



CHALLENGES AND PROSPECTS OF PRIVATIZING ETHIO-TELECOM.

BY

YOSEPH GIRMA

A THESIS SUBMITTED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION AND
DEVELOPMENT MANAGEMENT ADDIS ABABA UNIVERSITY IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS IN DEVELOPMENT
MANAGEMENT

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**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS DEPARTMENT OF PUBLIC ADMINISTRATION AND
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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, **Yoseph Girma**, hereby declare that this thesis titled, “**Challenges And Prospects Of Privatizing Ethio-Telecom**” is my innovative work. I have carried out the present study independently with the guidance and support of the research advisor, **JEMAL ABAGISSA (P.H.D)**. Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other institution.

Declared by;

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DATE

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"ሰላምን ፈጥረኛህን ፤ ሰላምን ሰላምን ስለሆነህ ጽሑፍ ስረድት ስምንትም"

ቅዱስ ስውዓስጢኖስ

"For you created us; our hearts will never rest until we rest on you"

St. Augustine

First of all Praise be to the Almighty God. My source of success and strength, Next, I am grateful to my families, to this day their help is indescribable, Especially my older sister who is as strong as diamond **ALMAZ YILMA**. I would like to express my sincere gratitude to my advisor, Dr. **JEMAL ABAGISSA**, for all of his indestructible humility, respect, professional guidance, comments, constructive ideas and advice from the starting to the accomplishment of this study. Thanks a lot to all ETHIO-TELECOM employees and management staffs for offered to me all necessary information's and filing the questionnaires' that have great contribution for successful accomplishment of this study. I extend my gratitude to my lecturers who taught me in the MSC program, therefore enriching my research with knowledge.

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ACRONYMS

BIRR:	Ethiopian Currency
EFFORT:	Endowment Fund for Rehabilitation of Tigray
EPA:	Ethiopian Privatization Agency
EPDRF:	Ethiopian Peoples Revolutionary Democratic Front
FDI:	Foreign Direct Investment
IMF:	International Monetary Fund
MDGs:	Millennium Development Goals
MIDROC:	Mohammed International Development Research & Organizations Company
NPM:	The New Public Management
PEs:	Public Enterprises
SAP:	Structural Adjustment Program
SOEs:	State-owned Enterprises
SPSS:	Statistical Packages for Social Science
WB:	World Bank

ABSTRACT

The study aims to explore the challenges and prospects of privatizing Ethio-Telecom, The study applies mixed research approach. In doing so, both primary and secondary data employ as a research process to study the various issues involved in the paper. To collect the primary data, Questionnaires, key informant interview and in-depth interview and key informants and in-depth interview purposely selected from Ethio-Telecom administration officials and informed citizens were used as means to get data for the study. The secondary data were collected from different published and unpublished documents such as relevant theoretical concepts, textbooks, and journal articles, scholarly works and bar reviews, as well as websites. A total of 280 questionnaires were circulated, however 268 completed and properly returned, out of the total sample 12 questionnaires were not returned, thus; making the response rate 95.71%. Therefore, 268 useable questionnaires were considered for this study. These respondents were selected by using a random sampling technique. The data were analyzed using SPSS version 26 descriptive statistics (frequency, percentage) and inferential statistics like correlation. Finally, Based on the finding majority employees not support Ethio-Telecom to be sold to foreign investors and Privatizations will escalation profitability, operating efficiency Based on study finding the conclusion drawn and the researcher recommends that idea for the public to consult and discuss the privatization process.

Keywords: Privatization, Liberalization, Public Sectors, Prospects, Challenges.

CHAPTER ONE

1. INTRODUCTION

1.1. BACK GROUND OF THE STUDY

Before the word “Privatization” became popular, the word “Denationalization” had been an appropriate and suitable word used by different scholars and books to manifest the subject of privatization. The word “Privatization” primarily introduced and coined by American management scholar by Peter Drucker in his notable book “The Age of Discontinuity” to replace the word and the concept of “Denationalization”(Yerginetal, 1998, 114).

Liberalization and privatization movements started in developed countries these concepts and policies were promoted by the World Bank and the International Monetary Fund via structural adjustment program at the end of the 1970s during the day state enterprises were not profitable and inefficiently. Additionally, advance economies pressure, swift changes of global, regional economic and financial philosophy were driving motive for privatization policy within countries (Al-Roubaiee, 2003).

In history, the first “Denationalization” program embarked during Konrad Adenauer government administration after the end of II world war in Federal Republic of Germany (FRG) 1957. The first sale conducted in 1961, when Federal Republic of Germany sold a most shares in Volkswagen in a public share issue, and after four years secondary share issue for VEBA. Privatization process was implemented in the United Kingdom during the 1980s under the government of Mrs. Thatcher Conservatives. However, United Kingdom was also one of the pioneers exposed by privatizing British Airways and British Telecom (Marwan et al. 2019).

The successful achievements of the British privatization program had put huge hegemony on others' nation to begin transferring SOEs through public share offerings, Spread of privatization programs around the world still continued, and privatization program has four decades practical experience, now entire world countries believed that privatization has economic and political significance (William L. Megginson, 2000).

According to words of Estrin et al. (2016) in the late 1970s to early 1980s, French speaker West African countries (Benin, Guinea, Niger, Senegal and Togo) started and implemented privatization program and English speakers include with some Francophone countries (Ghana, Nigeria, Ivory Coast, Mali, Kenya, Malawi, Mozambique, Madagascar and Uganda) precede privatization program in the late 1980s.

Both Francophone and Anglophone countries were obliged by international organizations such as World Bank and IMF to carry out privatization program.

Ethiopia, Cameroon, and Sierra Leone are “late starters” on the other words among the African countries; the privatizations process has been delayed (Nellis, 2003).

In 1967 E.C, under socialist ideology used by the Ethiopian military government (Derge), Proclamation No.20/1974 empowered the Ministry of National Resource Development to manage the private companies inherited by the regime. Since 1974 up to 1991, Ethiopia was ruled by Marxist economic and political ideology, the market operating under a strict regulation of government since most manufacturing, service, etc. controlled by centrally planned economy, at last socialist policies were implemented resulted in market rigidity and economic distortions leading to inefficiencies in every sector of the economy (Wodajo & Senbet 2017).

After failed dawn of Derge regime EPRDF came into power in 1991 and privatization program initially commenced in Ethiopia. Then in February 1994 by proclamation No. 87/1994 and 146/1998 The Ethiopian Privatization Agency (EPA) was established, and also the agency is responsible, directly accountable to the prime-minister office again Ethiopian Privatization Agency (EPA) amendment proclamation No.193/2000, the agency direct responsible and accountable to the minster of trade and industry (Selvam et al., 2005, p. 69).

The major purpose of EPA is the agency is to transfer public enterprises from the government to the private sectors in an orderly and efficient way, according to Negarit Gazeta No, 67: February 1994, page 293.

Over the past two decades, the EPA has transferred 365 state-owned enterprises to the private sector. From 1996 to 2006 E.C, only 4.4 billion birr (21.9%) was collected from sale of public enterprises that were transferred or sold by the private sectors.

The experience of twenty years shows that due to lack of participation of local and international investors in the Ethiopian privatizations process, most state-owned corporations and assets have been transferred to EFFORT (Endowment Fund for Rehabilitation of Tigray) and the MIDROC Ethiopia Investment Group (Wodajo & Senbet, 2017).

Ethio-Telecom is the sole telecom sector service provider in Ethiopia. Ethio-Telecom privatizing process promoted the researcher to study this study.

1.2. HISTORICAL BACKGROUND OF ETHO-TELECOM

The first telecommunication service was introduced during the reign of Emperor Menelik in 1894. Construction of the telephone line from the Ethiopian capital Addis Ababa to Harar began in 1894. The city center network continued to expand from one major city to another in all four directions. Since lines connect many important centers in the state, it facilitates long-distance communication between assistants or operators from intermediate stations that perform oral human repetition. <https://www.ethiotelecom>

Between 1894 and 1942, telecoms were renamed at various levels. First, the management of the telecom service from 1890 to 1907, Menelik II was in charge of the "Central Administration of the Telephone and Telegraph System in Ethiopia", and Mr. Stephen was appointed General Manager of the Service. Ibid

The second service, from 1907-1909, was renamed the "Ethiopian Post, Telegraph and Telephone (PTT) Central Office." Emperor Menelik II's advisor, al-Fred Ilg, administered it. The third service was renamed "Post, Telegraph and Telegram (PTN and T)" in 1910 and was administered by Leo Shafno, then renamed Lij Bezabeh and Lij Beyene Yimer by the first Ethiopian administrators. <https://www.ethiotelecom>

After the liberation of Ethiopia from the invasion of Fascist Italy, the PET and T Ministries resumed their telephone, telegraph and radio communications. As a result, networks throughout the country have been restored. The Board has full economic and managerial independence and is accountable for the delivery and development of telecommunications services in Ethiopia. In accordance with the imperial system, Proclamation No. 131 on October 15, 1952, established the Ethiopian Telecommunication Board (IEEE), and the main objective of the Board was stated in Article 5 of the Charter. Make a profit of working in. ” In 1960, after IBTE looked at the issues of Central Ethiopia, a regional office was created in Addis Ababa. At the same time, the radio division was separated from the cooperating technical division by increasing the number of registration offices to seven at the same time.

During the Derg regime, Ethiopian Telecommunications changed its name several times. In October 1975, the Derg government renamed the organization "Provisional Military Government Socialist Ethiopian Telecommunication Services."

Again, the Ethiopian Telecommunication Authority (EEA) it was renamed ETA until November 1996. During this time, telecommunications services underwent a major technological change from automation to digital technology. <https://www.ethiotelecom>

After the fall of the Derg, the telecommunications sector was restructured under the auspices of the Federal Democratic Republic of Ethiopia. Proclamation No. 49/1996 established them in November 1996. After focusing on education, health and agriculture in 2005/06-2009/10, it decided to focus on improving telecommunication services, as they are key responses to Ethiopia's development. Ethio Telecom was born on Monday, November 29, 2010, to support the sustainable development of our country under the Growth Transformation Plan (GTP).

The Ministry of Communications and Information Technology is the authority of the Ethiopian Telecom Market. Today, state-owned Ethio Telecom is the only telecommunication operator in the country. <https://www.ethiotelecom>

1.3. STATEMENT OF THE PROBLEM

“Liberalization Precedes Privatization” Anonymous

Privatization is the major ingredient for structural adjustment program especially in the developing countries; the main reasons for the transfer of state-owned corporations and assets to the private sectors are growing financial mismanagement and corruptions, the inability to manage the assets and the loss of the government subsidies every year (Salvern, 2007, p. 5).

Many scholars suggested that the governments should set the suitable regulatory and institutional framework before privatizing state owned-enterprise (SOEs) and the privatization program should not only relay on World Bank and IMF ideology and interest, the strategies for privatization being adapted and accustomed to local conditions of the country (Saul Estrin et al. 2015).

“Since the Ethiopian private sector is weak and fragile, there would be many gaps if the government withdraws from and leaves the economy to individual entrepreneurs. Thus, the role of the state should not be limited to the provision of certain economic and social infrastructures, but go as far as investing in areas where the private sector is unable to involved due to fear of long gestation periods, huge capital requirements and less profitable in pure financial terms” (Gebeyehu, W.2000).

As such, greater emphasis is now put on correct sequencing of reform and establishing the preconditions for privatization before actually starting the process. This incorporate formulation a solid legal framework adequacy, guaranteeing a well-working capital market is in place, as insurance of consumer employee rights (Saul Estrin et al. 2015).

There are several debates against privatization, which include privatizing prestigious and indigenous companies that are strategically important to the country or which really toxic for country sovereignty (banks, telecommunications, etc.) where privatization increases the number of employment rate, commercializing or privatizing of national assets (National pride) to foreign investors is like commercializing or privatizing sovereign country to European country (Borisova et al. 2008).

The Ethiopian citizens have not discussed Ethio-Telecom privatization guidelines, implementations plan and have not been explored by many stakeholders and have not been developed by scholars. In the mind of public perceptions or in the lens of masses perspectives, the privatization issues only a government agenda and the privatization process of SOEs not critical agenda in public sphere (Berhanu Mengistu et al. 2009).

In fact privatization has been remedy method for improving the operating efficiency and profitability of public enterprises (PEs) but also Privatization program should be adopt domestic, economic and political situations of the countries (Marwan et al. 2019).

Ethiopian Journal of Economics discovered mind-blowing information via Gebeyehu, W. (2000). The normal specialized productivity for the entire example was about 73.4% during the period 1998/99/2001/02. Privatized industries were found moderately inefficient with a score of 69%, while public and other private enterprises announced 75% and 71%, separately. It was additionally discovered the proficiency of privatized ventures persistently declined during a similar period. It is a sign, at any rate in the Ethiopian setting, that privatization may not really guarantee a productivity pick up. Hence, the government ought to revive its rushed move towards moving public enterprise to private hands (W/yohannes Alemayehu, 2015).

The lack of market competition in the country, lack of investment flow, well-equipped and adequate financial institutions, the weak roles of the private sectors in the economy and Ethiopia has no capital market until now because Financial market like Stock market, stock exchange, capital market that can easily conduct valuation of the firm, the absence of capital market valuing firms couldn't be a straightforward process be valued and, current unpleasant political wittingly

and unwittingly effects on Privatization process (Bortolotti & Siniscalco, 2004).

In order to satisfy temporary financial needs, pseudo sales and invitations to foreign companies are little use. Revenues from the sales may temporarily reduce the current foreign exchange deficit. In the long run foreign companies are likely to recoup their profits in foreign currency and to reap the benefits of the Ethio-Telecom sectors the government must devise a clear long-term privatization and liberalization strategies, the government gradually leave the sector.

Finally, current ruling party Executive Committee decided to transfer some enterprises to the private partially or fully. The report shows that privatization process will include the railway, industrial parks, hotels, sugar manufacturing industries and also to sell lesser portions of stakes of companies including the Ethiopian Airlines, Ethio-Telecom, Ethiopian Shipping & Logistics Services Enterprise. Ethiopian prime minister assigned Twenty-One (21) members of Advisory Council to assure and make sure transparency and accountability of the process (Adam Lishan, 2019).

According to the researcher bird review, previous studies Especially Worku Gebeyehu, (2000), Tadesse Wodajo & Dawit Senbet,(2017) and Selvam, (2017), Kedir Abbi M. & Bedasso Biniam(2020), Esseye Saba(2016), Multau Fekadu,(2004), Solomon Deneke, (2001), Alemayehu W/yohannes,(2015) have a conceptual gap because the concepts of privatization have not been discussed in depth and various multidisciplinary reading approaches were lifted. They also have data collection methodology problems, meaning that the researchers were unable to collect primarily data from employees working in the privatizing organizations and also could not include independent, active and informed citizens at the time of data collection, and then most researchers collected data from secondary data.

Thus, this study was examining prospect and challenges privatizing Etho-Telecom.

1.4. BASIC RESEARCH QUESTIONS

The following questions were the possible research questions the study was attempted to answer:

This study addressed the following questions:

1. What will be the impacts of privatizing Etho-Telecom?
2. What is the prospects privatizing of Etho-Telecom?
3. What is the challenges privatizing of Etho-Telecom?

1.5. OBJECTIVE OF THE STUDY

It has general and specific objectives;

1.5.1. GENERAL OBJECTIVE OF THE STUDY

The core objective of the study is to examine prospect and challenges privatizing of Ethio-Telecom.

1.5.2. SPECIFIC OBJECTIVE OF THE STUDY

The specific objectives of the study are:

- To analyze the impacts of prospect and challenges privatizing of Ethio-Telecom.
- To identify the prospect privatizing of Ethio-Telecom.
- To notify challenges of privatizing of Ethio-Telecom.

1.6. SIGNIFICANCE OF THE STUDY

Liberalization and privatization is one of the critical factors that enhance effectiveness of the public sectors to meet organizational goals and objectives, this study was having the following significance:

- As we all known Ethiopian government declare to Privatize 40% of Ethio- Telecom to foreign investors (foreign corporations) and to assure transparency liberalization and privatization process current Ethiopian government establishes members of Advisory Council committee. The study will offer depth and testified information to committee before privatize Ethio-Telecom.
- It will help variety of stakeholders including policymakers to know prospect and challenges privatization.
- The study might give to the existing literature through knowledge of prospect and challenges liberalization and privatizations of public sectors. Moreover, empirically identifying the contribution of liberalization and privatization of public organizational in Ethiopian context is an important addition for the literature as well.
- Ethio-Telecom might use the study finding as a comment to carry out remedial strategic policy and procedure to reform service quality.

