perceptions of privatization. Some of the issues or concerns (see Table 5) identified by the stakeholders were consistent with those findings in the literature, but in addition to those concerns, the Liberian stakeholders identified other critical issues, many of which are documented in separate sections of the report.

Table 5

Common Concerns and Issues Expressed by Stakeholders

	Common themes/Major concerns		
Stakeholders	Inefficiency	Corruption	Access and affordability
Students	10	5	4
Professionals	5	5	3
Academics	5	5	3
Employees	5	1	1
Total	25	16	11

Students

In this section of the interview, several important economic and governance issues were raised, including concerns about corruption, transparency, access, affordability, unemployment, and poverty level. Fear that the entire process would breed massive corruption was the major concern expressed by the students about the privatization process. From the planning stage onward, they felt that they had already been left out of the process. Whether or not they supported privatization, they all agreed that no level of the planning process had involved them, even though they represented a critical constituency. S2 mentioned that they were "very interested in the process," but had been left out.

The other overarching theme underpinning the perceptions of the students was the issue of affordability, especially given the poverty level in the country. The poverty rate stands at 64% (LPRS, 2008), and most of the poor people in the country are rural dwellers. In this situation, the rural poor will not access and will not be able to pay for privatized services. The students also recognized that even if privatization were done right and major issues were addressed, the unemployment level in the country would increase because private companies would be interested in productivity and efficiency, which could lead to massive layoffs in the affected companies.

Professionals

Common themes among these stakeholders ranged from a lack of financial resources on the part of government to provide these services to a lack of capacity. Another theme underlying the negative perception of the lone dissenting voice was corruption. For him, corruption is the major reason for the poor performance of public corporations. The same concern made him argue that privatization would be a sellout because of the massive level of corruption that would accompany the process.

Similar to the other stakeholder groups, the professionals were worried about rural access and price affordability. Unemployment was featured in this group, but the members of the group recognized that it was due principally to the capacity gap in the country. Private companies will have to bring in required professionals to do the job in an efficient manner that will ensure their profitability.

Academics

A1 expressed quite a few concerns. He thought that there should be an open national debate and a framework to conduct a thorough analysis of the cost and benefits of privatization. He also asserted that strong regulatory regimes should be put in place to control prices and monopolistic tendencies. He agreed that one reason he would be willing to support privatization is the issue of inefficiency in public corporations, especially when compared to that of private corporations. He said that private entities are interested in production level and that these entities look out for the customers' interests and satisfaction. On the other hand, government sees the provision of services as a social responsibility. A1 also was concerned about rural access because of the lack of infrastructure. He noted that privatization would have a negative impact on employment because private entities would make more efficient use of labor productivity.

Like all other stakeholders, rent seeking by government bureaucrats was the primary driver for A2. He questioned whether private sector actors in Liberia have the capacity to deliver these services. He also felt that not much analysis has been done on existing SOEs to determine which ones need to be privatized and that the privatization process has not been broad based enough.

Employees

The major concern expressed by the employees was efficiency: The majority of these participants felt that the agencies are not providing the kind of services that they provided before the country's civil war. E3 commented that his agency had become a lair, stating that "we have promised the Liberian people many times that all citizens in Monrovia would have light by this time, but look, there is no light." He did not blame this situation on management, but rather on the lack of resources from the government. He asserted that there is no way that a national electricity company could use small electric generators to power the entire city, let alone the entire country.

Other employees shared similar concerns and reasons for wanting public corporations to be privatized in terms of bringing in a private management group for a period and then returning the agencies to government control. These employees did not think that the government is incapable of running and managing public corporations effectively, but they did feel that because the government does not have the capital required to do so, private investment would be a sensible solution.

However, E4 argued that the lack of power to enforce or exact compliance is a major concern for him. He believed that the government is the only authority that can demand payment of fees from citizens, especially for water or electricity, so these agencies should not be privatized. He felt that private entities would find it difficult to collect payments because they lack enforcement power and also because mass disconnections would breed tension and confusion. With the rising level of mob justice, he cautioned that communities could refuse to disconnect services. Overall, the employees' concerns were not about corruption, access or affordability, but rather the ability to provide services. E2, E3 and E5 mentioned political interference as one good reason management should be outsourced.

