International Journal of Business and Management; Vol. 8, No. 20; 2013
ISSN 1833-3850 E-ISSN 1833-8119
Published by Canadian Center of Science and Education

# Privatization of Public Enterprises in Emerging Economies: Organizational Development (OD) Perspectives

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Received: May 24, 2013 Accepted: August 26, 2013 Online Published: September 22, 2013

doi:10.5539/ijbm.v8n20p25 URL: http://dx.doi.org/10.5539/ijbm.v8n20p25

**Abstract**

Privatisation has the potential to increase the efficiency of organisations, reduce government budgetary costs, broaden direct ownership of productive assets, and reduce the role of government influence on organisations. Research has however indicated that despite the good potential for privatisation, some privatisation efforts fail. Taking the view that too much attention in the privatisation literature has been focused on economic and/or political reasons for failure, the current paper integrates the existing literature in the Organisational Development (OD) field and proposes that OD interventions should be used to aid in effecting privatisation. To close this apparent gap in research, this paper represents an attempt to widen the scope of the existing research and literature by presenting the role of OD interventions in privatisation design and implementation. The Burke-Lit win model is recommended as a robust framework for diagnosing the need for change and for the planning of privatisation interventions in emerging economies. Example of how different dimensions of the model maybe used as a tool for assessing the need for change, and for planning and implementing change from a multidimensional and multilevel systems perspective, are also discussed.

**Keywords:** Burke-Litwin model, organisational development, change management, emerging economies, privatisation

## 1. Introduction

Privatisation is a concept that is hard to define because it encompasses a wide range of possibilities from decentralisation on the one hand to market discipline on the other (Kehinde, 2010). At a general level, researchers have described privatisation as a change in the institutional template, pointing out the differences between the private sector and the public sector in terms of their environments, resources and management practices (Johnson, Smith, & Codling, 2000). The concept has also been defined as "the divestment of some government functions to private markets and the application of private markets practices, ethos and goals in public administration and policy" (Argy, 2001, p. 66). In essence, privatisation is commonly suggested in situations where public enterprises are viewed as inefficient (Boycko, Shleiferm & Vishny, 1996) and where the private sector is seen as sustainable and a more efficient engine of growth for the economy (Kehinde, 2010). Privatisation may also result from the need to increase the "efficiency of the economy, reduce government budgetary costs, broaden direct ownership of productive assets, and/or reduce and reorient the role of government to concentrate on the provision of social and economic infrastructure" (Dzakpasu, 1999, p. 1).

### *1.1 Forms of Privatisation*

Privatisation can take many forms and Martin (1999) suggests five. The first form is the privatisation of responsibilities, which is characterised by the deregulation of sector, transfer to private organisations, liquidation, and termination or reduction of state provisions. The second form is privatisation of ownership (total, majority stake, minority stake, and subsidiary).This form consists of share flotation, direct sale, auction sale, sale to investment fund, voucher privatisation, restitution, management buy-out, management and employee buy-out and/or disposal of assets. Martin (1999) presents privatisation of operation as the third form. This method includes partnership between state, private company and/or NGO, contracting out, leasing, operating concession, and/or management contracting. The fourth form is privatisation of financing. This includes private finance for public infrastructure development, recapitalisation of public companies through private investment, public/private joint ventures, new or higher user charges, and a shift to private welfare insurance. The fifth

method described by Martin (1999) is marketisation or commercialisation and it is characterised by competitive tendering between in-house and outside contractors, restructuring to create an internal market, introduction of commercial goals and methods, and/or corporatisation.

Regardless of the form that privatisation takes; similar to other major organisational interventions the change is likely to alter the strategic direction, the culture, systems and/or structure of the organisation (Kezar, 2001; Todnem, 2005). For instance, the change may lead to process reengineering and optimisation, as well as the introduction of the use of information technology and systems (Dzakpasu, 1999). Furthermore, by directly or indirectly impacting on corporate culture and employee contracts (Cunha & Cooper, 2002), the change may also target the individual and groups in organisations (Whelan-Barry, Gordon, & Hinings, 2003; Cunha & Cooper, 2002), somewhat changing the culture, systems and the structure of the organisation.

### *1.2 Challenges of Privatisation*

According to Dzakpasu (1999), one of the causes of failure in state-owned enterprises is poor management. He maintains that this could result from the fact that while state-owned enterprises are subjected to regulations and laws that apply to all business enterprises, they are also subjected to other managerial constraints that differ from those experienced by private enterprises. Some of these constraints include the public administration systems and obligations that are imposed in order to meet social goals and expectations such as excess employment, and strategies that mainly satisfy the political objectives of politicians and their constituents (Boycko et al., 1996). In such situations, the leaders/managers and stakeholders who hold power may make the transition difficult by being reluctant to let go of their powers.

Zahra, Ireland, Gutierrez, & Hitt (2000) suggests that privatisation in emerging economies is more challenging than privatisation in developed economies because emerging economies do not have workforces as sophisticated as those in first world economies. This workforce challenge may pose problems where previously state-owned enterprises are inadequate to support the entrepreneurial spirit required by the privatised organisation. Johnson et al. (2000) also indicate that the uncertainty that is prevalent during the shift to a private organisation usually leads the organisation members to pull towards conformity with the past norms and practices of the public enterprise. The employees also may tend to attach meaning to the new events they are experiencing by referencing their existing experiences in the public organisation. Johnson et al. (2000) state in this regard, the transition to private entity may be difficult because when employees were in the public sector, rules were often taken for granted, and this mentality of taking rules for granted could need to be adjusted in the private enterprise. In addition, after a comprehensive review of how and why some privatised entities fail, Mohan (2001) reveals that in the countries where law enforcement and corporate governance are weak, capital markets tend to be underdeveloped and, therefore, the problems that occur under a privatised entity may be as bad as or worse than those under the public institution.