- It may also provide a support to other researchers who are interested to conduct further study on similar areas.
- It will enable the researcher to acquire good practice and to fulfill preconditions for graduation.

1.7. DELIMITATION OF THE STUDY

The study is about the prospect and challenges privatizing Ethio-Telecom. Thus, this study the following scope:-

Scholars and literature recommended and believe that it would be proper to conduct the study in the depth and large-scale however, Due to different reasons like shortage of time, constraints of adequate data availability and financial shortage this research was geographically confined to resources found in the capital city Addis Ababa.

The research approach of this study is a mixed method, which includes together qualitative and quantitative approaches to entertain the research questions.

Thematically this study delimits to privatization only because the concept is depth plus broad and couldn't entertain within a specific given timeline, so other related issues it's not included because of specification.

The proposed research was executed at Ethio- Telecom within the time framework from January 2021 to July 2021.

1.8. RESEARCH LIMITATIONS

This study did not come to an end without problems, the main influences that donated to the limitation of the study.

First In data collection, some respondents were Ethio- Telecom head quarter to obtained information. Specifically, this study confined in head office so due to this case some respondents were not punctual in returning the questionnaire and was not interested to fill questionnaire. And also, this study used a mixed method, which includes together qualitative and quantitative approaches to entertain the research questions.

Second, the study involved only one organization; it was not incorporating other government organization. This was done because; conducting the research in all organization was too difficult due to time and budget constraints. This might be taken as limitation because Ethio-telecom is the only organization in Ethiopia in telecom sector.

Third, lack of the domestic literature and books, due to the recentness of the concept, especially in Ethiopian contexts. So that had it been possible to use these literatures. It would have been promising to demonstrate further and crop up with sound work.

Therefore, this problem contributed to the constraint of the study. Attempts were made to overcome these limitations by making use of same unpublished materials from different universities, Journals and literatures with worldwide experience.

Generally, because of the above-mentioned inadequacies and limitation, the study by no means claims to be conclusive. It would rather serve as a springboard to study the prospect and challenges privatizing of Etho-Telecom detailed and comprehensive approach.

1.9. STRUCTURE OF THE PAPER

This senior research paper has five parts. Chapter one provides an introduction, historical background of the organization, statement of the problems, objective of the study, significance of the study, scope of study and Structure of the Paper. Chapter two offers a theoretical, empirical and conceptual overview of privatization. It outlines the meaning and concept of privatizing of public sectors in particular. Chapter three discusses the research methodology including, research design, area of the study, research approach, Sampling Design and procedure, method of data collection, data collection methodology, method of data analysis, validity, reliability and ethical consideration. Chapter four data analysis and presentations highlights obtained data from the respondents.

Research findings, results, remarking conclusion and proposed recommendations were presented in Chapter five. The questionnaire and the interviews that were used for data collection were attached to this document as an appendix.

1.10. OPERATIONAL DEFINITIONS

Capital Flight: take place while property or cash rapidly go with the flow out of the country, due to an occasion of financial results or as the results of global market hegemony (Kedir Abbi M. & Bedasso Biniam,2020).

Denationalization: Government removal of control or restrictions in the economy (Hartley and Parker, 1991).

Deregulation: The removal of controls imposed by government on the operation of a market (Hartley and Parker, 1991)

Foreign Direct Investments: It is a vital part of an exposed and effective global economic system and a significant catalyst for growth. However, the benefits of foreign direct investment will not and consistently collect among countries local communities (Adam Lishan, 2019).

Liberalization: This refers to the opening up and removal of monopoly in the economy for fair competitions among participating investors (Melkamu Dires, 2017).

Natural Monopoly: It is a monopoly, which commonly occurs because of high start-up costs or strong economies of scale of doing business in a specific industry, which can create significant obstacles to admission of potential rivalry competitors.

Neoliberalism: Including politics and economics, and pursues to transfer control of economic aspects from the public sector to the private sector, while free market capitalism attempts to limit public spending, government regulation, and public property (Melkamu Dires, 2017).

New Public Management: Endeavors to make the public sector more business and improve government competence have copied ideas and management models from the private sector.

Policy: a choice or principle of action accepted or suggested by a government, party, business, or individual (AULE et al.2015).

Privatization: is usually used to mean a process of selling shares of a public company's stock to individuals, i.e., private sector (Zenobia Ismail, 2018).

Public-Private Partnership: It involves cooperation between government agencies and private companies (Noble, 2007).

Stock Market: is a marketplace public registered businesses are traded (Bortolotti & Siniscalco, 2004).

Structural Adjustment Program: are packages that make it potential for nations to get a credit from the IMF or the World Bank (Stiglitz, 2003).

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

In this chapter, literatures related to Privatization and liberalization was review. It is organized into different sub topics: definition of Privatization and liberalization, reason for privatization, methods of privatization, empirical literature review and conceptual framework was briefly discussed.

2.2. REVIEW OF CONCEPTUAL LITERATURE ON PRIVATIZATION

Privatization is an umbrella term, “denationalization, deregulation, liberalization, contracting out, competitive tendering, user charges, cuts in public provisions, increases in private ownership, and so on “Hartley and Parker, 1991:11; Martin, 1993:11; Murie, 1994:105).

Privatization means transform of before public sector functions to the private sector. In other word process of changing public assets, organizations, administration functions, and routine activities from the public sector to the private sector (Coskun, Aktan, 1995).

Privatization is a process of shedding when public service provider does not give quality service to public and when public sectors lacks skilled human resources to complete given tasks and projects quickly (Zenobia Ismail, 2018).

Privatization is withdrawal of government ownership by minimizing experience of high degree of political bureaucratic interference and converts to private sector to improve efficiency, generate revenue or profits, create employment opportunities, improve the quality of services and develop capital markets (Marwan et al. 2019).

Privatization is the process of transferring the owner ship of business, enterprise, agency, public service or public property from a public sector (a government) to the private sector, either to a business that operates for a profit or to a non-profit organization. Ibid

Generally, private sector organizations are less bureaucratic than government organizations and can make decisions more rapidly to assign the necessary resources where the greatest need occurs. In fact, privatization prescribed as a tool for improving the operating efficiency and thus profitability of public sectors enterprises (PEs) (Gebeyehu, W. 2000).

2.3. THE RESEARCH THEORETICAL FRAMEWORK

2.2.1. THEORIES OF PRIVATIZATIONS

i. New Public Management Theory

Many academics and management professionals regard New Public Management as a worldwide revolution in public management, the latest manifestation of endless government reform. New Public Management (NGP) is a new perspective on public administration research. The NPM is a transformation from an administrative and professional bureaucracy to a more managed and market-based system. The NPM hopes to cut red tape and make the organization flexible, so that it can meet all three E's at the same time: economy, effectiveness, and efficiency. In mainstream NPM, privatization exhibits all these characteristics. In fact, it is now common all over the world: in communist societies and capitalist countries; in democratic and dictatorial countries. It is no longer a partisan or ideological issue, but a pragmatic and increasingly conventional method of governance and management of public services (AULE et al.2015).

ii. Economic Theory

Capitalism is an economic philosophy, a private ownership and profit-making system in the mode of production. The basic characteristics of capitalism include social capital, a competitive market, a price system, the recognition of private property (privatization) and property rights, voluntary exchange and hired labor. In this theory, privatization allows individuals to obtain the benefits of the market system and compete by effectively providing services.

Capitalist economic theory is a catalyst for privatization, because the theory of laissez-faire individualism and free market economics guarantees better competition, smaller government, and more individual choices, as long as it expands the scope of property rights and markets forces (Melkamu Dires, 2017).

iii. Philosophical Theory

Neoliberalism is philosophies that amalgamate politics and economics. This is a policy choice aimed at transforming an economically important sector from the public sector to the private sector. Many neoliberal policies seek to strengthen free market capitalism and try to limit government intervention in the market. This concept of liberal or neoliberal thinking arises at the same time from changes or new dialogues on the principles of the core part of government and the comparative advantages of the public and private sectors (Melkamu Dires, 2017).

iv. Political Theory

Most scholars believe that privatization is primarily an economic issue. However, no matter how complex the economic analysis, they cannot explain why privatization occurred during most of the 1970s and 1980s, while in many countries it did not produce perfect economic significance. This is because the problem comes from another source. Financial institutions, professionals and economists agree that one of the most important issues may be political issue (Megginson, 2000).

2.2.2. OBJECTIVES OF PRIVATIZATIONS

Raise Revenue for the State.

Privatization assists to foster money for the government is related to the privatization's influence on productivity. If the public ownership is best, then government is better off keeping the firms in public ownership and receiving the stream of profits.

Therefore, the fiscal benefits of privatization are absolutely related to the efficiency and welfare advantages of private ownership. However, the fiscal concerns are very important as they offer government with incentives to undertake the privatization to raise cash and to eliminate public subsidies to SOE (Selvam, J. 2007).

Promote Economic Efficiency.

Private sectors are primarily concerned in generating revenue, and it is more probable to cut prices and be effective. Also, the firm is accountable to its shareholders and thus efficiency will be the way to go in order to will the support of the shareholders (Brealy, et al. 2011).

Promote Wider Share Ownership.

Shareholders put their money into a company in order to make profit. It is argued that a private firm has pressure from shareholders to do efficiently. If the firm is incompetent, then the organization could be topic to a takeover. A state owned a firm didn't have these sorts of burden, and so it is easier for them to be ineffective (Bortolotti & Siniscalco, 2004).

Provide the Opportunity to Introduce Competition.

Privatization creates room for increased competition in the good market. The excruciating of business into rival parts may push price and expense low.

There will also exist greater competition for finance. The fact that a privatized company has to finance investment through the market: it must issue share or borrow from financial institution will make the concepts with other companies and thus be seen as capable of using these funds profitably (Adam Lishan, 2019).

Boost Stock Markets.

Privatization forces the creation of rules of the game for security markets as well as the development of an explicit, rule-based regulatory framework, reducing political risk. In the next sections explore empirically whether the progress of privatization is differently associated with a reduction in political risk and whether indeed political risk is important for stock market development. For the reasons outlined earlier, expect political risk resolution to be particularly relevant for developing countries, and therefore focus on emerging markets (Parker & Saal, 2003).

2.2.3. APPROACHES OF PRIVATIZATION

Sophisticated nature of privatization process varies from country, to country objectives of the means that different countries have used many different methods or techniques in divesting many assets.

The Public Flotation Share: -It is politically attractive and has enormous income-generating potential. It allows a wide property, which is always more popular than selling to powerful domestic or foreign buyers. Equity expansion is the common goal of most privatization (Seyed Fatemeh Alaei, 2014).

Public-Private Partnership:- It is considered a structured, mutually beneficial and collaborative relationship between public sector entities and private sector companies, focusing on sharing resources and goals, and its main goal is to provide services or products. Public sector partners are considered federal, provincial/state, or municipal governments or government-owned or controlled agencies level (Noble, 2007).

Vouchers:- Issued to individual recipients of public services and used by these individuals to purchase services for which they are eligible. The service provider receives coupons in lieu of all or part of the service fee when it renders services and receives the remainder from the government.

This allows the government to set service standards by regulating what services they are willing to pay for, while allowing recipients of services to choose their favorite providers in the open market. 4 Areas where vouchers are used include food stamp programs, transportation, day care, and alternative education programs such as charter schools (England, 2011).

Franchise:-The state grants private providers the privilege of acting as a local monopolist in a specific area. Consumers must choose whether they are willing to buy services, but they cannot choose between multiple providers that provide services. Prominent examples of franchising include honoraria and visiting nurses (England, 2011).

Restitution:-This technique of privatization is suitable for easily identifiable assets, such as previously expropriated land, which can be returned to its original owner or heir. This method of privatization is generally found mainly in Eastern European countries. The main difficulty with this method of privatization is that it requires records to prove ownership, and these records may be unavailable or conflicting and insufficient (Drobniak, 2008).

Open Competition:-It is the last form of privatization in this category. Open competition is similar to pure competition in that many private companies can compete for customers within the jurisdiction of the government. This type of privatization can be seen in Internet and telephone service providers. This type of privatization does not apply to certain services, because having multiple providers of electricity, gas or water services is likely to be inefficient.

Contracting Out:-private companies produce designated services under contract. In this case, the services of private sector companies are paid directly by the government. The government finances these services by collecting taxes on user fees. This type of arrangement is generally used for solid waste collection and disposal. Other types of services privatized through such agreements include security services, data processing services, and consulting services in many industries (Van Slyke, 2003).

Asset's Sale:-The first form is direct commercial sales of state-owned assets to an investor or company. This form is generally used for relatively small state-owned assets. Although 40% of the privatizations have been completed in developed countries and 47.3% in developing countries using commercial sales, the income from these privatizations is much lower than the income from the privatization of share issuance (SIP).

Direct sales are considered attractive to foreign investors as they allow the government to ensure that strategic SOEs are in national hands and provide opportunities for the government to define sales to achieve social or political objectives (Megginson W. 2005).

2.2.4. PROSPECTS AND CHALLENGES OF PRIVATIZATION

No	Prospects	Challenges
1	Immunity From Political Inference	Natural monopoly
	When a service is privatized, it is immune to political hegemony. This is because instead of having company and special interest group vie for favour from the government office in charge of the service by making strategic company contributions and provide vocal support, the private focused on profit.	A natural monopoly occurs when the most efficient number of firms in an industry is one. Therefore, there is no scope for having competition amongst several firms. Thus, in this case, privatization would just generate a private monopoly which might attain to set higher prices which misuse clients. It is better to have a public monopoly rather than a private monopoly, which can exploit the consumer (Wodajo, T., & Senbet, D.2017).
2	Increased competition	Corruption
	Free market documents allow more firms to enter the industry and increase the competitiveness of the market. Pure Competition energises entrepreneurs and service providers to renovate the products and services they offer and work to make their offerings more attractive to clients than their rivals (Adam Lishan, 2019).	Privatization encourages corruptions by creating new rent seekers and devising method of corruptions. When public enterprise is privatized, individuals with sufficient information and through operational gaps perpetuate a corruption (Adam Lishan, 2019).

3	Enhancements of the Capital Markets		Job Loss
	The capital market is for the country and also its useful companies. The presence of a large informal market in terms of volatility and listed security has become a framework for capital markets efficiency and mobilizations. Despite the shortcomings, the privatization program has improved the countries capital market development (Parker & Saal, 2003).		Because of the extra financial load placed on privatized companies to succeed without any government help, different the public companies, jobs could be lost to keep more money in the company.
4	Foreign Direct Investments		Capital Flight
	The major affirmative influence of privatization is the start-up of economies to advance integration with world market arena across interchange and investment interactions. The portion of foreign corporations ownership in local economic sectors is correlated with privatization, and fascinating innermost FDI creates plenty of benefits to host country (Adam Lishan, 2019).		Giant foreign companies do not want to re-invest profits emanated from host countries, but foreign investors tend to take the majority profit to their homeland (Kedir Abbi M. & Bedasso Biniam, 2020).
5	Remedy for Economic Crises		Inequality
	Another prospective of privatizations is to tackle out macroeconomic & microeconomic crises like in case of hyperinflation and severe issues		Privatization generates a problem of inequality amongst citizens because due to privatization few individuals will collect wealth with in the short period of time.

	regarding balance of payment (Brealy, et al. 2011).		Numerous citizens can afford the resource to buying the privatizations share, and manly monetary organization will not ready to offer loans to poor citizens to buy the share the result of this is the concentration of wealth made perhaps by the utilization of masses by those few individuals who could afford the incomes to purchase resources.
6	Efficiency		Against social welfare
	The leading reason for privatization is that private companies have a profit motivation to cut prices and be more efficient. Yet, a private firm is fascinated in making a profit, and so it is more likely to cut costs and be efficient (Brealy, et al. 2011).		After privatizing the privatized organizations tends to profit maximization, the welfare top is accomplished only if the firm operates in a perfect competitive environment. Then the profit maximization reduces welfare. As usual, the maximum profit can be redistributing as share dividend to shareholders (Gebeyehu, W, 2000).
7	To pay off Foreign Debts		Threaten Country Sovereignty

	<p>Governments borrow money from international institutions for their development. Countries dependence on foreign debt allows the lender, including international institutions, to influence and control only policy but also economic performance, and then privatization is one way to reduce the burden of debts. (Adam Lishan, 2019).</p>		<p>Privatizing the institutions that countries have built to protect themselves from internal and external enemies, such as the military institutions, security agencies and telecom, threatens the sovereignty of the nations. In additions, the privatization of non-security institutions to foreign business will reduce the government control over them, as well as when host country in trouble the foreign corporations move to their home countries.</p>
8	Eliminations of Subsidies		Infrastructures
	<p>Privatization is part of the structural adjustment program in the world economy. The main objectives of these programs are increasing the efficiency of the sectors and to achieve economic growth, as well as to reduce government subsidy and to reduce the loan requirement of the public enterprise sector (Adam Lishan, 2019).</p>		<p>Privatized firms they move to a profitable place to increase their saving by setting up small projects, but they do not want to go to difficult places that demand a large infrastructural installation.</p>
9	Poverty Reduction		Anti Public Interests

	<p>Privatization contributes both employment and GDP shows a solid affirmative link with GDP per capita. Thus, as nations grow richer, here is an escalation in the employment force working in private enterprise and general; they make a larger impact to GDP. There are special outlooks about the dynamic support of private sectors to rise.</p>		<p>Privatization is a concept of liberalism, but public enterprise is a reflection of the ideology of socialism. Neoliberal economic policies and structural reforms enforce liberal laws. Thus, Privatization contradicts the mass interest because it prioritizes individual right and personal capital accumulations.</p>
<p>10</p>	<p>Creating Conducive Environment</p>		<p>Create a Divided Society</p>
	<p>Privatization has the following benefits, These incorporate complete and secure macroeconomic management components for example formulations of suitable policy; investment, trade, and price liberalization; reduced difficulties to competition; well-functioning financial and capital markets; flexible labour and land markets; good physical, social, and technological infrastructure; equitable tax systems; pension and insurance reform; healthy environmental and social values; and legal and judicial systems that safeguard property rights, implement contracts, and provide for dispute resolution.</p>		<p>Public service institutions are essential to meet basic needs of every citizen, and therefore all members of the society have the right to use them. Especially schools and hospitals in play an important role in a community. Hence, the lower class must receive quality service.</p> <p>Mostly privatized public enterprise neglect the services they provided before they were privatized and provide better service to the rich in terms of payment. This leads to social divisions and creating economic divisions in a country.</p>

2.2.5. REASONS FOR PRIVATIZATION

Current political, social and economic environment of the country driving force to privatization, also the political history of the country can play major roles also. However, in this study, few reasons behind government's motive to privatize will discuss (Selvam, J. 2007).

