

The Question Of Privatisation

A proposed marketing Approach with special reference to the case of Egypt

(Part II)

Dr. A. M. Abou- Kahf

Chairman of Business Administration

Department, Arab Beirut

University, Beirut, Lebanon

1994

Abstract: The present study is multifold- objectives. As revealed in Part one, the study is aiming at examining the attitudes Toward privatisation and policy requirements in Egypt. Propositions relative to the new policy's success and suggested marketing approach for privatisation policy are also among the salient objectives of the present study. As far as the present part of the study is concerned the field study has revealed that positive attitudes toward the policy are evident, propositions and the marketing approach examined are of great importance on the way of the new policy's success. Comments that made by respondents refer that little has been realized, strategic objectives still far away behind what the privatisation policy is all about.

Methodology: Appendix one refers that the study is based on planned survey. The survey has been administered in Summer 1994 while more than four years of the privatisation policy has been in action. Table (1) shows size of the study population, sample selected, number of respondents, rate of response and other relevant information.

Table (1) study population, sample, rate of response and other data related*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Study population	no. of companies observed/cooperation	no. of companies studied/sample size	Base of selection	Geo. location of the sample	(3) ÷ (2)	no. of respondents	Criterion used in selecting the respondents	Rate of response	no. of utilized questionnaires	(11)
State - owned enterprises (Business public companies)	50	30	Judgement	• Alexandria • Gharbiyah • AL-Bahiera	60%	90 (3 from each company)	1.5 ye of experience	83%	60	66%

On directed personal interviews (using the questionnaire referred to), respondents were given a chance to put forward their own assessment of the progress being achieved with regard to the privatisation policy.

Reliability test: It was seen relevant to the objectives and the importance of the findings might be realized, to conduct a Reliability Test (RT). However, 25% of the respondents have been interviewed at the very beginning where 15 questionnaires have been completed. After 20 days of the first interview, the same respondents have been re-interviewed. Where two readings become available, simple correlation coefficient (R) between

* All respondents are member of the board of directors of the companies studied with at least 15 years of experience

the responses of both readings has been computed. The Mean of calculated "R" is 0.71. While the results was quite encouraging particularly in this type of researches, it has been decided to complete the field study^(*)

Findings: On response to questions three , four and six, it has been realized that 66% (40 out of 60) of respondents evaluate the effect of privatisation policy on both economic and social development as positive, 10% considered the effect as very positive while the remainders have seen the influence of the policy as negative.

Comments that have been received in this connection are valuable.e.g. Little has been achieved , more still required, drastic changes, significant efforts needed to either selling or liquidating the state-owned firms. Free handed management is not enough. " Examples of comments that mentioned by those who perceived the effect of the policy either negative or just positive". An interesting comment can be added here is that is: " now, we are in a position of a person who is dancing on the stairs. Neither upstairs nor downstairs people realized / saw him, we are in a cross-roads, no one is able to assess the privatisation policy on objective bases".

In terms of the overall subjective evaluation of the privatisation policy, there is no case has been recorded to illustrate that respondents refuse or against the policy, while 45% were in neutral position toward it. In the light of the above responses, it could be argued that attitudes toward privatisation policy in Egypt are positive no matter the present benefits attained so far, or the missing factors in/ and requirements for the policy success. This conclusion is also evident as long as 100% of the respondents have agreed that it is the right time for Egypt to adopt privatisation policy (see question no. 5 in the questionnaire list).

(*) R= Pearson correlation coefficient "R" has been computed to each questions on the bases of scores have been assigned to the responses related

To test the propositions and the related model concerning the suggested marketing approach to market the state-owned enterprises, Table (2) is perfectly selfillustrated. It provides evidence to conclude that the overwhelming majority of respondents have strongly agreed (or agree) on all the propositions examined. At the same time, it could be argued that all responses related to the proposition are valid, where the respondents were asked twice (see question no-8 and 9) to cancel or delete any proposition which can be considered irrelevant. No case of canceling or neglecting any proposition has been recorded. Meanwhile, there was no proposition has been added by the respondents (as based on question number 10).