Unanticipated Issues and Concerns

During the literature review, I found certain issues and concerns in several studies on privatization. The common issues of inefficiency, corruption, and access and affordability were cited in the literature as reasons for either supporting or resisting privatization. On the issue of efficiency, many proponents of privatization have argued that public sector institutions are too inefficient in the delivery of public services and should be replaced by the private sector (Buchanan, 2003).

The proponents and opponents of privatization cited corruption as another reason to support or resist privatization. Those who favor privatization argued that public institutions are too corrupt and bureaucratic to deliver efficient services. On the other hand, those who favored public provision recognized that corruption in the public sector has hindered service delivery. They warned that these same corrupt public sector institutions are not capable of transparently transferring public monopolies to private sector actors, who themselves are corrupt. The issues of access and affordability were a major concern for civil society actors, who feel that the privatization of critical services like electricity and water would increase the cost burden on the poorest of the poor. They argued that public institutions, which are not profit driven, should be allowed to deliver these services because private sector institutions driven by profit motive would limit access and hinder affordability.

In addition to these anticipated concerns, the participants raised several other issues and concerns, including security, service delivery, participation, and method of privatization. The Liberian stakeholders were concerned that not providing basic services could increase security risks. They also felt that the provision of services like electricity would reduce crime and improve the general security of the country.

Another area of concern for these stakeholders was service delivery. The stakeholders were particularly interested more in the quality and availability of services than the prices that would be charged. They indicated that once the services are provided, they knew that the prices will come down and that more people will be able afford to afford the services. Many of the stakeholders cited the issue of cellular and cable services as examples of services whose prices have fallen since their introduction.

The issue of participation was high on the list of concerns expressed by the stakeholders. They felt that they have been overlooked in the planning process and that if they are expected to explain this policy to the uneducated masses, then they have to be part of the process. The other concern that received attention was the method of privatization to be used. Many of the stakeholders favored management contract or BOT rather than full privatization.

Summary

Privatization was not negatively perceived by the stakeholders, despite the socioeconomic and political history of Liberia. The stakeholders seemed receptive to some form of privatization, but not the 100% divestiture of public assets by the government. They were receptive to either the management contract or BOT. The stakeholders also were more concerned about efficient service delivery than access and affordability. The stakeholders were disturbed that they had not been sufficiently involved in the privatization planning process and were worried about government corruption. In spite of these concerns, the participants supported privatization and were hopeful that the privatization of critical infrastructure services would raise the capital needed and provide these services to Liberians.

Chapter 5 provides an overall summary and interpretation of the research findings. Key recommendations that policymakers can use in the formulation of the privatization policy are advanced as well as the overall implications of this study on the field of public policy in Liberia are detailed. In other sections of the chapter, there are personal reflections and a discussion of the implications for positive social change.

CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

This study had three primary objectives: (a) to assess the perceptions of Liberian stakeholder groups as about the privatization of SOEs, (b) to understand the issues and concerns driving their perceptions, and (c) to gather from them what they considered alternatives to privatization for the reforming of SOEs. I considered a qualitative case study method using interviews adequate to answer the research questions. Open-ended, semistructured questions were used to allow the stakeholders to fully explain the reasons they either favored or were against privatization. Data were obtained from observations, document reviews, field notes, and interview responses. Two key informants verified the findings to ensure that they reflected stakeholders' perceptions. The major issues and concerns identified as responsible for the perceptions of the stakeholders were confirmed by these key informants.

Overall, the stakeholders were receptive to the concept of privatization, even though some of them did express caution. Most of interviewees revealed that they would support some form of privatization, such as a management contract or BOT, but they would not support 100% divesture of public assets to private companies. Concerns included corruption, inefficiency, access, affordability, and security.

Research Method

The interviews with the stakeholders took place in Liberia between December 2009 and March 2010. I arrived in Liberia in March 2009 and performed several site visits and observations as well as document review. The actual interview sessions, each of which took between 45 minutes and 1 hour, were recorded. Notes were taken during the interviews. After the interviews, the notes were transcribed and precoding was assigned after categorization and analysis. These findings were reviewed by two key informants who had vast experience in public policy formulation and public sector reform.

Findings for Research Question 1

Several questions were asked during the interview to answer Research Question 1: What are the perceptions of Liberian stakeholder groups about the privatization of SOEs? Some of the probing questions included asking about the participants' overall impression about privatization and whether they thought that the government should proceed with privatization, given everything that had been discussed.