- A. **Economic Reasons** Researches explain the economic reasons and theories of privatization and its impact on the management, government ownership on the productivity and resources. In general people who are in the favor of privatization ask a very common question, how we define the tasks of a government. And typically the answer is to promote competence and efficiency in nation for the benefit of the people (Selvam, J. 2007).
- B. **Efficiency:** Most scholars agree that privatization promotes efficiency inside firms. And in contrast, there is rising evidence that many SOEs are loser rather than income generator. According to a study by the World Bank, state owned firms in developing countries accounted for one-quarter to one-half of all outstanding domestic debt and for a substantial portion of foreign policy. This inefficiency can be related to many reasons including (Brealy, et al. 2011).
- C. **Attracting FDI:** foreign direct investment in developing countries, it plays an important role in promoting economically and development. It is known that the foreign direct investment will bring in the capital, which is crucial for their growth and development need, for the second time, and it will bring skills and new technology. So, privatization is one of the solutions to attract foreign direct investment (Adam Lishan, 2019).
- D. **Financial Markets:** promote economic growth because of the market tendencies to favor more efficient allocation of resources, however one of the most important elements of the financial market is liquidity due to its ability to facilitate diversification, information, aggregation, monitoring of managers, and regulation of firms and Also liquidity is associated with privatization revenues in terms of "allowing a fuller extraction of a company's market value from private investors by facilitating information aggregation" (Bortolotti & Siniscalco, 2004).
- E. **Government Budget Constraints:** Deficit in government budget and the need to pay sovereign debts showed privatization as a magic solution to raise revenue for government instead of imposing tax increase or cut on spending. Privatization as well can alleviate the

governments from subsidize to loss creation SOEs. On the other hand the way of dealing with these revenues account for the success or the failure of the privatization process, as it showed in some developing or transition economies, despite that in the majority of cases privatization succeeded in making strong impacts on the economy in general (Bortolotti & Siniscalco, 2004).

- F. **Political Reasons** Governments have their political goals, which are normally providing employment, and wealth of shareholders, and maximizing profits (Megginson, 2000). The detail is as follows: Large scale privatization programs are frequently connected with the leadership of market-oriented politicians, as in case of Thatcher's government in UK. A different imperative aspect is the government commitment and honesty when we observe the political economy of privatization, which is supported by its capability to organize the support of private investors. And this strength of the government depends on many other factors, for instance, the standing of the government, the presence of restraints on policy reversals, how the state executes different economic policies, etc. credibility is very much significant in order to obtain excellent and positive economic achievement in privatization, manifest of the truth that no financier could be eager to recompense a government which is not convincing (Kikeri, Nellis & Shirley, 1992). Nevertheless, in all those countries that are politically stable, privatization will achieve maximum objectives because trustworthy government should for that reason be connected with more sales and more revenue.
- G. **International Agencies Pressure (WB and IMF).** Giant financial institutions are forced privatize state-owned through a structural adjustment program to provide financial support to developing country, under structural adjustment program. Allianz countries should not be given the opportunity to get the aid they need or loan, that is why they want privatizes state-owned enterprise which is the basis of the country development and covers the country huge development infrastructure (Nellis, 2003).

2.2.6. PRIVATIZATIONS AND STRUCTURAL ADJUSTMENT PROGRAM

Leaders of 44 nations and 730 delegates in the United States of America established the IMF and World Bank in the Bretton Woods conference of July 1944. Bretton Woods is a small village in Washington, and the primary objective of the Bretton Woods conference was to construct a novel post-war international monetary directive. Since both organizations founded on Bretton Woods conference, IMF and World are called “the Bretton Woods Institutions” by many authors and literatures (Woods N, 2006).

British prominent economist John Maynard Keynes and Harry Dexter White were a founding father of the two gigantic institutions. The bases on which both organizations stand or organize is neoclassical and neoliberal political & economic notion of philosophy. IMF and World have always been committed to implementing principles derived from neoclassical and neoliberal thinking. In particular, the structures of this philosophical concept are the corner stone of the developed world, and also it’s a philosophy that everyday life of every European citizen (Babb & Kentikelenis, 2017).

Neoliberalism is a theory of political and economical practices that suggests that human well - being can best be advanced by liberating individual entrepreneurial liberties and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices (Babb & Kentikelenis, 2017).

Primarily, objectives of the IMF and World institutions were to promote international trade. Precisely, the World Bank was created to "help finance the rebuilding of Europe's economies, provide long run capital to members country, provide technical assistance, environmental protection, etc. whereas IMF was created to supervise and foster an "open and stable monetary system", international monetary cooperation, ensure exchange stability, balanced growth of trade, eliminate exchange control, multilateral trade payment, promote investment capital and thereby promote a more efficient allocation of resources etc (Babb & Kentikelenis, 2017).

The inception of the World Bank and the IMF were intended to work closely together. As part of this arrangement, a nation must first be a member of the IMF in order to become a member of the World Bank.

Moreover, the two organizations share the same objective- namely, to promote sustained growth, development in member countries and financing for long-term productive investments in member countries and to provide loans to overcome short-term balance of payment deficits. Thus, while their roles differ, the two organizations complement each other in pursuing that objective (Melkamu Dires, 2017).

The establishment of structural adjustment programs (SAPs) followed the oil crisis of the 1970s, the deepest global collapse since the Great Depression, and the developing-country debt crisis of the 1980s. A structural adjustment program is imposed on developing countries by the Bretton Woods institutions, namely the World Bank (WB) and the International Monetary Fund (IMF). The structural adjustment program (SAP) also named 'Washington Consensus' endorsed developing nations to shift from the administrative control model to a more market-based system to advance economic performance accomplishment. The initial structural adjustment loan (SAL) was implemented in February 1980 and Mexico was the first country to implement structural adjustment (Heidhues, F. & Obare, G., 2011).

The World Bank and the IMF announced an early structural adjustment program across developing and under developing countries throughout the debt crises of the 1980s. The structural adjustment program has to include two fundamental concept short-term stabilization and longer-term adjustment. *ibid*

Stabilization policies include exchange rate adjustment, credit ceilings, interest rate policy (i.e. positive real interest rates), tax measures, reductions in public expenditure and a reform of price policies (Green &Faber 1994).

Adjustment policies Medium-term, aim to reorient the structure of the economy to encourage greater efficiency in resource allocation and investment (Stewart, 1993).

Structural Reform program parcels adhered around four dominant philosophies of neoliberalism like economic stabilization, liberalization, deregulation, and privatization (Summers LH, 1993).

TENTS OF NEOLIBERALISM

- **Stabilization:**-Generally had the short span of 18-months. Macro-economic objectives such like limit fluctuations in exchange rates reduction imbalance of payment deficits, inflation and government budget deficits.
- **Liberalization** encompasses measures designed to facilitate the free flow of trade and capital, such as the removal of tariffs.
- **Deregulation** involves the removal of governmental 'red-tape' vis-à-vis business practices, such as stipulations in employment relation's law.
- **Privatization** describes the transferal of enterprise from state to private ownership, thereby fostering competition and market efficiencies (Melkamu Dires, 2017).

2.2.6.1. DEFINITIONS OF STRUCTURAL ADJUSTMENT PROGRAM

Structural Adjustment Programs: are programs that make it possible for countries to get a loan from the IMF or the World Bank. These loans are connected with conditionality's like significant policy reforms that have to be complied with before getting the loan (Abugre, 2000).

Structural Adjustment Program: (SAP) is an economic restructuring platform recommended by the bilateral agencies (IMF and World Bank) for developing and under developing countries. Its fundamental purposes were to power homegrown productivity, enlarge the financial base, realize feasibility in balance of payments, because reduction in government expenditure improves economic competency and improve the growth potential of the economy (Poyi, 2006).

Structural Adjustment Programs: is the name given to a set of "free market" economic policy reform programs imposed on developing countries by the Bretton Woods institutions, namely the World Bank (WB) and the International Monetary Fund (IMF) (Stiglitz, 2003).

2.2.6.2. OBJECTIVES OF STRUCTURAL ADJUSTMENT PROGRAM

The World Bank (1992) classified the subsequent seven goals of structural adjustment.

1. Stabilizing the Macro-Economic Environment

A main stress of stabilization policies was to lower the pressure on foreign assets by reducing domestic demand. Balance-of-payment problems were addressed through a monetary approach. The idea was to control inflation and reduce imports by maintaining fiscal contraction policies and restraining the supply of money.

Simultaneously, currency devaluation policies were adopted to improve the terms of trade and make exports more competitive in international markets. While these were predictable to cause short-term falling effects, it was argued that economic growth would recommence once export lead growth bigger. Stabilizations programs generally had short-term macro-economic objectives such as reduction in: balance of payment deficits, inflation, and government budget deficits.

The objectives of SAPS are: the diversification of the production base; improved efficiency; increased competition; a shift towards the market system; and rapid economic growth. The principle instruments of stabilization and adjustment have been (Panayotou, 1991).

2. Promoting Economic Growth and Alleviating Poverty

The poverty alleviating is a central goal of Structural Adjustment Programs. It can be achieved by economic growth and or by the distribution of income. Concerns associated to the benefits of growth increased to the poor have become a priority of development policy in the 1990s. An emergent agreement is that economic progress alone is a rather blunt tool for poverty reduction. In combination with importance on poverty reduction, policies as to the redistribution of income and assets have become progressively more significant. A policy agenda that adopts both redistribution concerns and poverty reduction could lead to enhancing both economic growth and equity (Panayotou, 1991).

3. Promoting the Openness of the Economy

The term and concepts of economic opens derived from classical economists such Adam Smith and David Ricardo. These classical economists were concerned about the consequences of international business on the domestic economy as well as the positive and negative effects of laissez-faire. Initially, Economic openness is intercontinental commerce dealings (imports and exports) take place and affect the size and development of a nationwide economy. The degree of openness is measured by the actual size of registered imports and exports within a national economy.

4. Improving Transparency in the Incentive System

Practice displays that there is often sufficient room for more efficient and effective use of investment tax incentives in low-income nations. Tax incentives commonly rank low in investment surveys in low-income states, and there are many instances in which they are

described to be redundant that is, investment would have been commenced even without them. And fiscal expense can be high, decreasing chances for much-needed public spending on infrastructure, public services or social support, or needful higher taxes on other tasks.

5. Improving Efficiency in Resource Allocation

Resource allocation is the process in which a company decides where to allocate scarce resources for the production of goods or services. A resource can be deliberated a production issue that's used to create goods or services. Resources can be many things, including labor, machinery, technology, natural resources, real estate, financial resources, etc (Panayotou, 1991).

Resource Allocation is a management activity that's closely related to strategic (resource) management. The value of resource allocation programs is in meeting organizational objectives. The connection between resources and strategy is a two-way street. The strategy governs which resources are needed, but the accessibility of resources can also bound a strategy.

6. Improving Scope for Private Sector Development

As the main provider to economic growth and employment creation, the private enterprises have a fundamental place in renewed efforts to decrease poverty and attain the Millennium Development Goals (MDGs). Developing country governments have a strong interest in fostering a business environment that enables the private sector to flourish and fulfill its role as the main engine of growth.

7. Strengthening Institutions and Capacity for Policy Analysis

Weak government institutions and weak civil society institutions often characterize poor countries. Poor people tend to have weaker access to these organizations and the services they provide. Supporting organizations to be more approachable to the desires of poor people is important in order to ensure that the chronic causes of poverty are addressed, and that strategies adopted are sustainable. There has been significant effort towards institutional consolidation and capacity building. Though, this has not continuously been focused with an understanding of poverty. The key drive of organized support has been in strengthening the technical capacity of departments (Panayotou, 1991).

2.2.7. PRIVATIZATION PROCESS

The privatization process contains of undertaking the preparation of state owned enterprises for privatization. The privatization process contains the following activities:

I Pre Privatization Process

Critical Inspection

The first step of the process pertains to report production that diligently identify and address problems and constraints related to the privatization of an enterprise. This is the stage where problems should be identified, and recommendations should be made to rectify the problem.

Valuation and auditing

The second step involves valuation and auditing. This involves asset valuation, financial audit, financial restructuring and business valuation. The asset valuation is related to the fixed assets like buildings, process plants, and machinery, vehicles, office furniture and equipment. The valuation is based on market-based values. The financial audit, instead, is done to get a true and fair view of the state of the financial position of the enterprise at a given point in time. The process is done according to international accounting standards. Perfectly, the market should set the price of the public enterprises (Tafesse Mesfine & Associates, 2016).

II Privatizing

Transformation to Share Company

The third phase concerns to authentic transmission of the enterprise into a new share company. One of the benefits of transferring the enterprise into a Share Company is to permit domestic investors to have access to involve in the privatization process by pooling their resources together, which otherwise is difficult to finance big purchases individually.

Preparation of information documents

This phase involves preparation of an information memorandum document. This document includes the historic profile of the company e.g. performances, major activities, markets, clients, rivals, sales openings, suppliers, production processed, fixed assets, human capitals, etc. The document also delivers investors with the necessary information regarding the enterprise and basic information about the whole economy of the country.

These documents are expected to provide ample information to potential buyers in regard to company performance, product and outputs market, customers, sales outlets, suppliers, human resource, competitors, etc. and the country's economic profile in general.

The bidding process - this phase includes formulation of bid documents, advertising and selling bids, bid evaluation, discussion and ratification of contract agreements.

III Post Privatization

Transfer of the Enterprise

The concluding step of the privatization process is the lawful handover of the enterprise from government to the private sector. This might involve the transmission process of the firm to the buyer, share transfer, etc. condition on the method of transfer. The transfer contains physical delivery of properties to the new owner.

Share transfers are also done as per the agreement signed. The rights and obligation of companies shall upon privatization be transferred to the buyer. However, the transfer of liabilities shall require the consensus of creditors (Tafesse Mesfine & Associates, 2016).

2.2.8. DRAWBACKS FOR SUCCESSFUL IMPLEMENTATIONS OF PRIVATIZATION

Politics

A political system that is not based on knowledge and truth will cause a massive crisis in countries, but a country is built on the right political philosophy and mature politicians. When political philosophy and matures politicians combined, and government institutions are free from political affiliation, stable social, economical and political societies will create. However, in a country where politics is fragmented, national security is in jeopardy and inclusive development is unthinkable. The privatizations transition will also have a big impact in the country and future generations because of the party influence.

Corruption

Any national privatization practice to be believed reliable and honest, it must of necessity in its entirety be constructed on and backed by suitable and methodological valuation procedures, modalities, systems and approaches. As such, any countrywide privatization practice not profoundly based on nor backed by appropriate and technical valuation methodologies, modalities, system and methods should be observed as being doubtful and questionable.