Table (2) Propositions examined, frequencies, scores, and ranks (+)

Propositions	Scale										Ranks
	Strongly agree (1)		Agree (2)		Strongly disagree (3)		mean		Ranks		
	F	Scores	F(%)	Scores	F	Scores	mean	Ranks	mean	Ranks	
(1) To market SOEs in which the state is a significant shareholder, or to market SOEs in which the state is the dominant shareholder, or to market both and employ the funds in marketing the wholly-owned enterprises.	51	510	9	90	-	-	300	(2.5)			
(2) Investment incentive system should be adopted to promote marketing the SOEs	43	430	11	110	6	60	270	(7.5)			
(3) Marketing successful and productive SOEs is the effective start and the marketing less ones should be developed before marketing them	54	540	6	60	-	-	300	(2.5)			
(4) What the government is going to offer for the potential investor is actually what she is going to market (this is including incentives for example).	50	500	4	40	6	60	270	(7.5)			
(5) How to market Egypt in an integral part of any proposed strategy of marketing SOEs abroad.	30	300	20	200	10	100	250	(9)			
(6) Success or Failure in marketing SOEs is contingent up on both motives and reasons that lie behind the strategy/ policy.	28	280	20	200	12	120	240	(10)			
(7) Experience of other countries is of a good help on the way of implementing the policy.	20	200	38	380	2	20	290	(5)			
(8) Privatisation is not just selling of SOEs, but also including long-term leasing, management contracts ... etc (see the Model).	40	400	20	200	-	-	300	(2.5)			
(9) With reference to prop. no. 8, more than one option is open i.e. options other than selling should be considered to be a step toward selling an SOE.	50	500	10	100	-	-	300	(2.5)			
(10) Taking into account business requirements and its climate, factors in marketing of SOEs are to be also considered e.g. policy impacts on employees, stockholders, suppliers... etc., from of privatisation allowed for marketing the SOEs and so forth.	39	390	16	160	5	50	275	(6)			

(*) F = Frequencies, (-) N = 60

(-) Mean = Scores in column (1) + scores in column (2) - 2 Examples 510 + 90 - 2 = 300

In addition to the above, Table (2) shows, propositions number one, three, eight and nine have been ranked first in order of importance or priority/ primacy, followed by seven and ten and then number two and four while the remainders took the lower ranks. The lower ranks that have been assigned to propositions five and six do not mean they are irrelevant. The computed (Rt) of the responses related to these propositions is 0.74.

With regard to Maximarketing approach, Table (3) figures out the responses, scores and ranks of the major proposed domains relevant to the present study theme. Based on the illustrated results in this table, it is clear that all the proposed domains have been well considered apart from the differences that exist in terms of the ranks or scores have been assigned.

Table (3) Responses, Scores, Mean and Ranks: Domains of Maximarketing Approach

	Scale							Mean(*)	Rank
	Strongly Agree(1)		Agree (2)		strongly Disagree (3)				
	F	Scores	F	Scores	F	Scores			
(1) Maximized targeting (i.e. the governments needs to find out who and where the best prospect investors are) in the most effective way to reach them	20	140	40	280	-	-	210	(1.5)	
(2) Segmentation of types of prospects on bases such as: Geo-location, nationalities...	25	175	30	210	5	35	192.5	(3.5)	
(3) Maximized media and media diversification	15	105	40	280	5	35	192.5	(3.5)	
(4) Maximized awareness advertising, i.e. appealing to whole brain of prospects	14	98	39	273	7	49	185.5	(5)	
(5) Double-duty and multi functional advertising channels to sell or lease, and marketing efforts... is needed	19	133	41	287	-	-	210	(1.5)	
(6) The value-adding, i.e. the government must add differentiating services to each SOE to sold or being ready to be sold	50	350	8	28	2	14	189	(5)	
(7) Inside-out and outside-in marketing efforts, i.e. the government must encourage employees to buy or participating in marketing SOEs on a suitable, relevant & promising reward system.	44	308	6	42	10	70	175	(7)	

(*) Mean = Scores of column (1) + Scores of column (2) ÷ 2. Example 140 + 280/2=210.
N=60

At the same time it could be important to refer that the (Rt) calculated with regard to the responses related to the proposed domains is 0.69.