The stakeholders were receptive but cautious about any attempt to privatize state-owned enterprises. The caution was more a concern about the plight of the ordinary people than about the politics of privatization. Nearly all of the stakeholders were convinced that the current state of SOEs is not acceptable and that the government is not prepared or able to make them useful. Except for a very few stakeholders who were firmly against any attempt to privatize, most of the stakeholders (70%) favored privatizing SOEs because of the dismal performance of the government to run them over the years.

Some of the participants felt that privatization would remove politics and political influence from the management and functioning of SOEs and would make them more efficient service providers. One stakeholder, P3, from the civil society, felt that the government's move to privatize was in response to the relentless advocacy by the civil society that government should turn these services over to private providers. He stated that because of "government's influence over the running of these institutions," Liberians have not been able to benefit from the basic services provided by these institutions.

The few participants (30%) who were very apprehensive about privatization felt that the government is too corrupt to adequately undertake any privatization process that is in the best interests of the people. Fear of corruption, not the government's ability to provide better services or concerns about rights and privileges, was the basis for the stakeholders' negative perceptions. None of the participants who was against the government's plan to privatize SOEs felt that private entities would not do better or that the government could provide those services, but that privatization contracts would be given to political cronies and friends. This was the greatest worry that some stakeholders had, especially P2, who also happened to be in political opposition to the current government.

Findings for Research Question 2

Research Question 2 sought to determine why the stakeholders felt the way they did about privatization. Research Question 2 asked, "What common themes or concerns drive their perceptions?" Several questions were asked during the actual interview to obtain answers to this question. Some of the questions focused on the effect on poverty reduction and achievement of the MDGs; effect on peace, security, and national reconciliation; effect on unemployment; rural access and affordability; effect on national reconstruction and development; and other general concerns.

The findings for the common themes driving the supportive perceptions of stakeholders can be summarized in three broad categories: (a) inefficiency and poor service delivery, (b) corruption and political patronage, and (c) rural access and affordability. Whether a stakeholder supported privatization or was against it, the glaring lack of the provision of the basic services of electricity and water was blamed on the inefficiency of the management running of these institutions. The stakeholders overwhelmingly concurred that the poor service delivery of these SOEs, which dated as far back as the precivil war era, warrants corrective action. They felt that turning the agencies over to the private sector might be the right thing to do, provided that issues of inclusion, participation, and transparency are addressed.

The stakeholders cited massive corruption in government and the blatant use of SOEs as an instrument of political patronage (Tangri, 1999) as principal concerns. The participants who supported privatization felt that the only way these SOEs can be efficient in providing basic services to the Liberian people is to reduce the political influence of the government in the management and operation of these institutions by turning them over to the private sector. Even the participants who were not supportive of privatization acknowledged that political influence is responsible for the dismal performance of these SOEs. For their part, they wanted the government to reduce its influence rather than give these SOEs to the private sector because they did not believe that the government can accomplish privatization in a transparent manner.

The other major theme or concern cited by the stakeholders was rural access and affordability. Liberia has a high rate of rural poverty ranging between 68% and 76%;

poverty in the urban area is 48% (LPRS, 2008). Clearly, people living in the rural areas will not be attractive markets for the private sector, thus making services even more inaccessible to rural inhabitants. The stakeholders cited the uneven distribution of previous development activities in the country as a major concern and that if private entities are not willing to provide services to rural areas or are willing to provide them at rates that these inhabitants cannot afford, problems might arise. The participants who supported privatization wanted this issue to be adequately addressed in a privatization agreement or contract. This concern was one major argument put forth by the participants who did not support privatization; in particular, members of the legislature cautioned that the issue could further deepen the inequality gap in the country and breed disenchantment.

Findings for Research Question 3

Even though the SOEs in Liberia have not been performing adequately, it was necessary to have the stakeholders identify possible alternatives for reforming these institutions. Research Question 3 asked, “If they view privatization negatively, what alternatives would they prefer?” Some of the interview questions addressed in this research included the following: (a) What strategies or alternatives would you propose to privatization? (b) Do you think private sector does a better job than government? and (c) Can government retain ownership and make SOEs better?