There have been allegations that portrayed the stockholders responsible for the exercise as being wasteful and deficient in transparency and accountability (Asaolu,2005).

Poverty

A country plagued by extreme poverty or lacking micro and macroeconomic growth has little bargaining power and influence within the global economy. This because many of the worlds government have the ability to negotiate and influence since they have reduced poverty and cumulative wealth. Therefore, because of the huge wealth of international business corporations in developing countries they decided to buy fully or partially privatize public property, as they want since the host country will not be able to negotiate.

Bureaucratic Complexity

Sophisticated bureaucrats of the public delay organization who exercises power would not be happy to comfortable privatization of extension service due to their own interest, the other word If the bureaucracy run by part people/ supports, it will be obstacles to the privatizations process, but if the civil service is managed by trained professionals, the privatizations process will be done with knowledge and honest. Besides, government also worries to lose their reputation among votes among the employees of the public extension organization and government job seekers.

Capital Markets:

It was established during the reign of the king 1965-1975, in the Ethiopian capital markets. However, this vital service was eliminated along with imperial administration. Therefore, there is an urgent needed to create and institutions that respond to problems, stock exchanges, clear financial transactions, etc. Therefore, for successful privatization requires establish of such institutions early.

One is that the stock market is not well organized and strong, which is an obstacle to privatizations and equitable market growth. Therefore, in order for privatization to be successful, the capital market must first be established (Megginson & Netter 2001).

Policy

In the developed world, the privatization process is governed by a professionally developed policy. Policy is a document that has been tested in theory and practice, whereas it is a document that point to any kinds of problems and directions. The privatization implementation process must be prepared, in advance by professionally prepared and a clear privatization policy will accelerate the success of the privatization process.

According to various studies, the failure of Ethiopians, two decades privatization process has resulted in a lack of prepared privatization policy (KedirAbbi M. & Bedasso Biniam,2020).

Valuation

One of the primary elements of the privatization process is the valuation of these organizations. Before a Public Enterprise (PE) can be vended to private investors, it is essential to fix the price of each share. Businesses can clearly be valued when Capital Markets exist; Ethiopia has no capital market till today and in the absence of this capital market, valuing firms couldn't be an open process (Esseye Saba, 2016).

Again, one of the critical sequences in the privations process is valuing the firms to be sold and choosing the approaches of divestment. This in chances makes it vague whether the firms are sold with a rational price or not, thereby creating a void in the process of privatization and exposing it to criticism. Finally, problems of valuation creating public dissatisfaction and uncertainty in the value the government/public is predictable to acquire from the sale (Hishe, 2005).

2.2.9. PRIVATIZATION IN ETHIOPIA

The historical background of the creation of the governmental sector based on the political and economical ideology of Ethiopian military government was followed. In 1967 E.C, the transfer and confiscation of private sector enterprise in the country to the state through the proclamation No.20/1974, it was empowered to transfer privately owned enterprises, banks and insurance companies, urban surplus houses, rural lands, farms, etc. under the minister of national resource development through the transfer of state owned enterprise to the state (Wodajo & Senbet, 2017). The Ethiopian military government social and economic policies have led the country into a socialist planning economy.

The Derg regime economic and political policy left the capitalist free market economy and joined the socialist camp. The private sectors invested in the country and the factory they built without any compensation was transferred to the command economy.

According to the Ethiopian calendar from 1980 to 2000, the transfers of the state-owned corporation and assets to private sector ownership become a global phenomenon in both developed countries and developing countries.

The transfer of state owned enterprise and assets to the private sectors have been a major package of the structural adjustment program by International Monetary Fund and the World Bank (Deneke, S,2001).

Similar to other African countries privatization in Ethiopia started as part of the Structural Reform Program (SAP) which was induced as the economic order of bilateral financial institutions. Ethiopia's change of government in 1991 from the communist command economy towards a liberalized market economy has made privatization & SAP in general a more important issue. The Transitional Government of Ethiopia has taken different measures to liberalize the economy (Deneke, S,2001).

After the collapse of the military government that ruled the country from 1974 to mid-1991, significant changes took place in the management of the economy. In reviewing the privatization experience of Ethiopia, there are two important elements of privatization that should keep in mind. First, the current privatization drive should be thought of as a subset of the progressive opening up of the economy to entrepreneurship and private sector development (Wodajo & Senbet, 2017).

Since late 1991 Ethiopia has gone through a distinctive wave's privatization. In the 1990s, the privatization program was direct sale of different establishments such as factories, farms and hotels. On the other word, other approaches of privatization proposals dedicated to larger establishments such as breweries and profitable sectors such as the mines (Negash et al. 2018).

Liberalizations like lifting of domestic price controls, introducing a system of foreign exchange auctions, reducing import tariffs, opening private Banks for the domestic investors & the start of a privatization program with small & medium public enterprises were mentioned as a positive move.

One of the core limitations to privatization process in Ethiopia as a whole as there has been lack of transparency in the privatization process also regarding the valuation as vague and confusing (Hishe, 2005).

However, a room for private ownership of banks and financial institutions only for domestic investor was created. During the period in the 1990s and 2000s and even to the present day, the ownership and management of key SOEs barely changed and establishment of firms via endowment funds increased.

Hence, except for limited private sector involvement in agriculture and manufacturing, there were limited signs for domestic and foreign investors to be involved in key sectors of the economy (Wodajo & Senbet, 2017).

Creating space for foreign investment is one thing. In practical terms, there is more to privatization than revising investment laws/codes and provision of incentives for would be foreign investors. That is why for most of the period from 1991 to 2004, the number of foreign investments in the export sector is not as large as expected. With the development of ventures operating in the industrial parks and main developers, this existing privatization is predictable to improvement the entrance of new export oriented FDI and the needed foreign exchange (Adam Lishan, 2019).

2.2.10. PRIVATIZATIONS OF ETHIO-TELECOM

Prime Minister Dr Abiy Ahmed has appointed a twenty-one member's privatization council. The privatization council is a partial privatization of large state-owned enterprises; it is responsible for making the process transparent and accountable. Ethiopian airline, electric power, Ethio-Telecom, etc. they are at the forefront of large, partially privatized state-owned enterprise. Debts owned by the Ethiopian government and public enterprises should pay in foreign trade. The country exports a product to foreign countries to fulfill obligation to pay debts in dollars (Adam Lishan, 2019). The individual whose names and occupation are listed below it's a committee appointed by Prime Minister, Dr Abiy Ahmed, to advice on privatizing process. According to the researcher, eye bird review and survey committee was not physically present and did not advise on time.

No	Name	Profession	Remark
1	EyessusWork Zafu	Corporate Leader	
2	Zelalem Melese		
3	Alemayehu Seyoum (Dr)	Lecturer	
4	Mehaza Biru	Journalist	
5	Bekele Geleta	General Manager, Canadian Red Cross.	
6	Abebe Aemroselassie	Director, African Development	
7	LidetuAyalew	Politician	
8	Bekele Gerba	Politician & Lecturer	Now in prison
9	BeyenPatros (Prof)	Politician	
10	Sara Abera	Fashion Designer	
11	Aynalem Megersa (Dr)	Lecturer	
12	Kasi Kebede		
13	Girma Seyifu	Politician	
14	Abraham Tekeste (Dr)	Former Minister of Finance and Economic Cooperation.	Now in prison
15	Girma Biru	Former USA Ambassador	
16	Lecho Bati	Politician	
17	Tassew Woldehanna (Prof)	President of Addis Ababa University.	
18	Tsegaya Berha (Dr)	Politician	
19	Teklewold Atinafu	Central Bank Board Chairperson	
20	Yinager Dessie (Dr)	Governor of the National Bank of Ethiopia.	
21	Tegegnetwork Getu (Dr)	Former Secretary General of the United Nation.	

2.2.11. ETHIO-TELECOM FINANCIAL PERFORMANCE JULY 2012 TO DECEMBER 2013

According to Ethio-Telecom first half of the 2013 fiscal year performance summary report, this report outlines Ethio-Telecom Six-month financial performance from July 2012 to December 2013. In the first half of the budget year, Ethio-Telecom earned total revenue of 25.57 billion birrs and achieved 95% of the plan. This result increased by 12.3% compared to the same period last year. Earned revenue 49% of mobile voice revenue in terms of service type data and Internet 26.3%, international call 10.3%, value added service 11% other service also account for 3.4%. It earned 105.3% of the target, earning \$80.21 million from foreign exchange services, up 5.9% from the same period last year. This result can be achieved by implementing new source of revenue and by preventing various forms of Ethio-Telecom scams that are losing foreign exchange, with a special focus on international security. And a lot of work has been done to improve and strength our relationship with our global business partners. In the primary half of the budget plan, the company was able to achieve its predictable financial role by making 16.24 billion birrs in taxes and 500 million dividends. Also in vendor financial modeling, it has maintained good relation and trust with its partner by repaying 4.7 billion birr (\$126.14 million) in loans for the projects. The quantity of Ethio-Telecom customers extended 50.7 million, an escalation of 11.2% matched to the identical period last year. The quantity of portable mobile voice subscribers is 48.9 million. There are 309.4 thousand regular broadband subscribers, 981 thousand regular telephone subscribers and 23.54 million data Internet users. As a result, 95% of the total coverage of the mobile network and 85.4% of the total coverage of the telecom network has reached 50%.

Ethio-Telecom has created income and employment opportunity for more than 310,000 criticses. Of these, Ethio-Telecom more than 285,000 partners deliver products and services to company customers, including permanent and temporary employees as well as Ethio-Telecom business partners deliver product and services to company clients, incorporating perpetual and temporary employees in addition to Ethio-Telecom business partners who offer numerous services to company. During the first half of the budget year, more than 25,000 people created job and incomes related to Telecom related activities.

Ethio-Telecom is committed to social responsibility by participating extensively in national issues that are beneficial to community it has contributed over 322.35 million birrs in terms of quality, services and finances in the first half of the budget year. Ethio-Telecom involved in health, environmental protection, green development and beautification thought-out the country. In additions, Ethio-Telecom staff has done a very encouraging and exemplary work with a voluntary contribution of 3.03 million birrs in financial and material support as well as blood donation voluntary service. **Source:-Ethio-Telecom,2013 E.E. Financial Report**

2.4. EMPIRICAL LITERATURE REVIEW

Empirical literature review is commonly referred to as a systematic literary review. In particular, it examines previous research studies. It gives due summaries of previous studies of similar content. The purpose of the Empirical review is to identify gaps in a literature and to direct the study in comparison with previous research. The Empirical review is foundation stone used to establish the theoretical basis of the study. This part was summarizing the empirical review of privatization on public sector firms' efficient performance. Since privatization policy declares in Ethiopian many privatization researches were conducted, most of the descriptive studies and majority studies notify the economic impact of privatization but also exceptional studies were conducted during past two decades. Especially Worku Gebeyehu, (2000), Tadesse Wodajo & Dawit Senbet,(2017) and Selvam, (2017) were boldly evaluated the efficient performance of public enterprises after privatization.

Differently, the work of Worku Gebeyehu (2000).“**Has Privatization Promoted Efficiency in Ethiopia**”? Even the title speaks loud and awaking us to reinvestigate again privatization program in Ethiopia. According to the data Worku Gebeyehu revealed starting from 1998 up to 2002 Privatized industries were not achieved effective performance and privatized public enterprise persistently declined during a similar period, on the other word Even though the results in the industry analysis above showed a decline in profitability performance, the experiences in the privatized enterprises have shown there is an increment in financial efficiency in the consecutive years after privatization. Based on the empirical review notion of philosophy, the researcher made a detailed investigation of previous studies that directly and indirectly related to this study, and the researcher summarized the themes of selected studies and stated in the form of table to make suitable for this study.

No	Name of the researcher	Title of the study	Research Thematic & Priority Area
1	Alemayehu W/yohannes	Effect of privatization on selected Privatized Public Enterprises: pre and post privatization performance analysis. Addis Ababa University, MBA, Thesis (2015).	Alemayehu W / Yohannes study was aimed at examining the performance of private companies. The findings of this study are parameters of profitability, efficiency, capacity utilization, capital investment and performance. Finally, the researcher concludes that once privatized, organizations may be profitable and efficient, but the chances of maintaining such values are also coincidental. This means that privatization does not have a significant impact on performance and financial performance compared to pre-privatization performance.
2	Deneke, S.	Private Sector Development In Ethiopia. Presented At The International Conference On African Development, Michigan (2001).	<p>The study found that the then Ethiopian government had taken a number of steps toward privatization under the IMF and World Bank mandatory packages.</p> <p>In 1992, the government agreed with the IMF, the World Bank, and other donors to implement a structural adjustment program.</p> <p>A policy framework document for the 1992/93 - 1994/95 policies was prepared in September 1992 by the World Bank and the IMF. Approved all the reform measures mentioned here. In the early years of the trading period, both the reasons and the freedom of the goods were</p>

			removed from the price controls for all goods except for household consumption.
4	Mulatu Fekadu Zerihun.	Privatized Public Enterprises Performance Evaluation: Recent Ethiopian Experience, Degree of Master of Science (Msc.) In Economics (2004).	<p>According to the researcher, it took seven years to complete the study. The focus of the study was on 41 Private and Medium Manufacturing and Agricultural Industries panel data used to evaluate the performance of privatization in terms of technical efficiency and profitability.</p> <p>He said Ethiopia has been in the process of privatization since the mid-1990s. A study examines the performance of private enterprises in Ethiopia over the past decade. Based on such performance indicators, the study compares and compares various industries in Ethiopia years ago.</p>
5	Selvam, J.	Privatization programme in Ethiopia : is the cause justified? African Renaissance (2007).	<p>In Ethiopia's case, privatization is a key factor in the transition from command economy to market-oriented economy, severe budget deficits and external debt pressures, and economic openness, the study said.</p> <p>Severe administrative incompetence and poor performance of SOEs. The Ethiopian government has adopted these objectives as the cause of the problem and has embraced the privatization as a quick reform measure to address the crisis.</p>

6	Selvam, J., Meenakashi, S., &Iyappan, T.	Privatization and Capital Accumulation: Empirical Evidences from Ethiopia. African Journal of Economic Policy (2005).	This study analyzes the two strong legacy of privatization and, firstly, can be used by private investors to buy public enterprises (SOEs) and in terms of additional investment, as the investment itself is a tool for capital flow. Renewal in modernization and acquisition. Second, if any privatization program is well implemented, it has already been proven to be positively linked to the direct investment from new domestic and foreign investors.
7	Wodajo, T., &Senbet, D	Does Privatization Improve Productivity? Empirical Evidence from Ethiopia. International Journal of African Development (2017).	The conclusion of this study is that the result of Ethiopia's privatization did not improve productivity and even did not know productivity. The main reason for this is the special economic and trade situation in Ethiopia, which is not conducive to market competition. Ethiopia's privatization process has fallen into the hands of two major parties with the ruling party's affiliation. The findings of this paper show that sales from large and medium-sized manufacturing industries purchased by the Central Statistics Agency between 1996 and 2010 were purchased by MEDROC and EFFORT.
8	Ismail Zenobia	Privatisation of State Owned Enterprises in Ethiopia since	Zenobia Ishmael study examines the process of privatization from the beginning of Ethiopian privatization

		1991(2018)	to 2018, as well as the number and type of privatized enterprises, and states that Ethiopia is a country with a late start of privatization. According to several studies and Zenobia Ishmael 'study also was two of the major beneficiaries of the Ethiopian privatization program, the EFFORT of Tigray Rehabilitation Fund (EFFORT), owned by Sheikh Mohamed Al-Amudi, owned by MIDROC Ethiopia.
9	Esseye Saba	Assessment of Valuation Methods and Modalities of Divestment used by Privatization and Public Enterprises Supervising Agency (PPESA) (May 2016).	<p>The theme of Saba Esseye study focuses on the value proposition of companies that sell in the privatization process and the selection of valuation methods.</p> <p>According to a study by Saba Esseye, the Ethiopian privatization agency has a closed policy on valuation due to the lack of a stock market in Ethiopia. This, in turn, makes it clear that there is a gap in the privatization process, as it is not clear whether the companies will eventually sell at a reasonable price. This gap is creating public resentment and mistrust about the benefits that the government / people can get from the sale.</p> <p>Stock market in Ethiopia is not yet established. But at that time, trying to establish this market for the purpose of</p>

			privatization would be a good opportunity for Ethiopia.
10	Worku Gebeyehu	Has Privatization Promoted Efficiency In Ethiopia? A Comparative Analysis of Privatized Industries Vis-À- Vis State Owned and Other Private Establishments.	As described in the introduction in detail, the study of worku Gebeyanu is a well-researched and advanced study. The focus of this study is on how effective the privatized private enterprises are compared to public enterprises and how they compete in the case of Ethiopia compared to other private sector organizations. Finally, the study concludes that the government should be out of the market late because of the lack of modern practices and technology in the private sector.
11	Kedir Abbi M. & Bedasso Biniam	Privatisation for Sustainable Growth in Ethiopia: a review (2020).	This study analyses the two strong legacy of privatization and, firstly, can be used by private investors to buy public enterprises (SOEs) and in terms of additional investment, as the investment itself is a tool for capital flow. Renewal in modernization and acquisition. Second, if any privatization program is well implemented, it has already been proven to be positively linked to the direct investment from new domestic and foreign investors.