Concluding Remarks: The Findings provide evidence to suggest that the stated objectives have been realized to a great extent. These findings might be considered guidelines for an exclusive case, i.e. the case of EYGPT. A word of caution may be that there seems to be salient controversy between the proponents of think global act local on a practical base. What this means to the Government or researcher is that it may be necessary for the marketer to approach each case (i.e. Country's policy) separately. Country-specific factors or givens... in each case are factors in policy success or policy's adoption.

Appendix I: Questionnaire list

Dear Sir,

The question of privatisation in Egypt has been long in controversy. Reasons for and against are endless. Your contribution in completing this questionnaire is of great importance relative to the question under study.

Kindly answer the questions stated in the enclosed form and return it to the researcher

Thanks in advance.

Sincerely Yours



A. M. Abou - Kahf

A. M. ABOU - KAHF, BEIRUT ARAB UNIVERSITY,
BEIRUT LEBANON

1- Name

2- Position Years of experience

3- In general terms, How would you evaluate the effect of the privatisation policy on the economic and social development?

Please tick (✓) on the following scale.

VERY POSITIVE POSITIVE NEGATIVE



4- In case of Egypt, your overall subjective evaluation of the privatisation policy is:

PRO IT NEUTRAL AGAINST IT



5- do you think it is early for Egypt to adapt such a policy?

Yes No

6- If your answer is "Yes" or if it is "No" please, illustrate shortly.

.....

.....

.....

7- The following are suggested propositions concerning a proposed marketing approach to market the state-owned-enterprises (SOE), all

what is required is to tick (✓) on the scale opposite to each proposition that you might agree with

No	Proposition	SCALE	
		Strongly agree	Strongly Disagree
1.	(a) To market SOEs in which the state is a significant shareholder, or (b) to market SOEs in which the state is the dominant shareholder, or (c) to market (a) and (b) and employ the funds in marketing the wholly-owned enterprises.		
2.	Investment incentive system should be adopted to promote marketing the SOEs.		
3.	Marketing successful and productive SOEs in the effective start and the making loss ones should be developed before marketing them		
4.	What the government is going offer for the potential investor is actually what she is going to market (this is including e.g. incentives...		
5.	How to market Egypt is an integral part of any proposed strategy of marketing SOEs abroad.		
6.	Success of failure in marketing the SOEs is contingent upon both motives and reasons that lie behind the strategy.		
7.	Experiences of other countries is of a good help on the way of implementing the policy.		
8.	Privatisation is not just selling of SOEs, but also including long term leasing, management contracts, etc.		
9.	With reference to Prop. No. 8, more than one option is open i.e. Options other than selling should be considered to be a step toward selling.		
10.	Taking into account business requirements and its climate, factors in marketing of SOEs are to be also considered e.g. policy impacts on employees, Stock holders, suppliers, etc from privatisation allowed for marketing the SOEs and so forth.		

8- Do you suggest to delete any of the above propositions?

Yes No

9- If yes, please indicate only the number opposite to proposition that could be deleted:

- Proposition NO ()

- " NO ()

- etc.

10- Do you suggest to add some other propositions?

11- The followings is the major domains of a proposed marketing approach " called Maximarketing" and it has been suggested that this approach might be the effective one relative to market the SOEs on the way of privatisation. In this connection, you are required to tick (✓) opposite to each domain that you might agree with.