The general finding for this question was that every stakeholder wanted government out, but in different ways. Even the participants who opposed privatization wanted a significant reduction in the influence of government regarding the management and operation of these institutions. The participants who had a technical understanding of the differences between management and ownership wanted the government to relinquish management but retain ownership. Many of the stakeholders did not recognize the difference between management and ownership, so they wanted private entities to take over these SOEs. In some cases, the stakeholders did not even recognize the difference between liberalization or markets and privatization. For them, what the telecommunications industry in Liberia had undergone was privatization, so based upon the benefits in the telecommunication industry, privatization is the right way to go.

Through deeper discussions and an explanation of the various types of privatization methods, nearly all of the participants favored either a management contract or a BOT. None of them favored full privatization, especially because issues of corruption were high on the list of concerns or themes. Most of the participants felt that either a management contract or a BOT could give the country another opportunity to ratify any mistakes made in the first round of negotiations or place in the contract special arrangements to address issues of rural access and affordability in the context of equitable growth and development.

Once these technical discussions were held with the participants, nearly everyone seemed open to some form of privatization. It was the outright divestiture of government ownership to the private sector in the wake of allegations of massive corruption in government that scared the stakeholders about privatization. They all wanted an improvement in service delivery and understood that the government is incapable, technically, politically, or otherwise, of meeting that demand, but they were afraid that the same incapable government would not do a good job in giving public assets away to the private sector.

Another alternative that was appealing to stakeholders was the gradual approach to privatization rather than the shock approach, in which the government would hand over 100% of its ownership immediately. Of course, once the difference between what was happening in the telecommunication industry and what could happen in those critical infrastructure sectors was explained, the participants appreciated the differences but craved similar benefits..

Other Themes, Concerns, and Discoveries

Although I had originally anticipated themes around the exploitation of the poor by the private sector, corruption, foreign ownership of public assets, divestiture of public monopolies to the private sector, hindrance to national development, and unemployment as the critical driving forces or issues undergirding the stakeholders' perceptions, several other themes or concerns emerged as the study progressed. The themes were selected from a review of the literature documented in chapter 2. Issues or concerns from previous, ex post evaluations of privatization programs were evident, so I felt that similar themes might be present and real in Liberia. This was partly the case, but the Liberian stakeholders had other interesting concerns in addition to ones mentioned previously.

The stakeholders did not become embroiled in the politics of privatization; however, they did convey some concerns about commodities they considered political commodities, such as rice and gasoline, and warned against leaving these commodities in the hands of private providers. The issue of participation and involvement by civil society actors was a key concern. The participants felt that they had not been sufficiently consulted during the privatization process and that if there were any level of success, the key stakeholders needed to be involved in the planning process. Acknowledgement of the poor performance by SOEs was high among all the stakeholders in the study; they all agreed that SOEs had failed the Liberian people and that some remediation was required.

The concerns about the performance and productivity of SOEs, capacity constraints of the government to provide these services, and rural access and affordability were important to the stakeholders as they formed their impressions of privatization. To many of the stakeholders, it was clear that SOEs have been a failure and that their subsidization has placed a severe strain on the national budget. This poor performance was blamed partly on political influence and then on the capacity to deliver. Many SOEs lack the required human resources to deliver their core services effectively. The stakeholders also were concerned about how the poor people in rural areas would benefit from the privatization of these services, especially because they do not represent attractive markets and there is a lack of infrastructure in these rural communities to support the provision of these services.

In addition to mentioning the aforementioned issues and concerns, the stakeholders also understood and expressed concerns that I considered discoveries. The stakeholders felt that privatization would enhance poverty reduction and accelerate the achievement of the MDGs. They reasoned that the private sector provision of services would increase revenue to government, reduce government subsidies to SOEs, increase the provision of basic services, provide higher incomes to employees, and eventually provide services at affordable rates. They contended that higher revenues to government would enable the government to provide other social services like education and health care and that private sector actors, in their pursuit of markets and profits, would build the required infrastructure to increase rural access and affordability. All of these factors would help to reduce poverty and produce some very favorable MDG indicators for the country.

They also felt that through this self-interest pursuit by the private sector, national reconstruction and development would be enhanced. They did, however, recognize the need for effective regulations to achieve this end. Public trust in the government's ability to undertake privatization or even provide services to the people was not a concern expressed by the stakeholders. This concern was one of many concerns that drove the negative perceptions of a few stakeholders and also was high on the list of the participants who cautiously supported privatization.