2.5. RESEARCH GAP

Research gap is the missing piece in a previous research paper or an area that has not yet been detailed explored. This may be a research methodology such as population or sample (size, type, location etc) research method, data collection and analysis or other research variable or condition gap of the study.

When looking for original papers, you need to read in depth the text to identify these gaps. In other words, the first step is to gather extensive research on your topic. It is important to look for research that addresses the topic from a variety of sources quality, quantitative, or mixed methods.

To prepare for this study, the researcher explored various documents. According to the survey, all studies had their own weaknesses and strengths. Especially Worku Gebeyehu, (2000), Tadesse Wodajo & Dawit Senbet, (2017) and Selvam, (2017), Kedir Abbi M. & Bedasso Biniam(2020), Esseye Saba(2016), Multau Fekadu,(2004), Solomon Deneke,(2001), Alemayehu W/yohannes,(2015). Judging by their weaknesses, they had a conceptual gap and a theoretical gap. This study fills a gap in previous studies.

Differently, the work of Worku Gebeyehu (2000).“**Has Privatization Promoted Efficiency in Ethiopia**”? Even the title speaks loud and awaking us to reinvestigate again privatization program in Ethiopia. According to the data Worku Gebeyehu revealed starting from 1998 up to 2002 Privatized industries were not achieved effective performance and privatized public enterprise persistently declined during a similar period, on the other word Even though the results in the industry analysis above showed a decline in profitability performance, the experiences in the privatized enterprises have shown there is an increment in financial efficiency in the consecutive years after privatization. Based on the empirical review notion of philosophy, the researcher made a detailed investigation of previous studies that directly and indirectly related to this study, and the researcher summarized the themes of selected studies and stated in the form of table to make suitable for this study.

2.6. CONCEPTUAL FRAMEWORK

Conceptual framework explains the main things to be studied, the key elements, or variables and the assumed relationship among them (Voughan 2008). Based on literature, the conceptual framework shown in the figure below is used for this study. The framework depicts performance as influenced by variables including: (Figure.1).



Caption figure 1

Source:- Self Constructed

The conceptual framework of this thesis was based on independent variables and dependent variable as signified diagrammatically in the exceeding figure. The study uses a conceptual framework in order to answer the research questions. According to the study, enhance service quality, increase share ownership, immunity from political interference and reduce fiscal burden will be conceptualized as being dependent and reject national important, lack of social welfare, exposed to private monopoly and negative impact on labor demand.

CHAPTER THREE

RESEARCH METHODOLOGY

3. INTRODUCTION

This thesis part discusses in-depth and overall description how research philosophy was conducted. It begins by research design, and it goes to, research approach, sampling design, target population, sampling size, sampling technique procedures, method of data collection, questionnaire and key format interview design, data analysis, reliability, validity and ethical considerations.

3.1. RESEARCH DESIGN

Research design is a plan or strategies to achieve research objectives and answering research questions. There are varieties of research design based on nature and type of the study that includes exploratory research, descriptive research and explanatory research (Cooper et al. 1998). This study was carried out using a descriptive research. Descriptive and explanatory research involved when the researcher wants to gain a rich understanding of the context in the research.

This method provides adequate exploration because it allows using different data collection methods such as interviews, questionnaires, observations and documentary reviews.(Saunders et al., 2009) Also, it is depth and breadth study of variables and maintains a heterogeneity nature of the unity of inquiry over a range of variables. It allows conducting triangulation that is important in the process of validation data.

3.2. RESEARCH APPROACH

According to Saunders et al., (2009), there are three main research approaches namely quantitative approach, qualitative approach and mixed approach.

Quantitative approach is due attention to statistics prove or disprove to maintain precise, numerical data from large survey sizes.

Qualitative approach is word describing regarding with detailed descriptions of situations, events, scenario, etc. but Qualitative research approach has its own limitations. Its findings were not usually generalized due to small number of respondents. The findings were interpretive and subjective (Sekaran, 2000).

Mixed research method is using both quantitative and qualitative research approach for triangulation of the study (Creswell, 2003).

Thus, this study used mixed research approach to asses the prospects and challenges privatizing public sector because a mixed approach helps to explore, present, describe and examine relationships and trends within data and as it also helps to collect results in numerical and standardized data.

3.3. SAMPLING DESIGN AND PROCEDURE

3.3.1. SAMPLING TECHNIQUE

According to research rule of thumb there are two types of sampling method probabilistic and non-probabilistic sampling. Based on the nature of this research, the researcher prefers probability sampling (random sampling). Probability sampling techniques also provide opportunity to select the sample randomly and to reach difficult to identify members of the population plus it provides a range of alternative techniques to select samples based on random to answer research questions and meet the objectives (Saunders et al,2009).

3.4. POPULATION

The target populations' study was professional employees of Ethio-Telecom located in Addis Ababa and those who are working in the head office. The total numbers of permanent employees who are working Ethio-Telecom head office are **1029**.

3.5. SAMPLING SIZE

In academic research principle authentic information towards stated population could be obtained only from census study. However, due to time and cost constraint, in many cases, a complete coverage of population is not possible; thus sampling is one of the methods, which allow the researcher to study moderately little number of components on behalf of the entire population (Sartnakos, 1998). As shows below

$$N = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 \cdot (N-1) + z^2 \cdot p \cdot q}$$

Where, **n** = the desired sample size

z = the value of the standard variation at a given confidence level (to be read from the table giving the areas under the normal curve)

p = the proportion of target population estimated (50%)

q = 1-p

e = acceptable error (the precision) **N** = population size

Therefore, the representative samples of the population were determined at 95% degree of confidence.

Hence at 95% degree of confidence,

$$n = \frac{(1.96)^2 (0.5) (0.5) (1029)}{(0.05)^2 (1029-1) + (1.96)^2 (0.5) (0.5)} = 280$$

3.6. METHOD OF DATA COLLECTION

The study was studied based on the data collected from primary sources through a questionnaire, Depth interviews and key format interviews. Although this study was supported by both theoretical & empirical literatures and secondary data from the organization, the researcher has used variety secondary sources to attain abovementioned objectives and to answer research questions.

3.6.1. PRIMARY SOURCE

Primary data were mainly obtained through the administered questionnaire, in depth interviews and key informant interviews.

3.6.2. SECONDARY SOURCE

Secondary data journal articles, books Bullets, brochures, annual financial performance and company database or profile gathered from the company. As well as the data were gathered from articles to review related theories and empirical findings in order to have better understanding of prospect and challenges privatizing of Ethio-Telecom.

3.7. DATA COLLECTION METHODOLOGY

3.7.1. QUESTIONNAIRES DESIGN

Generally Questionnaire means a data collection technique that each and every respondent were asked to respond to the same format of questions in a predetermined order (De Vaus et al. 2002). A questionnaire was containing a combination of closed ended and open-ended questions which including 20 and more statements concerned with the subject matter of prospect and challenges privatizing of Ethio-Telecom.

The questionnaire was prepared or addresses to Ethio- Telecom head office employee, the questionnaire was considering respondent's socio demographic profile, educational background and work experience in Ethio- Telecom employees.

3.7.2. KEY INFORMANT INTERVIEW

Key format interview is a data gathering method some specific issues to be discussed more detail. The researcher was select 15 KII from Ethio- Telecom administrations officials regarding with prospect and challenges privatizing of Ethio-Telecom.

3.7.3. IN DEPTH INTERVIEW

In depth interview data collection, method involves conducting intensively and depth interview with small numbers of the respondents to obtain information to address research thematic area. In depth interview was provided for informed citizens that have depth understanding on privatizations the researcher selected ten informed citizens via purposive snowball sampling method.

3.8. MEASUREMENT SCALE

The researcher was implementing questionnaires from pertinent journals that used to confirm higher validity throughout open-ended sorts of questions. The questionnaire was adopted for this research undertaking regarding to prospect and challenges privatization survey distributed for target respondents using a five-point Likert scale ranging from 'strongly disagree' (1) to 'strongly agree' (5).

The questionnaires contained standard questions as used by Johns, R. (2010) involving the construction of multiple- item measures, known as Likert scales. These instruments usually require respondents to give their level of agreement or disagreement, which can range from 1 to 5, to the statements/questions/items that indicate relative levels.

3.9. METHODS OF DATA ANALYSIS

Essential data are obtained it was analysed using most recommended social sciences study statistical package for social sciences (SPSS) version 26. Each research question and objectives were answer accordingly, and output of the analysis is present in tables and finally their implications are explained.

The data from the in-depth interview and key informant interview was be coded and analysed according to the different emerging themes from the data. This was help to analyse the respondents lived experience, understanding and perception about privatization.

3.10. VALIDITY AND RELIABILITY

In order to minimize and alleviate possibility of errors validity and reliability are remedies in academic arena because credibility and trustworthiness are mandatory (Sounders et al. 2009).

3.10.1. VALIDITY

Research validity accurately answers the question it intended to answer whereas validity data collection method accurately measures what they were intended to measure (Sounders et. Al. 2009). External validity is related to generalization (Bryman&Bell, 2003,). In this study the target population was major employee customers and the study sample is enough to generalize for the whole population of Ethio-Telecom employee.

3.10.2. RELIABILITY TEST

Reliability test is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Steed, 2007). Absence of reliability is a serious problem of a result measure as it implies errors in measurements (Powell, 1999).

To measure the reliability of the data collection tools an internal consistency procedure using Kolmogorov-Smirnov^a will be applied. Kolmogorov-Smirnov^a is a coefficient of reliability that gives an unbiased estimate of data generalizability. An Kolmogorov-Smirnov^a coefficient of for than 0.05 or higher indicated that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population.

3.11. ETHICAL CONSIDERATION

As far as possible, the researcher attempts to make to consider some ethical issues. Entire information was secured and kept secretly with high-level confidentiality without display of the respondents' identity or personality. The respondents were informed the objective of the thesis without any hidden information and the information collect through the questionnaire and interview used only for academic purpose. The information obtains from the respondents were presented as it is without changed or modified. Furthermore treating the respondents with ethical manner by showing respect and courtesy was considered during the survey. The researcher was a friendly inspiring the respondents feel free to give honest responses to the questionnaire and interview. Various ethical issues were also carefully followed in the data analysis process.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4. INTRODUCTION

This chapter presents the presentation, analysis and interpretation of data gathered from employees of Ethio-Telecom. The Employees that were selected randomly through the questionnaire, key informant interview and in-depth interview in addition documents related to the Privatization of Public Sectors. Data were collected and analysed in order to assess the Prospects and Challenges privatizing of Ethio-Telecom. The questionnaire was structured in a 5-point Likert scale format. The questionnaire is organized which contains the use of special rating scale that request respondents to show the degree to which they agree or disagree about the subject (1= strongly agree, 2= agree, 3= undecided, 4=disagree and 5= strongly dis agree).

The data collected from different sources are also presented, analyzed and interpreted by using frequency and percentage, finally the finding tested through software called Statistical Package for Social Science (SPSS) version 26.

3.1. GENERAL RESPONSE & RESPONDENTS OF ETHIO- TELECOM

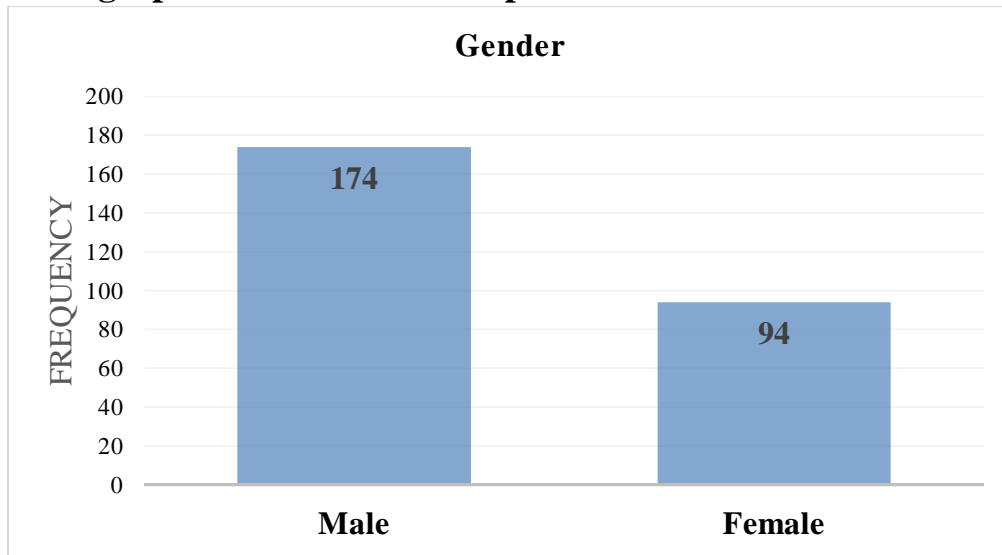
Description	Number			Percentage		
			Total			Total
Questionnaires Distributed and Returned	161	107	268	95.8	95.5	95.71
Questionnaires Distributed but not Returned	7	5	12	4.2	4.5	4.29
Total Distributed	168	112	280	100	100	100

Source: own survey, 2021:SPSS 26

As can be seen from Table 4.1, A total of 280 questionnaires were circulated, however 268 completed and properly returned, out of the total sample 12 questionnaires were not returned, thus; making the response rate 95.71%. Therefore, 268 useable questionnaires were considered for this study.

3.2. DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

Chart: Demographic Profile of the Respondents



The above chart shows the summary of employee’s demographic information; as it shown in chart 1 out of 268 respondent 174 (65%) of them were male, 94 (35%) of them were female. These imply that majority of Ethio-Telecom employees were male.

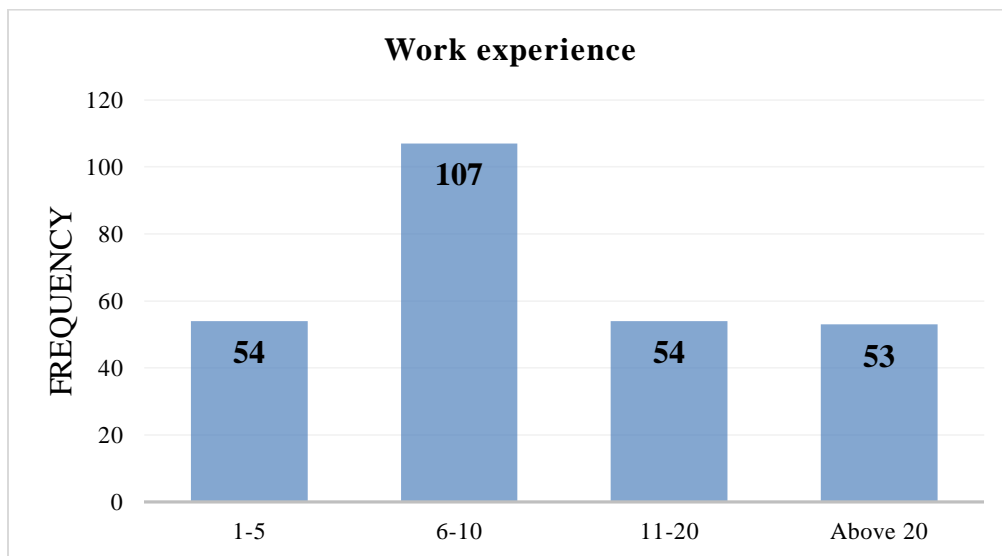


Chart 2 shows that 54 (20%) of employees were between 1-5 Experience level, 107 (40%) of them were between 6-10 Experience level, 54 (20%) of them were between 11-20 Experience level, 53 (20%) of them were above 20 Experience level. These imply that majority of employees were between 6-10 Experience level.