	STRONGLY AGREE	AGREE	Strongly DISAGREE
1. Maximized Targeting (i.e. the governments needs to find out who and where the best prospects investors are) the most effective way to reach them			
2. Segmentation of Types of prospects on bases such as: Geo. Location, nationalities, etc			
3. Maximized Media and media diversification			
4. Maximized awareness advertising, i.e. appealing to whole brain of prospects			
5. Double - duty and Multifunctional: - Advertising - Channels to sell or lease... - Marketing efforts... in needed			
6. The Value - Adding, i.e. the government must add differentiating services to each SOE in sold			
7. Inside - out and outside - in marketing efforts, i.e. the government must encourage employees to buy or participating in marketing SOEs on a Suitable base of reward system			

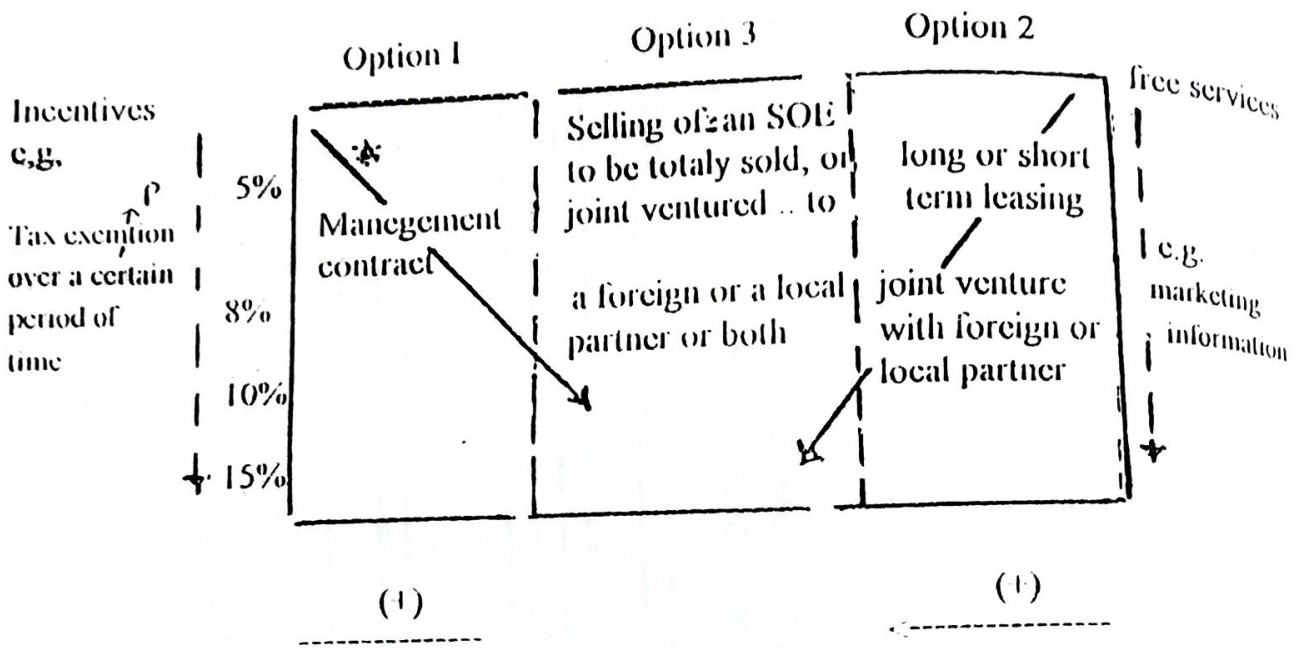
12- Would you like to receive a photocopy of the present study's findings?

Yes No

13- Comments:

Thanks for your time and cooperation

OPTIONS OPEN



(+) The progress toward option 3 requires comprehensive investment incentives e.g. subsidies, long and short - term loans to be granted on case by case basis or by the type of industry or size of investment or employees, etc.

(*) An arrow refers to the progress to next step.