Another interesting twist came when the stakeholders recognized that an improvement in security in the country, especially the reduction in the crime rate, would result from the privatization of electricity services. They acknowledged that even though there would be an increase in the price of electricity, the provision of electricity services would reduce the crime rate and result in an increase in the general production level and investment. This discovery came about when I asked the participants whether privatization would have any effect, positive or negative, on peace, security, and national reconciliation. The background was the history of the country where massive economic and political inequality have existed for years (Radelet, 2007) and the civil war that followed. The stakeholders did not consider this issue a factor because they felt that in any case, most people had already been paying for these very services that were not being provided regularly.

Another important discovery was that the poverty level in the country only marginally affected the perceptions of the stakeholders. They were not concerned about the poverty level because each person cited the success of the telecommunication market. The increase in cellular telephone and mobile Internet services showed that once the services were provided, even poor people were willing and able to pay. They argued that people are already paying for and using private generators, so if the national electric company is able to provide better services, people will pay for these services and that over time, the prices will come down. S2 mentioned the cable television market, noting that "when it first came, the price was about US$290 but today, it has dropped to US$190 and more people are subscribing." The immediate concern was not price and affordability, but the provision of quality services that many of the stakeholders felt could be better delivered by the private sector.

Implications for Practice

Results from the interviews with the stakeholders, coupled with a review of the literature, demonstrated that the success of privatization is based upon more than economic benefits (Kirkpatrick, 2005). For privatization to be successful, political acceptance is important. The preprivatization perceptions of the stakeholders in Liberia strengthened this observation. The Liberian case study, though qualitative in nature, raised a number of issues and concerns that have implications for practice. The issues include stakeholders' participation, corruption and public trust, transparency, and method of privatization.

The first implication is that the government has to design a way to increase the stakeholders' participations about the privatization planning process. Across all stakeholder groups, the issue of being involved in the process was raised. All of the participants felt that they have been left out of the process, even though they want to be a part of the process so that the voices of their constituencies can be heard. Stakeholders' buy-in is critical for the success of any public policy or program. For the most part, the Liberian stakeholders revealed that discussions about privatization have been restricted to mainstream government officials.

The next implication is in the area of corruption and public trust. Whether the participants supported or were against privatization, they all cited the high level of corruption as the reason the government should turn the provision of services over to the private sector. They did not trust the government to execute a privatization program that is in the best interests of the people.

The issue of corruption is a volatile political topic in Liberia, as evidenced in the local newspapers and also highlighted in the World Bank report ranking corruption in the 33.3 percentile (Kaufmann, Kraay, & Mastruzzi, 2009) and Transparency International's 2009 Corruption Perception Index (CPI) of 3.1%. Although the government is making efforts, such as setting up the Liberia Anti-Corruption Commission and mandating executive orders to protect whistleblowers in corruption cases, it needs to do much more if it wants to regain public trust.

The final and perhaps most crucial implication for practice is the area of transparency and method of privatization. These areas have links with the public trust in the government, but they also can be isolated because they are intrinsic to the privatization process. The stakeholders believed that the process of awarding privatization rights to the private sector needs to be open and transparent so that the best companies are accepted. The awarding of contracts should not be based upon cronyism or patronage, as the participants suspected that they would be.

The stakeholders also were concerned about the 100% divestiture of public assets to the private sector. They did not trust the government to execute these agreements in the best interests of the country. Most of the stakeholders indicated that they would prefer some form of management contract or BOT so that the people can have the opportunity to renegotiate at some other time in the future. Executing management contracts will leave ownership in the hands of the government, which will then benefit from the economic gains of privatization and still direct service delivery in rural areas, which do not present excellent markets for private entities but do have equitable national development implications.

Implications for Social Change

Although only a few participants were interviewed, the findings have serious social implications. The participants were best positioned to effect policy discussion, but nearly all of them revealed that they have not been involved in the privatization process. This was a troubling finding because these individuals control public opinion in Liberia.

The relevance of this study for positive social change is that it has added to our understanding that, pertaining to privatization, stakeholders have greater interest in efficiency and service delivery than access and affordability. This nuanced understanding of privatization in Liberia has contributed to contemporary public administration especially relating to cost efficient democracy and public sector reform.