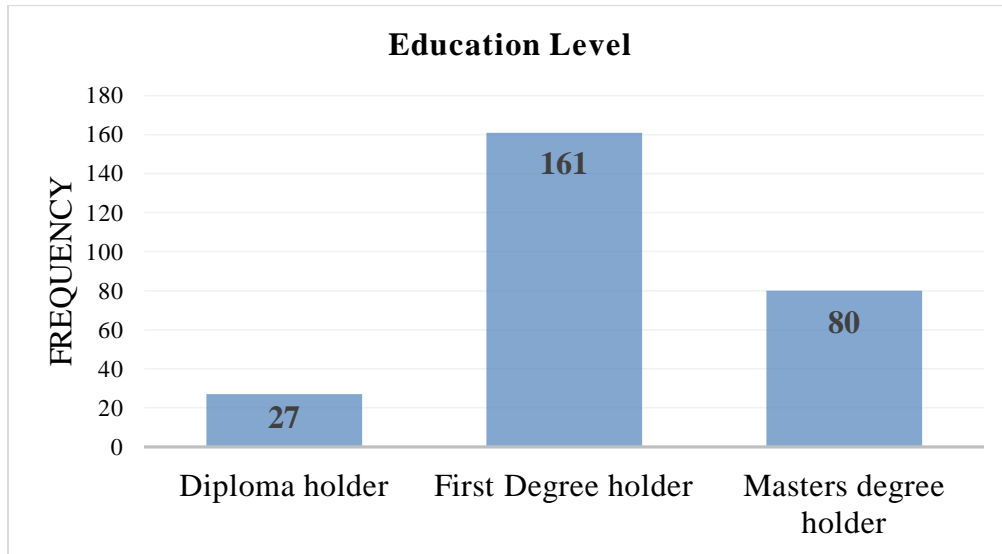


Chart 3 shows about educational level of the respondents. 27 (10%) of employees were at diploma level, 161 (60%) of them were First-degree holder, 80 (30%) of employees were Masters Degree holder. This implies that majority of Ethio-Telecom employees were first-degree holder. Finally the above charts show that majority of employees were male, experience level between 6-10 and first-degree holder.

3.3. NORMALITY TEST

Tests of Normality			
	Kolmogorov-Smirnov ^a		
	Statistic	Df	Sig.
OPL	0.102	268	0.000
PP	0.202	268	0.000
CHP	0.193	268	0.000
CP	0.209	268	0.000

a. Lilliefors Significance Correction

Source: own survey, 2021:SPSS 26

As illustrated in Table 4.3, The Significant number is less than 0.05, which means the null hypothesis (normally distribute Likert scale data) is rejected, so the data is not normally distributed. It implies the researcher should use Spearman correlation and ordinal regression.

3.4. ETHIO-TELECOM SHOULD BE PRIVATIZED.

Ethio-Telecom Should Be Privatized					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	40	14.9	14.9	14.9
	Disagree	127	47.4	47.4	62.3
	Neutral	29	10.8	10.8	73.1
	Agree	45	16.8	16.8	89.9
	Strongly Agree	27	10.1	10.1	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The Above Analysis Table 4.4. Shows that Ethio-Telecom should be privatized. From the total sample (n=27) 11%, (n=45) 17%, (n=29) 11%, (n=127) 47%, (n=40) 15% of employees are strongly Agree, agree, neutral, disagree, strongly disagree respectively. This indicates that 62% of employees were disagreed. This implies that Ethio-Telecom employees were not agreed Ethio-Telecom privatization.

Regarding desire of Ethio-Telecom privatizing, out of fifteen Ethio-Telecom management staff, twelve are not interested in privatizing Ethio-Telecom and the remaining 3 interview respondents wants Ethio-Telecom to be privatized. The twelve cited various reasons why Ethio-Telecom not to be privatized, all of which are because Ethio-Telecom is one of the profitable organization with in the country when it is summarizing. According to the remaining interviewees, Ethiopia it should privatizing state owned Ethio-Telecom in order to reach and join the world-advanced technology.

3.5. SHOULD ETHIO-TELECOM PRIVATIZED TO FOREIGN INVESTORS.

Should Ethio-Telecom Privatized To Foreign Investors					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	55	20.5	20.5	20.5
	Disagree	115	42.9	42.9	63.4
	Neutral	29	10.8	10.8	74.3
	Agree	58	21.6	21.6	95.9
	Strongly Agree	11	4.1	4.1	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As it can be indicated in Table 4.5, shows about Ethio-Telecom privatize to foreign investors. From the total sample (n=11) 4%, (n=58) 22 %, (n=29) 11%, (n=115) 43%, (n=55) 20% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This shows that 63% of respondents were disagreed. Ethio-Telecom should not be privatized to foreign investors.

3.6. DO YOU AGREE THAT ETHIO-TELECOM SHOULD BE PRIVATIZED FOR DOMESTIC INVESTORS.

Do You Agree That Ethio-Telecom Should Be Privatizing For Domestic Investors					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	25	9.3	9.3	9.3
	Disagree	49	18.3	18.3	27.6
	Neutral	37	13.8	13.8	41.4
	Agree	120	44.8	44.8	86.2
	Strongly Agree	37	13.8	13.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The data above, Table 4.6, indicates Ethio-Telecom should be privatizing for domestic investors. From the total sample (n=37) 14%, (n=120) 45%, (n=37) 14%, (n=49) 18%, (n=25) 9% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 59% of respondents were agreed with the idea. This implies that Ethio-Telecom should be privatizing for domestic investors.

3.7. ETHIO-TELECOM SHOULD PRIVATIZE PARTIALLY TO DOMESTIC AND FOREIGN INVESTOR.

Ethio-Telecom Should Privatize Partially To Domestic And Foreign Investor					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	49	18.3	18.3	18.3
	Disagree	101	37.7	37.7	56.0
	Neutral	56	20.9	20.9	76.9
	Agree	43	16.0	16.0	92.9
	Strongly Agree	19	7.1	7.1	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As indicated in the Table 4.7, above shows about Ethio-Telecom should privatize partially to domestic and foreign investor. From the total sample (n=19) 7%, (n=43) 16%, (n=56) 21%, (n=101) 38%, (n=49) 18% of employees are strongly Agree, agree, neutral, disagree, strongly disagree respectively these indicate that 56% of Ethio-Telecom employees were disagreed. It implies that Ethio-Telecom should not be privatized partially to domestic and foreign investor.

3.8. DO YOU AGREE THAT ETHIO-TELECOM PRIVATIZATION PROCESS SHOULD BE STOPPED.

Do You Agree That Ethio-Telecom Privatization Process Should Be Stopped					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	98	36.6	36.6	36.6
	Disagree	67	25.0	25.0	61.6
	Neutral	47	17.5	17.5	79.1
	Agree	29	10.8	10.8	89.9
	Strongly Agree	27	10.1	10.1	100.0
	Total	268	100.0	100.0	

It can be seen in the above analysis Table 4.8, describe about Ethio –Telecom privatization process should be stopped. From the total sample (n=27) 10%, (n=29) 11%, (n=47) 18%, (n=67) 25%, (n=98) 37% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 62% of respondents were disagreed. This implies that Ethio –Telecom privatization process should not be stopped.

Over the past thirty years, Ethiopia has not developed a telecommunication policy, telecom law, or regulatory competence in the telecom sector. Therefore, it’s difficult to find a quick and problem solving remedies to the problems encountered during the Ethio- Telecom privatization (Adam Lishan, 2019).

3.9. ETHIO-TELECOM BUYERS CAN INSTALL MORE INFRASTRUCTURES THAN ETHIO-TELECOM HAS SO FAR INSTALLED.

Ethio-Telecom Buyers Can Install More Infrastructures Than Ethio-Telecom Has So Far Installed					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	139	51.9	51.9	51.9
	Disagree	58	21.6	21.6	73.5
	Neutral	32	11.9	11.9	85.4
	Agree	21	7.8	7.8	93.3
	Strongly Agree	18	6.7	6.7	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The above Table 4.9, summarizes about Ethio-Telecom buyers can install more infrastructures than Ethio-Telecom has so far installed. From the total sample (n=18) 7%, (n=21) 8%, (n=32) 12%, (n=58) 21%, (n=139) 52% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 73% of employees were not disagreed.

Multinational companies that will buy Ethio-Telecom, must first an agreement to force adequate and remote areas telecommunication infrastructures to be installed, to implement free public WI-FI and societal marketing in urban areas etc.

3.10. DO YOU AGREE ETHIO-TELECOM HAS PLAYED A SIGNIFICANCE ROLE IN THE ETHIOPIAN DEVELOPMENT FROM OTHER STATE-OWNED ORGANIZATIONS.

Do You Agree Ethio-Telecom Has Played A Significance Role In The Ethiopian Development From Other State-Owned Organizations					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	9	3.4	3.4	3.4
	Disagree	50	18.7	18.7	22.0
	Neutral	28	10.4	10.4	32.5
	Agree	118	44.0	44.0	76.5
	Strongly Agree	63	23.5	23.5	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The Findings In Table 4.10, about Ethio-Telecom has played a significance role in the Ethiopian development from other state-owned organizations. From the total sample (n=63) 23%, (n=118) 44%, (n=28) 10%, (n=50) 19%, (n=9) 3% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 67% of employees were agreed. This implies that Ethio-Telecom has played a significance role in the Ethiopian development from other state-owned organizations.

With regard to significance role in country development, all interviewees replied that Ethio-Telecom plays the lions share Ethio-Telecom growth and development better than other public enterprise. According to information obtained from the Ethiopian revenue authority, Ethio-Telecom is the largest taxpayer in the country in 2019/2020 fiscal years, paying the highest tax of 21.6 billion birr.

According to 2013 financial report performance, Ethio-Telecom has created income and employment opportunity for more than 310,000 criticizes. Ethio-Telecom more than 285,000 partners deliver products and services to company customers, including permanent and temporary employees as well as Ethio-Telecom business partners deliver product and services to company customers, including permanent and temporary employees as well as Ethio-Telecom business partners who provide various service to company. During the first half of the budget year, more than 25,000 people created job and incomes related to Telecom related activities.

3.11. WILL ETHIO–TELECOM PROVIDES ADEQUATE SUPPORT FOR ETHIOPIAN DEVELOPMENT AFTER PRIVATIZATION.

Will Ethio–Telecom provide adequate support for Ethiopian development after privatization?					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.5	4.5	4.5
	Disagree	20	7.5	7.5	11.9
	Neutral	170	63.4	63.4	75.4
	Agree	51	19.0	19.0	94.4
	Strongly Agree	15	5.6	5.6	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

Results In Table 4.11, Above Indicate, Will Ethio–Telecom provide adequate support for Ethiopian development after privatization. From the total sample (n=15) 6%, (n=51) 19%, (n=170) 63%, (n=20) 8%, (n=12) 5% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 63% of respondents were neutral. This implies that the respondents are neither agree nor disagree about the future support from Ethio-Telecom for Ethiopian development after privatization.

3.12. DO YOU BELIEVE THAT THE CURRENT ETHIOPIAN GOVERNMENT HAS ADEQUATE REASONS' TO PRIVATIZE ETHIO-TELECOM.

Do You Believe That The Current Ethiopian Government Has Adequate Reasons' To Privatize Ethio-Telecom					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	33	12.3	12.3	12.3
	Disagree	132	49.3	49.3	61.6
	Neutral	44	16.4	16.4	78.0
	Agree	42	15.7	15.7	93.7
	Strongly Agree	17	6.3	6.3	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented in Table 4.12, above about current Ethiopian government has adequate reasons' to privatize Ethio-Telecom. From the total sample (n=17) 6%, (n=42) 16%, (n=44) 16%, (n=132) 49%, (n=33) 12% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 61% of respondent were disagreed. This implies that current Ethiopian government has not adequate reasons' to privatize Ethio-Telecom.

Exporting enough products to the international markets and also about making local business internationally competitive, by alleviating the current domestic political turmoil plus attracting foreign direct investment only solve foreign exchange shortages but privatizing Ethio-Telecom for temporary gain or to meet the dollar demand is not an adequate and reasonable reason, the respondent said.

In 2018, Ethiopians total debt is estimated at US \$ 29 billion, of which 12.1 billion (More than a third) is borrowed from China over the past 15 Years. One-fourth (\$ 3.1 billion) of loans from China have been used for Expansions of Ethio-Telecom (Adam Lishan, 2019).

3.13. DO YOU AGREE THAT PRIVATIZING OF ETHIO -TELECOM IS THE RIGHT TIME.

Do You Agree That Privatizing Of Ethio-Telecom Is The Right Time					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	18	6.7	6.7	6.7
	Disagree	19	7.1	7.1	13.8
	Neutral	182	67.9	67.9	81.7
	Agree	35	13.1	13.1	94.8
	Strongly Agree	14	5.2	5.2	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As the data given in Table 4.13, above summarizes about privatizing of Ethio -Telecom is the right time. From the total sample (n=14) 5%, (n=35) 13%, (n=182) 68%, (n=19) 7%, (n=18) 7% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 68% of respondents were neutral. This implies that the respondents are neither agree nor disagree about privatizing Ethio-Telecom at the right time.

3.14. AFTER PRIVATIZATION, CAN ETHIO-TELECOM BE AN INTERNATIONAL COMPETITOR.

After Privatization, Can Ethio-Telecom Be An International Competitor					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	20	7.5	7.5	7.5
	Disagree	30	11.2	11.2	18.7
	Neutral	31	11.6	11.6	30.2
	Agree	153	57.1	57.1	87.3
	Strongly Agree	34	12.7	12.7	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021

As Indicated in the above Table 4.14, above summarizes after privatization, Ethio-Telecom be an international competitor. From the total sample (n=34) 13%, (n=153) 57%, (n=31) 12%, (n=30) 11%, (n=20) 7% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 70% of employees were agreed. This implies that after privatization, Ethio-Telecom becomes an international competitor.

All interviewees responded that, the compiling reason for sale of Ethio-Telecom IMF and World Bank influence. In fact, Ethio-Telecom privatization is prerequisite for international financial institution to overcome Ethiopians dollar shortage and foreign debts burden. □ Many developing and underdeveloped countries are pushing for policies that hurt their national interest to get loans and grant from international financial institutions. For instance, the structural adjustment program is one of the international financial institutions tools (Melkamu Dires, 2017).

3.15. DO YOU AGREE THAT ETHIO- TELECOM PRIVATIZATIONS WILL SUCCEED.

Do You Agree That Ethio- Telecom Privatizations Will Succeed					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.5	4.5	4.5
	Disagree	23	8.6	8.6	13.1
	Neutral	184	68.7	68.7	81.7
	Agree	35	13.1	13.1	94.8
	Strongly Agree	14	5.2	5.2	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

Based on the above Information, Table 4.15, about Ethio- Telecom privatizations will succeed. From the total sample (n=14) 5%, (n=35) 13%, (n=184) 69%, (n=23) 8%, (n=12) 5% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 69% of employees were neutral. This implies that the respondents are neither agree nor disagree about Ethio- Telecom privatizations will succeed.

Out of twenty-nine sub-Saharan countries that have implemented the structural adjustment program including privatization program, eleven have seen economic recessions and nine minor improvements (World Bank, 1994).

3.16. DOES PRIVATIZATION INCREASE ECONOMIC EFFICIENCY.

Does Privatization Increase Economic Efficiency					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	25	9.3	9.3	9.3
	Disagree	49	18.3	18.3	27.6
	Neutral	37	13.8	13.8	41.4
	Agree	120	44.8	44.8	86.2
	Strongly Agree	37	13.8	13.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented in Table 4.16, summarizes about privatization to increase economic efficiency. From the total sample (n=37) 14%, (n=120) 45%, (n=37) 14%, (n=49) 18%, (n=25) 9% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 59% of respondents were agreed with the idea. This implies that privatization increase economic efficiency.

The respondents expressed all most similar views regarding pros and cons of Ethio-Telecom privatization, and it's as follows: Ethio-Telecom privatization will bring significant improvements in telecom service, accelerate E-Commerce transaction, increase internet service access quality, reduce government interference and provide better and cheaper telecom services. Whereas Ethio-Telecom privatization also creates high service monopoly, augment high unemployment, lead to capital flight, does not pay attention to charitable service. □ Ethio-Telecom privatization will create a digital economy, digital economy means the production system, trading system; these are types of communication between peoples and organizations when start using information and telecommunication options (ICT) (Adam Lishan, 2019).

3.17. DO AGREE THAT ETHIO- TELECOM PRIVATIZATIONS ATTRACT FOREIGN DIRECT INVESTMENTS.

Do Agree That Ethio- Telecom Privatizations Attract Foreign Direct Investments					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	13	4.9	4.9	4.9
	Disagree	39	14.6	14.6	19.4
	Neutral	40	14.9	14.9	34.3
	Agree	72	26.9	26.9	61.2
	Strongly Agree	104	38.8	38.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As Indicated On The Above The Table 4.17, it's about Ethio- Telecom privatizations attracted foreign direct investments. From the total sample (n=104) 39%, (n=72) 27%, (n=40) 15%, (n=39) 15%, (n=13) 5%, of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates 66% of them were agreed. It implies that Ethio-Telecom privatizations attract foreign direct investments.