Now that these deep concerns have been uncovered, policymakers can use the recommendations in planning the privatization program. Even though the design of the privatization program is the prerogative of the Executive branch of government, the eventual enactment of privatization laws will be the domain of the Legislative branch. Since the legislators are aware that broad-based consultations about the privatization program have not been held, they can decide that such consultations occur, or they can invite the stakeholders to participate in public hearings to express their concerns. This study has contributed to sound public policymaking in the Liberian context, especially in regard to one of the most controversial policy move in public administration over the last 30 years.

Recommendations for Further Research

The in-depth interviews of the various stakeholders on privatizing SOEs raised a number of issues that require further study. Although the interviews were intense, only a few persons who were representative of the different groups were consulted. It would be valuable to conduct a survey of the general population to test the popularity of the privatization process so that its success can be assured. The interview uncovered critical issues and concerns, but general acceptance by a representative sample of the population would be important to determine whether the issues are relevant to the larger population. Collecting information from uneducated rural citizens would be an important and critical step in the next study.

Another area of study would be the general policy-making process in Liberia to determine how the stakeholders are involved in such a process. From the interviews, many stakeholders complained that they have not been involved in the process; others argued that tea shop discussions were their only way of providing input into the privatization process. On the other hand, members of the civil society felt that their advocacy was responsible for the government making the move to privatize, yet they felt that they were not being involved in the process. A study that lays out the policy-making process and sheds light on the ways in which the various players are involved is worthy of consideration because it will map out a process for stakeholder involvement in the policy-making process. Other researchers might seek to understand by what means the stakeholders would prefer to be involved in policy debates: talk shows, legislative hearings, town hall meetings, open debates, and so on.

A third and final area of future study is to assess and identify the reasons for the low level of public trust in government. Many of the stakeholders, whether they supported or were against privatization, cited trust in government as a major factor influencing their perceptions of privatization. A study that seeks to understand the factors responsible would be a valuable contribution to public policy and administration in Liberia.

Conclusions

Open-ended, qualitative interviews of the stakeholders about privatization in Liberia shed light on the critical issues of public policy formulation; public trust in government; and the economic benefits of improved service delivery to national security, reconstruction, and poverty reduction. The questions were structured in such a way that findings to the research questions achieved the purpose of the study. The basic intent of this study was to assess the perceptions of Liberian stakeholder groups about the privatization of SOEs, understand the common themes and concerns driving their perceptions, and identify alternatives to privatization were attractive to reforming SOEs.

The stakeholders were more sympathetic to privatization, but they also urged caution. The major driving themes and concerns were the lack of broader participation, the lack of trust in the government's ability to negotiate effective privatization in the public interest because of the high level of corruption in government, and the poor service delivery of basic social services by the government because of political influence and patronage. Other issues raised included the clear economic benefits of privatization, especially rural access and affordability. The last key finding of the study is that the stakeholders were opposed to 100% divestiture of SOEs but were supportive of a management contract or a BOT. In addition to the themes identified after the literature review, the actual interview led to the identification of other issues and themes. The following issues were not originally anticipated but were raised by the stakeholders: (a) security (b) service delivery (c) participation, and (d) method of privatization.

The study provided recommendations for policymakers as implications for practice. Areas where practical action is needed include a mechanism to increase broader participation of the stakeholders, resolution of issues of corruption to enhance public trust in government, transparency and openness in the privatization process, and reflection upon the method of privatization to use. The study was designed to make a significant contribution to social change, and it succeeded in accomplishing this task by identifying the concerns of the stakeholders and making practical recommendations to legislators and other policymakers, who will now be more aware of the findings and take appropriate corrective actions before privatization legislation is passed. One action by legislators could be to hold public hearings so that the stakeholders can have their issues and concerns addressed before privatization is implemented.

Personal Reflections

After extensively reviewing the literature on privatization and considering the political and economic history as well as the post conflict context of Liberia, I found the results completely unexpected. I had anticipated that the Liberians who participated in this study would be opposed to any attempt to privatize SOEs because of the issues of affordability and regulatory weaknesses. The privatization experiences in other countries like Ghana and South Africa skewed my perception to think that Liberians were too impoverished to favor any kind of private provision, especially because they would now have to pay for services.

I thought that the stakeholders' opposition to privatization would be so intense that policymakers would be compelled to rethink the strategy; instead, the Liberians were more interested in the efficient delivery of services than in prices and the politics of privatization. The liberalization of the telecommunication market had given the Liberians a different perspective about service delivery. They were able to see the benefits of efficient service delivery and acknowledged that even though prices would be higher at first, they would tend to stabilize as more and more people began to utilize the services. The overall finding was a revelation to me and a clear indication that Liberia and Liberians have come a long way in understanding what is good for them. Just a few years ago, Liberians would have been demonstrating in the streets against such privatization policies, but now, they are receptive to privatization, with the only caveat being that they want to be part of process. They want the policymakers to hear their voices and deal with their concerns. Legislators have the chance to involve Liberians in this policy debate through public hearings on any privatization law.

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APPENDIX A: LETTER OF INTRODUCTION

James F. Kollie, Jr.
2001 Brookdale Drive
Brooklyn Park, MN 55444
Ph: 763-443-8846

TO:

Dear _____________:

I have been an active observer, analyst, and commentator of happenings in Liberia, both economically and politically, over the last 14 years. I am completing the doctoral program in Public Policy and Administration at Walden University, Minneapolis, MN. My dissertation is entitled, “Privatization in Developing Countries: Assessing the Preprivatization Perception of Stakeholders on Postwar Liberia.” As part of this dissertation, I have decided to interview at least 25 Liberians who represent various stakeholder groups. These groups include union leaders, academics, professionals, legislators, and student leaders. Interviewing these folks to assess their perceptions of the proposed privatization program and to understand why they hold the view they hold is important and critical to the success or failure of the entire privatization program.

As a student of public policy, I have come to discover that politics and perception do have a lot to do with any effective policy, and privatization in particular has demonstrated this tendency. Most other studies on privatization, if they assess citizens’ perceptions, have done either during or after the program. In Liberia, the stakes are too high because of the challenges imposed by 15 years of civil war for any major public policy of this nature to failure. Conducting this study will bring the preprivatization perceptions of Liberians to the front of the privatization debate. The study is intended to be shared with legislators, cabinet ministers, the president, our international development partners, and civil society at large.

All of your responses will be treated with complete confidentiality. No names will be mentioned in the research or given to anyone for any purpose. All other pertinent information about the interview will be given in the consent form, which you must sign and agree to before we can proceed with the interview. I will be looking to take about 45 to 60 minutes of your time, and I will be recording the interview for later transcription to ensure that my results accurately portrayed what you told me.

I will be calling you to set up the time and place of the interview. It is important to me that your convenience be respected. I can be reached at either james.kollie@waldenu.edu or jfkollie@gmail.com. By phone, I can be reached at 06-439759 or 077-439759.

Thank you,

James F. Kollie, Jr.
PhD Candidate, Public Policy and Administration
Walden University

APPENDIX B: INFORMED CONSENT

You are invited to participate in a research study of the pre-privatization process in Liberia. You were selected as a possible participant because you belong to one of several stakeholder groups who are critical to the success or failure of any privatization attempt in post war Liberia. Please take your time to read this form and ask any question you may have before accepting or rejecting this invitation.

This study is being conducted by James F. Kollie, Jr., a doctoral candidate at Walden University and 14-year observer and commentator of economic and political affairs in Liberia.

Background

The purpose of this study is find out what stakeholders feel about any proposal to privatize SOEs, especially those that provide infrastructure services like water and electricity. Finding out how stakeholders feel and why is critical to being able resolve any likely major resistance that could evolve during the privatization process.

Procedures

If you agree to participate in the study, you will be interviewed for anywhere between 45 minutes to an hour. The place of the interview will be at your choosing. It is important that you be comfortable and relaxed as there is no right or wrong answer and nothing is graded. I am interested in how you feel and why. Off course, I would like to tape the interview so that it makes it easy for me refer back to what you said in order to accurately report the findings of the study. All personal information will be kept confidential and no other will know that you are being interviewed.

Voluntary Participation

Your participation is completely voluntary. There is no personal or official repercussion for not agreeing to participate. If for any reason you decide later on in the process to withdraw from the study, you are more than welcome to that. You can even choose to not any answer any particular question during the interview and your participation will still be appreciated.