According to Gebeyehu, W, (2000) although total foreign direct investment comes to Ethiopia, with the exception of Saudi Arabia, which has a relatively large share of 30%, and with the exception of Turkey and France, there, is no real Ethiopian foreign exchange.

3.18. DOES PRIVATIZATION IMPROVE SERVICE QUALITY

Does privatization improve service quality?					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	25	9.3	9.3	9.3
	Disagree	49	18.3	18.3	27.6
	Neutral	37	13.8	13.8	41.4
	Agree	120	44.8	44.8	86.2
	Strongly Agree	37	13.8	13.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented above, Table 4.18 summarizes about privatization to improve service quality. From the total sample (n=37) 14%, (n=120) 45%, (n=37) 14%, (n=49) 18%, (n=25) 9% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 59% of respondents were agreed with the idea. This implies that privatization improve service quality.

Ethiopians Internet penetration is lower than that of landlocked countries such as Mali and Rwanda. Thus, Ethio- Telecom privatization will creates the highest ICT penetrations (Adam Lishan, 2019).

3.19. PRIVATIZATION CREATES OPPORTUNITY FOR SKILLED AND EXPERIENCED EMPLOYEES.

Privatization Creates Opportunity For Skilled And Experienced Employees					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	9	3.4	3.4	3.4
	Disagree	16	6.0	6.0	9.3
	Neutral	39	14.6	14.6	23.9
	Agree	172	64.2	64.2	88.1
	Strongly Agree	32	11.9	11.9	100.0
	Total	268	100.0	100.0	

As Illustrated In Table 4.19, indicates about Privatization creates opportunity for skilled and experienced employees. (n=32) 12%, (n=172) 64%, (n=39) 15%, (n=16) 6%, (n=9) 3% of employees were strongly Agree, agree, neutral, disagree, strongly disagree respectively. This indicates that 76% of respondents were agreed. It implies Privatization creates opportunity for skilled and experienced employees.

3.20. DOES PRIVATIZATION REDUCE GOVERNMENT AND POLITICAL INTERVENTION.

Does Privatization Reduce Government And Political Intervention					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	13	4.9	4.9	4.9
	Disagree	15	5.6	5.6	10.4
	Neutral	30	11.2	11.2	21.6
	Agree	161	60.1	60.1	81.7
	Strongly Agree	49	18.3	18.3	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As can be seen from Table 4.20, about privatization reduce government and political intervention. From the total sample (n=49) 18%, (n=161) 60%, (n=30) 11%, (n=15) 6%, (n=13) 5% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 78% of employees were agreed. It implies privatization, reduce government and political intervention.

3.21. PRIVATIZATION CREATE CONDUCTIVE ENVIRONMENT FOR ENHANCEMENT OF CAPITAL MARKET.

Privatization Create a Conducive Environment For Enhancement Of Capital Market					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	15	5.6	5.6	5.6
	Disagree	24	9.0	9.0	14.6
	Neutral	24	9.0	9.0	23.5
	Agree	155	57.8	57.8	81.3
	Strongly Agree	50	18.7	18.7	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As Illustrated in Table 4.21, shows Privatization create a conducive environment for enhancement of capital market. From the total sample (n=50) 19%, (n=155) 58%, (n=24) 9%, (n=24) 9%, (n=15) 6% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 77% of respondents were agreed. It implies Privatization to create conducive environment for enhancement of capital market

3.22. PRIVATIZING OF ETHIO- TELECOM IS VERY RISKY.

Privatizing of Ethio- Telecom is very risky?					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	9	3.4	3.4	3.4
	Disagree	50	18.7	18.7	22.0
	Neutral	28	10.4	10.4	32.5
	Agree	118	44.0	44.0	76.5
	Strongly Agree	63	23.5	23.5	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The Above Analysis 4.22 presented about Privatizing of Ethio- Telecom is very risky. From the total sample (n=63) 23%, (n=118) 44%, (n=28) 10%, (n=50) 19%, (n=9) 3% of respondents were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 67% of employees were agreed. This implies that Privatizing of Ethio- Telecom is very risky.

According to most respondents, there is no risk that Ethio-Telecom will be privatized without the fewer benefits of the government.

The privatization of Ethio-Telecom various benefits such as efficient service access, accessibility, free competition and reduce government intervention.

3.23. DOES PRIVATIZE OF ETHIO- TELECOM AGAINST NATIONAL SECURITY.

Does Privatize Of Ethio- Telecom Against National Security					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	13	4.9	4.9	4.9
	Disagree	39	14.6	14.6	19.4
	Neutral	40	14.9	14.9	34.3
	Agree	72	26.9	26.9	61.2
	Strongly Agree	104	38.8	38.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As indicated on the above, the table 4.23, describe about Privatizing of Ethio- Telecom against national security. From the total sample (n=104) 39%, (n=72) 27%, (n=40) 15%, (n=39) 15%, (n=13) 5%, of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates 66% of them were agreed. It implies that Privatizing of Ethio- Telecom is against national security.

3.24. PRIVATIZING OF ETHIO-TELECOM THREATENS NATIONAL SOVEREIGNTY.

Privatizing Of Ethio-Telecom Threatens National Sovereignty					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.5	4.5	4.5
	Disagree	20	7.5	7.5	11.9
	Neutral	170	63.4	63.4	75.4
	Agree	51	19.0	19.0	94.4
	Strongly Agree	15	5.6	5.6	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As above, Table (4. 21) summarizes, Privatizing of Ethio-Telecom threatens national sovereignty. From the total sample (n=15) 6%, (n=51) 19%, (n=170) 63%, (n=20) 8%, (n=12) 5% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 63% of respondents were neutral. This implies that the respondents are neither agree nor disagree about Privatizing of Ethio-Telecom threatens national sovereignty.

The majority of the active citizen responded to the national security, as before, especially social media has played a major role in the political turmoil with in the country. Therefore, if Ethio-Telecom is privatized, it will be difficult to prevent serious problems though social media, but INSA is an organization that is responsible for local and global cyber attacks.

3.25. DOES PRIVATIZINE OF ETHIO-TELECOM AGAINST THE PRIVACY OF INDIVIDUALS.

Does Privatize Of Ethio-Telecom Against The Privacy Of Individuals					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	20	7.5	7.5	7.5
	Disagree	30	11.2	11.2	18.7
	Neutral	31	11.6	11.6	30.2
	Agree	153	57.1	57.1	87.3
	Strongly Agree	34	12.7	12.7	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented in Table 4.25, summarizes after privatizing of Ethio-Telecom against the Privacy of Individuals. From the total sample (n=34) 13%, (n=153) 57%, (n=31) 12%, (n=30) 11%, (n=20) 7% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 70% of employees were agreed. This implies that privatizing of Ethio-Telecom against the Privacy of Individuals.

3.26. IF ETHIO- TELECOM IS PRIVATIZED, DO YOU THINK WILL BE DISCHARGED FROM YOUR JOB.

If Ethio- Telecom Is Privatized, Do You Think Will Be Discharged From Your Job					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.5	4.5	4.5
	Disagree	23	8.6	8.6	13.1
	Neutral	184	68.7	68.7	81.7
	Agree	35	13.1	13.1	94.8
	Strongly Agree	14	5.2	5.2	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As indicated in the above, Table 4.26, summarizes about If Ethio- Telecom is privatized, do you think will be discharged from your job. From the total sample (n=14) 5%, (n=35) 13%, (n=184) 69%, (n=23) 8%, (n=12) 5% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 69% of employees were neutral.

This implies that the respondents are neither agree nor disagree about will they discharge or not if Ethio- Telecom is privatized.

Gebeyehu, W, (2000) analyzes it according to information or reports from EPA (2002). Prior to privatization, the number of employees in the private sector was 15375. The number decreased by 12% and reached 13537 as of July 2002. If they did not create jobs for 896 new employees, the number of employees could be reduced by 2729 (18%).

In this interview, the respondent gave different responses, and the researcher summed it up as follows: the Ethio-Telecom privatization process has both positive and negative effects on the employee of the organization. In general, the majority of respondents have negative prospects for Ethio-Telecom privatization, and some have a positive outlook.

According to many studies, privatizations have own positive and negative impacts on employees, just like a double-edged sword. According to management philosophy of the organizations, after privatization there are also many employees who have been without a job and may have been hired and worku Gebeyanu analyzes it according to information or reports from EPA (2002).

3.27. IF ETHIO-TELECOM IS PRIVATIZED, DO YOU THINK THAT YOU MAY LOSE YOU SALARY AND OTHER BENEFIT.

If Ethio-Telecom Is Privatized, Do You Think That You May Lose You Salary And Other Benefit					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	18	6.7	6.7	6.7
	Disagree	19	7.1	7.1	13.8
	Neutral	182	67.9	67.9	81.7
	Agree	35	13.1	13.1	94.8
	Strongly Agree	14	5.2	5.2	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

Results In Table 4.27 Above Indicate privatization of Ethio-Telecom will lead to loss salary and other benefit.

From the total sample (n=14) 5%, (n=35) 13%, (n=182) 68%, (n=19) 7%, (n=18) 7% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 68% of respondents were neutral. This implies that the respondents are neither agree nor disagree about privatizing Ethio-Telecom will lead to in loss salary and other benefits.

3.28. IF ETHIO-TELECOM IS PRIVATIZED, DO YOU THINK THAT YOU CAN DEVELOP YOUR CARRIER THAN NOW.

If Ethio-Telecom Is Privatized, Do You Think That You Can Develop Your Carrier Than Now					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	33	12.3	12.3	12.3
	Disagree	132	49.3	49.3	61.6
	Neutral	44	16.4	16.4	78.0
	Agree	42	15.7	15.7	93.7
	Strongly Agree	17	6.3	6.3	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As can be seen in Table 4.28, describe about privatization of Ethio-Telecom lead to develop carrier than now. From the total sample (n=17) 6%, (n=42) 16%, (n=44) 16%, (n=132) 49%, (n=33) 12% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 61% of respondent were disagreed. This implies that privatization of Ethio-Telecom cannot lead to develop carrier than now.

3.29. DO AGREE THAT ETHIO-TELECOM PRIVATIZATION CREATES NATURAL MONOPOLIES.

Do Agree That Ethio-Telecom Privatization Creates Natural Monopolies					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	25	9.3	9.3	9.3
	Disagree	49	18.3	18.3	27.6
	Neutral	37	13.8	13.8	41.4
	Agree	120	44.8	44.8	86.2
	Strongly Agree	37	13.8	13.8	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented in the above Table 4.29, about Privatization of Ethio-Telecom creates Natural monopolies. From the total sample (n=37) 14%, (n=120) 45%, (n=37) 14%, (n=49) 18%, (n=25) 9% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 59% of respondents were agreed with the idea. This implies that Privatization of Ethio-Telecom creates Natural monopolies.

3.30. AFTER ETHIO-TELECOM PRIVATIZED, DO YOU THINK THAT ETHIO-TELECOM SERVICES WILL BE AFFORDABLE AND CHEAPER.

After Ethio-Telecom Privatized, Do You Think That Ethio-Telecom Services Will Be Affordable And Cheaper					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	49	18.3	18.3	18.3
	Disagree	101	37.7	37.7	56.0
	Neutral	56	20.9	20.9	76.9
	Agree	43	16.0	16.0	92.9
	Strongly Agree	19	7.1	7.1	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The findings in Table 4.30, shows about after Ethio-Telecom privatized, Ethio-Telecom services will be affordable and cheaper. From the total sample (n=19) 7%, (n=43) 16%, (n=56) 21%, (n=101) 38%, (n=49) 18% of employees are strongly Agree, agree, neutral, disagree, strongly disagree respectively these indicate that 56% of Ethio-Telecom employees were disagreed. It implies that after Ethio-Telecom privatized, Ethio-Telecom services will not be affordable and cheaper.

3.31. PRIVATIZATION OF ETHIO-TELECOM ALLEVIATES POOR MANAGEMENT PERFORMANCE.

Privatization Of Ethio-Telecom Alleviates Poor Management Performance					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	9	3.4	3.4	3.4
	Disagree	16	6.0	6.0	9.3
	Neutral	39	14.6	14.6	23.9
	Agree	172	64.2	64.2	88.1
	Strongly Agree	32	11.9	11.9	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

According to the Table 4.31, is about privatization of Ethio-Telecom alleviates Poor management performance. (n=32) 12%, (n=172) 64%, (n=39) 15%, (n=16) 6%, (n=9) 3% of employees were strongly Agree, agree, neutral, disagree, strongly disagree respectively. This indicates that 76% of respondents were agreed. It implies that privatization of Ethio-Telecom alleviates Poor management performance.

To implement and modernize Ethio-Telecom's overall telecom service management and business management perspective to implement a new and convenient organizational structure. In 2010, a two-year management agreement between France Telecom and the Ethiopian government did not produce the desired results (Adam Lishan, 2019).

3.32. DO AGREE ETHIOPIAN WILL PAY EXISTING EXTERNAL DEBTS AFTER PRIVATIZING ETHIO-TELECOM.

Do Agree Ethiopian Will Pay Existing External Debts After Privatizing Ethio-Telecom					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.5	4.5	4.5
	Disagree	20	7.5	7.5	11.9
	Neutral	170	63.4	63.4	75.4
	Agree	51	19.0	19.0	94.4
	Strongly Agree	15	5.6	5.6	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

The data above, Table 4.32, indicates Ethiopian will pay existing external debts after privatizing Ethio-Telecom. From the total sample (n=15) 6%, (n=51) 19%, (n=170) 63%, (n=20) 8%, (n=12) 5% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This indicates that 63% of respondents were neutral. This implies that the respondents are neither agreed nor disagree about Ethiopian will pay existing external debts after privatizing Ethio-Telecom.

3.33. IS IT POSSIBLE TO RESTATE OWNED ENTERPRISE ONCE PRIVATIZED ETHIO-TELECOM.

Is It Possible To Restate Owned Enterprise Once Privatized Ethio-Telecom					
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	55	20.5	20.5	20.5
	Disagree	115	42.9	42.9	63.4
	Neutral	29	10.8	10.8	74.3
	Agree	58	21.6	21.6	95.9
	Strongly Agree	11	4.1	4.1	100.0
	Total	268	100.0	100.0	

Source: own survey, 2021:SPSS 26

As presented above, Table 4.33, shows about if it is possible to re-state owned enterprise once privatized Ethio-Telecom. From the total sample (n=11) 4%, (n=58) 22 %, (n=29) 11%, (n=115) 43%, (n=55) 20% of employees were strongly Agree, agree, neutral, disagree, and strongly disagree respectively. This shows that 63% of respondents were disagree. This implies that it is not possible to re-state owned enterprise once privatized, Ethio-Telecom.

3.34. INFERENCE ANALYSIS

Correlation analysis is a technique used to show the association of one variable to another and can consider as standardized covariance that indicate the area to which a change in one variable corresponds systematically to change in another (Zikmund et al, 2013).

In order to evaluate this relationship, Pearson correlation analysis was used to provide evidence. Pearson correlation coefficient normally ranges between -1.0 to 1.0. The sign shows whether there is positive correlation (as on variable increase the other also increases) or negative correlation (as one variable increase the other decrease) and it also shows the strength of the relationship (Ling, 2006).

3.35. CORRELATIONS

Correlations					
		OPL	PP	CHP	CP
OPL	Correlation co.	1	.928**	.886**	.932**
	Sig. (2-tailed)	.	.000	.000	.000
PP	Correlation co.	.928**	1	.913**	.925**
	Sig. (2-tailed)	.000	.	.000	.000
CHP	Correlation co.	.886**	.913**	1	.934**
	Sig. (2-tailed)	.000	.000	.	.000
CP	Correlation co.	.932**	.925**	.934**	1
	Sig. (2-tailed)	.000	.000	.000	.

** . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey, 2021:SPSS 26

In order to examine the strength of association between the Opinions on privatization and liberalization (OPL), Prospects of Privatization (PP), Challenges of Privatization (CHP), Consequence of Privatization (CP) the Spearman Correlation coefficient was computed. As a result, correlation coefficient for OPL and PP is 0.928, OPL and CHP are 0.886, OPL and CP are 0.932, PP and CHP is 0.913, PP and CP is 0.925, CHP and CP is 0.934. All the factors were positively correlated with each other and the significance number is less than 0.05; this implies that there is significant and positive relationship between variables. Generally, the correlation matrix results implied that, there is a strong and direct relationship among the independent and dependent variables.