Risks and Benefits

Liberia is at a major cross and privatization is major decision in any country. The post-war condition of Liberia leaves no margin of error for failure of such a public policy and since public perception, especially those of stakeholders, have been largely responsible for the failure or reversal of privatization, it behooves our policymakers and scholarly to assess what the public is feeling and what can done to ensure that any policy reflects their desires and is acceptable to them. Your participation will enable to learn what stakeholders are thinking and what can be done to ensure success in the process if we must undertake it.

There is absolutely to risk to not participating in this study. If you are prepared or study to share your thoughts with us, there is no consequence.

Compensation

No compensation will be provided for participation in the study.

Confidentiality

The records obtained from this study will be kept private. The researcher will ensure that all tape recordings as well as transcripts will be kept under lock and key at his residence. Walden's policy requires that all documents relating to this study be kept for a certain length of time and after that prescribed time, they will be destroyed. No personal information of any participant will be made available in any published report resulting from this study.

Contacts and Questions

James F. Kollie, Jr., is the researcher conducting this study and any question should be directed to him at xxx. The advisor for this study is Dr. Anthony B. Leisner and can he reached at xx. Dr. Leisner will be pleased to answer question relating to the study.

Statement of Consent

I have read the above information, asked all questions, and received appropriate answers. I am therefore consenting to participate in this study by affixing my name and signature below.

____
Printed Name

___________________________________ ______________________
Signature Date

____
Signature of Researcher Date

CURRICULUM VITAE

JAMES F. KOLIE, JR., (A.B.D), MBA, CMA, PH.D.

SUMMARY

Policy Analysis and Program Evaluation with significant cross-cultural experience and solid finance and accounting background. Extensive experience in program coordination, project management and monitoring and evaluation. Over 10 years working in accounting and finance, with exceptional mobilization and communication skills. Strong ability to translate research into policy recommendations and action plans and also strategically reform processes and institutions to achieve results. Strengths include creative problem solving, management, implementation, presentation and writing skills, as well as financial and risk analysis. Unique combination of work experience in the private and nonprofit sectors.

Areas of Specialization

Public Policy Analysis and Evaluation, with special interest in development programs, poverty reduction strategy, and pro-poor policies; public sector financial management and budgeting; public sector reform processes; and grassroots democratic empowerment.

Education

2010 Ph.D., Walden University, Minneapolis, MN

2004 M.B.A. Corporate Finance, University of St. Thomas, Minneapolis, MN

1999 B.Sc. Accounting, AME Zion University College, Monrovia, Liberia

1995 A.A. Accounting, AME Zion Community College, Monrovia, Liberia

Professional Experience

2009-Present Deputy National Coordinator, Liberia Reconstruction & Development Committee (LRDC), Monrovia, Liberia. The LRDC is the government-development partner forum responsible for coordinating, monitoring, and evaluating the implementation of Liberia's Poverty Reduction Strategy.

2007-2009 Senior Accountant/Fixed Asset Manager, Merrill Corporation, St. Paul, MN

2005-2007 Accountant, Malt-O-Meal, Minneapolis, MN

2001-2005 Accounting Assistant, Ameripride Services, Minnetonka, MN

1996-2000 Senior Accountant/Accounting Manager, ADRA/Liberia, Monrovia, Liberia

Memberships and Certification

- American Society for Public Administration
- Institute of Certified Management Accountant
- Pi Alpha Alpha – National Honor Society for Public Affairs and Administration

Research

- KAM VI - Organizational Leadership and Change, "Reforming for Efficiency and Transparency: The Customs Clearing Process in Liberia." Faculty advisor: Dr. Anthony B. Leisner.

- KAM V - Theories of Democratic Governance, "Public Interest or Self-Interest? Public Choice Analysis of the Liberian Civil War." Faculty advisor: Dr. Anthony B. Leisner.

- Qualifying Paper 1 - "Evaluating Liberty Finance in Liberia: A Program Evaluation." Dr. Karl G. Wolfe.

- Qualifying Paper 2 - "The Effects of Political Party Affiliation and Ideology on Public Policies." Faculty advisor: Jason Lum

- Qualifying Paper 3 - "How is Bureaucracy Affecting Information Management in the Public Sector?" Faculty Advisor: Dr. Thomas Payne