3.36. ORDINAL REGRESSION ANALYSIS

MODEL FITTING INFORMATION

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	1316.484			
Final	.000	1316.484	3	.000

Link function: Logit.

Source: own survey, 2021:SPSS 26

The significant number is less than 0.05 the null hypothesis is rejected; this means the model fits the data very well.

3.37. THE ORDINAL REGRESSION OF DETERMINANT FACTORS (N= 268)

Parameter Estimates							
	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
OPL	5.275	.533	98.032	1	.000	4.231	6.319
PP	2.095	.580	13.069	1	.000	.959	3.232
CHP	4.743	.585	65.809	1	.000	3.597	5.889
Link function: Logit.							

Source: own survey, 2021:SPSS 26

The ordinal regression coefficients are simply interpreted as the estimated or predicted change in being in a higher group or category in the dependent variable.

Positive estimate or coefficient is interpreted as follows: for every one-unit increase on an independent variable, there is a predicted increase of a certain value on the dependent variable. More generally, this indicates that there is an increased probability of falling at a greater level on the dependent variable as the value rise on an independent variable.

Negative estimate or coefficient, interpreted as follows: for every one-unit increase on the independent variable, there is a predicted decrease of a certain amount on the dependent variable. This simply means that, as the value of independent variable increased, there is a decreased probability of the dependent variable.

Opinions on privatization (OPL), Prospects of Privatization (PP), Challenges of Privatization (CHP) and Consequence of Privatization (CP) have positive estimate (predictor) (5.275, 2.095, 4.743) of Consequence of privatization. So Opinions on privatization and liberalization (OPL) has more impact on the Consequence of Privatization than others, and the least one is Prospects of Privatization (PP).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5. INTRODUCTION

The central objective of this thesis was to assess the “**Prospects & Challenges of Privatizing of ETHIO-TELECOM**”. To attain these research questions and objective, both primary and secondary data have been obtained. Primary data were obtained through the questionnaire, key informant interview and in-depth interview and the collected data is analyzed and discussed. Based on the data obtained from the respondent’s summary of findings, conclusions and recommendation made are presented as follows.

5.1. SUMMARY OF FINDINGS

According to the finding of this research Ethio-Telecom 174 (65%) of them were male 94 (35%) of them were female. This implies that majority of Ethio-Telecom employees were male and this research address both gender.

Regarding with work experience, 54 (20%) of employees were between 1-5 Experience level, 107 (40%) of them were between 6-10 Experience level, 54 (20%) of them were between 11-20 Experience level, 53 (20%) of them were above 20 Experience level. These imply that majority of employees were between 6-10 Experience level.

Concerning with educational level of the respondents. 27 (10%) of employees were at diploma level, 161 (60%) of them were First-degree holder and 80 (30%) of employees are Master’s degree holder. This implies that majority of Ethio-Telecom employees were a first-degree holder. Majority of the employees, 127(47.4%) of them replied to disagree regarding Ethio-Telecom privatization.

- ✓ For a majority of the employees 115(42.9%) of them, do not Ethio-Telecom to be sold to foreign investors.
- ✓ 120(44.8%) of Ethio-Telecom respondents replied “**Agree**” that Ethio-Telecom should to be sold for domestic investors.
- ✓ Majority of the employees 111 (37.7%) of them disagree saying that Ethio-Telecom privatization partially to the domestic and foreign investor.

- ✓ 120(44.8%) of the employees, who are the majority, agree that Ethio- Telecom privatization will improve efficiency.
- ✓ Majority of the employees, 104(38.8%) of them agree Ethio-Telecom privatization attracts foreign direct investment.
- ✓ 120(44.8%) of the employees agree that Ethio-Telecom will improve service quality.
- ✓ 111(44.0%) Majority of the employees agreed that privatizing Ethio-Telecom is very risky.
- ✓ Regarding with Privatizing of Ethio-Telecom threatens national sovereignty, 170(63.4%) replied “Neutral” this implies that privatizing Ethio-Telecom not to be threatening national sovereignty.
- ✓ Concerning carrier development majority of the employees 132(49.3% of them disagreed that privatizing of Ethio-Telecom cannot develop job carrier.
- ✓ Majority of the employees disagree that after Ethio-Telecom privatized service will not be rendered with the cheaper and affordable price.
- ✓ Regarding with re-organized once prevised company Majority of the employees 55(20.5%) & 115(42.9%) replied strongly disagree and disagree.

5.2. CONCLUSIONS

Privatization package is to rise the capability of companies to attain their goals, it is predictable that privatization will escalation profitability, operating efficiency, capital expenditure, and output plus Privatization can serve as a fuel tool for capital flow since private investors spend their extensive wealth for purchasing those state owned enterprises (SOEs), and in terms of further investment such as capacity expansion.

Privatization advocates preaches that privatization is prospectively to create about improved revenue that will have an affirmative effect on the possibility of public tax collection and the reduction of the national debt but based on data obtained from Questionnaire, Key informant and in-depth interview, it's not worthwhile to privatizing Ethio-Telecom as long as it's a high profitable organization.

According to variety of studies privatization carried out when firms were infected by shortages of raw materials and lack of demand but also privately owned organizations faced more problems with government rules and regulations than state owned firms.

Privatization in African and developing countries was started in response to the structural adjustment program induced by international financial institutions rather than own policy initiative.

The inception of privatization, obligatory diverse policy changes in Ethiopia to take about a conducive environment for private ownership grows.

The reasons that the Ethiopian government decided to proceed to privatization were identical to the ones which made the rest countries in the entire world to do the same thing the need to downgrade the deficit and the public debt in a framework of financial difficulties; the better adaptation of private companies to customer favorites in quality and prices; the inefficiency of monopolies; the absence of management and accounting control over state-owned firms, the privatizing of the executive process in the market of goods and services from the public to the private sector.

There is durable verification that privatization is associated fragilely and incompetence after privatizing in the case of. Many studies provide strong support for this proposition, and perhaps Worku Gebeyanu, (2000)

However, almost all the studies that before privatization process launched state owned Organizations should be valued when Capital Markets exist but still now Ethiopia has no capital market and with the absence of capital market that valuing organizations assets couldn't be genuine and authentic.

5.3. RECOMMENDATIONS

- ❖ Generations from Emperor Menelik II to the present have left their mark on the development of Ethio-Telecom. Therefore, Ethio-Telecom privatizing process it is not only the issue of the government but also a few pro-government individuals. Ethio-Telecom As long as it is an organization based on public effort and interest, it is a good idea for the public to consult and discuss the privatization process. The public should be aware of the advantages and disadvantages of Ethio-Telecom privatization, and the privatization process should be carried out.
- ❖ Before privatizing Ethio-Telecom, it is important to develop a well-researched legal framework that does not compromise the country's future interests. This is because Ethio-

Telecom is vital in terms of the type of service it delivers and also in order to protect the hazard to the country's sovereignty.

- ❖ The two largest financial institutions through the Structural adjustment program implement the idea of privatization. It is also important to consider the characteristics and financial capabilities of a cross-border business corporation. The fact that only 40% of the government sells to foreign companies is unconvincing. Because it is important to learn about the problem that has been observed in different parts of Africa and in our country, such as the tobacco monopoly. International business corporations, centered on their intercontinental experience and economic resources, progressively take control the lion's share of what they earlier bought for numerous persuasive and forceful reasons and finally obtain possession.
- ❖ The main purpose of privatization is to enable public enterprises that are unable to cover their own budget to be privatized and free from government subsidies. The Deloitte consulting limited company hired by the Ethiopian ministry of finance to facilitate Ethio-Telecom privatization process has reported that Ethio-Telecom, Ethiopians the largest profit earner, has a net worth of cloth to 80 billion birrs. Therefore, in the current context, the ruling party should stop privatizing Ethio-Telecom and clear the organization from political interference and clearing Ethio-Telecom's management from political influence.
- ❖ It is well known that the Prime Minister of the United Kingdom, Margaret Thatcher, gave practical experience to many countries about what the privatization process should look like. During her reign, she persuaded millions of British citizens to buy shares to privatize large British government corporations.

The current Ethiopian government is headed by British Prime Minister Margaret Thatcher It is better to take the experience of Ethio-Telecom privatization process. According to the data, Ethio-Telecom's partial sale of 40% to foreign investors, while Ethio-Telecom employees can only buy 5% share in Ethio-Telecom Privatization.

- ❖ To create a sense of ownership If Ethio-Telecom's employees increase their share purchase by 5% and a special benefit and payment package has been prepared for Ethiopian returnees to purchase at Ethio-Telecom Private Share. It is better to buy the lion's share of Ethiopian-born people in different worlds than to sell all 40% to foreign companies.

- ❖ Liberalization must take precedence over privatization because liberalization eliminates government control and intervention. Organizations measure also profits growth and designing competent management and marketing strategies to enhance the future of the organization. Various reports indicate that Ethio-Telecom Profit Margin is better than other state-owned enterprises; so liberalizing Ethio-Telecom should be a priority.

For instance, Ethiopian's airlines management structure is independent of government influence and is an internationally competitive organization that is proud of Ethiopia and Africa.

- ❖ Ethiopia is one of the least not colonized countries in the history of the world. This is the cause of the liberation of Africa, and also The Ethiopian people have been directly or indirectly defending colonialism. It is the Ethiopian tradition not to hand over sovereignty to the colonizers. Therefore, timely information on the Ethio-Telecom privatizing process should be provided to the public, as it will help the Ethiopian people not to associate it with the overthrow of sovereignty.

5.4. RECOMMENDATION FOR FURTHER RESEARCHES

It is suggested that there should be an intensive research to ascertain the prospect and challenges privatization & liberalization.

Among others, mostly on:

- Conducting a Meta analysis type study on previous Studies based on the privatization process in Ethiopia.
- This is because the study was conducted during the Ethio-Telecom privatization process, again its better study prospects and challenges after Ethio-Telecom privatization.

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Appendix



Addis Ababa University

College of Business and Economics

**Department of Public Administration and Development
Management**

Master of Arts in Development Management (MADM)

Questionnaire that will be filled by Employees of the ETHIO-TELECOM.

Dear Sir/Madam,

I am conducting a research on *“Prospects & Challenges of Privatizing ETHIO-TELECOM.* This research is conducted in partial fulfillment of the requirement for the Degree of Masters development management. For the successful accomplishment of the research, the genuine response of the employees of the **ETHIO-TELECOM** will have pivotal role and will be used as a valuable and primary input for the study. So, you are kindly and humbly requested to take few moments of your busy schedule and genuinely fill this questionnaire.

The information will be used exclusively for academic purposes and your response will be treated with strict confidentiality and anonymity.

To indicate your response, please put a mark in the appropriate Box and I thank you in advance for taking your time to complete the questionnaire.

With Best Regards,

YOSEPH GIRMA

Instructions: -

- I. Writing your name is not necessary.**
- II. Circle or put tick mark “√” for each question as required or answer the questions in the space provided.**

Part One: Respondent’s Profile

1. Sex:

A. Male B. Female

2. Work Experience:

A. 1-5years B. 6-10 years

C. 11-20 years D. above 20 years

3. Department _____

4. What is your current Position at ETHO-TELECOM _____

5. Educational Background

A. Diploma B. Bachelor Degree

C. Master’s degree D. Doctorate degree

E. Please specify if other -----

Part Two: Questions related with the topic Questions.

In this part of the questionnaire, there are questions that are related “**Prospects & Challenges of Privatizing**”. Therefore, you are required to give your opinion

towards Privatization of Ethio-Telecom. Please use the following scale to indicate your level of agreement with each of the identified issues associated with Privatization and Liberalization.

And putting a tick mark (√) in the box in front of the items of your choice.

1. If You Strongly Disagree
2. If You Disagree
3. If You Don't Know (Neutral)
4. If You Agree
5. If You Strongly Agree

No	Questions	1	2	3	4	5
1	Opinions on Privatization and liberalization					
1.1	Ethio-Telecom should be privatized?					
1.2	Should Ethio-Telecom privatize to foreign investors?					
1.3	Do you agree that Ethio-Telecom should be privatizing for domestic investors?					
1.4	Ethio-Telecom should privatize partially to domestic and foreign investor?					
1.5	Do you agree that Ethio –Telecom privatization process should be stopped?					
1.6	Ethio-Telecom buyers can install more infrastructures than Ethio-Telecom has so far installed?					
1.7	Do you agree Ethio-Telecom has played a significance role in the Ethiopian development from other state-owned organizations?					
1.8	Will Ethio–Telecom provide adequate support for Ethiopian development after privatization?					
1.9	Do you believe that the current Ethiopian government has adequate reasons' to privatize Ethio-Telecom?					
1.10	Do you agree that privatizing of Ethio -Telecom is the right time?					
1.11	After privatization Can Ethio–Telecom be an international competitor?					
1.12	Do you agree that Ethio- Telecom privatizations will succeed?					

2	Prospects of Privatization				
	2.1	Does privatization increase economic efficiency?			
	2.2	Do agree that Ethio- Telecom privatizations attract foreign direct investments?			
	2.3	Does privatization improve service quality?			
	2.4	Privatization creates opportunity for skilled and experienced employees?			
	2.5	Does privatization reduce government and political intervention?			
	2.6	Privatization create conducive environment for enhancement of capital market?			
3	Challenges of Privatization				
	3.1	Privatizing of Ethio- Telecom is very risky?			
	3.2	Does Privatizing of Ethio- Telecom against national security?			
	3.3	Privatizing of Ethio-Telecom threatens national sovereignty?			
	3.4	Does privatizing of Ethio-Telecom against the Privacy of Individuals?			
	3.5	If Ethio- Telecom is privatized, do you think will be discharged from your job?			
	3.6	If Ethio-Telecom is privatized do you think that you may loss you salary and other benefit?			
	3.7	If Ethio-Telecom is privatized do you think that you can develop your carrier than now?			
4	Consequence of Privatizations				
	4.1	Do agree that Ethio-Telecom Privatization creates Natural monopolies?			
	4.2	After Ethio-Telecom is privatized, do you think that Ethio-Telecom services will be affordable and cheaper?			
	4.3	Privatization of Ethio-Telecom alleviates Poor management performance?			
	4.4	Do agree Ethiopian will pay existing external debts after privatizing Ethio-Telecom?			
	4.5	Is it possible to re–state owned enterprise once privatized Ethio-Telecom?			



“PROSPECTS & CHALLENGES OF PRIVATIZING ETHIO-TELECOM.

INTERVIEW SECTIONS

PART THREE: - KEY INFORMANT INTERVIEW

Key format interview schedule is prepared for people who served as administrations officials in Ethio-Telecom.

The purpose of Key format interview method of gathering data regarding **“Prospects & Challenges of Privatizing ETHIO-TELECOM.** The study is purely for academic purpose and thus does not affect you in any case. All of your response to the given question would be used for the research and will be kept confidential.

Your frank and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully.

1. Do you want Ethio-Telecom to be privatized?
2. Ethio-Telecom has played a significance role in the Ethiopian development than other state-owned organizations?
3. What are the pros and cons of privatizing Ethio-Telecom?
4. Does the Ethiopian government have adequate reasons to privatize Ethio-Telecom?
5. What was Ethio-Telecom contributed to Ethiopian development so far?
6. Have Ethio-Telecom privatization activity impacts on the company’s employees?
7. When Ethio-Telecom is privatized, is there a framework for Ethio-Telecom employees to buy shares?



“PROSPECTS & CHALLENGES OF PRIVATIZING OF ETHIO-TELECOM.

PART FOUR: - IN DEPTH INTERVIEW

In Depth interview is prepared to collect versatile information from informed citizens regarding with **“Prospects & Challenges of Privatizing ETHIO-TELECOM”**. According to the researcher understanding informed citizen means citizens who deeply follow the existed economic, political and social situation of the country. For instance university and college communities, political party leaders, media societies, etc. can be typical examples of informed citizen.

1. Ethio-Telecom should be privatized?
2. Tell us how you felt after hearing about the privatizations of Ethio-Telecom?
3. Privatizing of Ethio- Telecom is very risky?
4. What are the pros and cons of privatizing Ethio-Telecom?
5. What are the pros and cons of bringing international business in our market?
6. Do you believe that the current government has adequate reasons’ to privatize Ethio-Telecom?
7. Do international organizations influence Ethio-Telecom privatizations?
8. Privatizations of Ethio-Telecom will have an impact on country’s sovereignty?
9. Is it possible to re–state owned enterprise once privatized Ethio-Telecom?
10. Do you have any suggestions and recommendations in regards to Ethio-Telecom privatization?