Newbery & Pollitt (1997) further argue that because privatisation is a recent phenomenon, most of the published work that investigates the impact of privatisation on corporate performance investigates the differences in the performance of publicly owned and privately owned companies. To address this limitation, Zabalza & Matey (2011) suggest that, in order to analyse corporate performance and evaluate the efficiency of privatisation, most empirical studies either conducted comparative studies using a cross-sectional analysis of public and private firms or a longitudinal analysis looking at before and after privatisation. Zabalza & Matey (2011) further advise that an analysis of the internal changes that take place after privatisation could lead to a better understanding of the relationship between privatisation and efficiency.

## 2. Research Problem and Objectives

From an Organisational Development (OD) perspective, it could be stated that one of the major omissions in the privatisation literature is specific answers on whether OD theories and interventions may aid in effective privatisation. For the purpose of this paper, organisational development is defined as a planned organisation-wide developmental effort aimed at increasing organisational effectiveness and health through planned intervention using behavioural science knowledge. Since most of the literature mentions economic and political reasons as to why some privatisation efforts may fail, it can be argued that such a focus overlooks the impact of many other factors that may inhibit privatisation efforts. Against the background explained earlier, this paper represents an opportunity to widen the scope of the existing literature by presenting the role of OD interventions in privatisation design and implementation. In essence, this paper views most forms of privatisation as larger scale organisational development interventions. The research accordingly suggests that generally, unless such changes are managed well, the efforts will fail to achieve their intended aims (Beer & Nohria, 2000). This paper focuses its recommendations on emerging economies as such economies have been

reported to adapt economic liberalisation and privatisation as major engines of growth (Hoskisson, Eden, Lau, & Wright, 2000).

## 3. Literature Review

### *3.1 Privatisation as an Organisational Development Intervention*

As mentioned above privatisation should be viewed as an OD intervention as organisational development is also concerned with managing change in such a way that knowledge and skills are transferred to build the organisation's capacity to achieve goals and solve problems (Cumming & Worley, 2005). In addition to increased performance and competitive advantage, OD supports the value of human potential, participation and development. Furthermore, viewing privatisation as an OD intervention is essential because, as with other interventions, almost all privatisation usually leads to some form of restructuring (Basu, 1994), because privatisation is a shift from one institutional template to another (Johnson et al., 2000). Johnson et al. (2000) further explain that consultants and managers in privatising enterprises need to understand "that there will be differing levels of acceptance, differing degrees of experimentation, and differing paces of change throughout the process of privatisation. This can be understood through a micro process whereby actors are deinstitunalized from the public sector and reinstitunalized into the private sector" (p. 578). This is unavoidable because the new privatised organisation might have to get rid of the organisational structures that were only appropriate for the public enterprise. Furthermore, Dzakpasu (1999, p. 3) indicates that privatisation alone without the

> …improvements in the management system and managerial competence, attitudes and motivations, … often leads to worse business and social results… Recognition of the strong links between privatization and changes in managerial practices will encourage a proactive approach in developing necessary result-oriented management development programmes in parallel or even ahead of the privatization process.

This clearly indicates that OD theories might have a role to play in ensuring effective and successful privatisation.

### *3.2 Privatisation in Emerging Economies*

In all countries, organisations often operate within an external environment and this environment has both a direct and an indirect impact on the functioning of the organisation (Hughes, Ginnet, & Curphy, 2002). Therefore, to ensure success, organisations need to manage and adapt to the changes in the external environment (Aiyeku & Tachateerapreda, 2012). These changes may include environmental unpredictability (Auzair, 2011), changes in government laws and regulations, the globalisation of markets, major political and social events, technological advancements, changes in customer expectations, change in supplier requirements, increasing competition, organisational growth, and/or fluctuations in business cycles (Dawson, 2001). It is also feasible that the impact of the external environment on the organisation will differ in different economies. As indicated above, the current paper focuses its recommendations on emerging economies. Most emerging economies are characterised by low income and rapid growth (Hoskisson et al., 2000) and it has been suggested that there is a significant political risk for privatising firms within such contexts (Jones, Megginson, Nash & Netter, 1999; Mohan, 2001).

Specifically, some researchers have reported that privatised firms within emerging economies tend to be inefficient, probably as a result of weak governance and limited protection of minority shareholders (Dharwadkar, George, & Brandes, 2000). Furthermore, privatising governments commonly pursue both political and economic objectives (Jones et al., 1999); as such, the causes of the ultimate success or failure of the reform could be more as a result of the political commitment to change. Research also suggests that while there are attempts at mature corporate governance in such emerging economies, the governance structures resemble those of developed economies in form but not in substance (Peng, 2004) and/or practice. Perotti (1995) warns that, in certain settings, populist governments may not be able to resist the political pressures to interfere in operations, change the regulatory environment, and/or reverse the policy after privatisation. This has led to some researchers suggesting that where the institutional foundations of capitalism are underdeveloped it might be more advisable to delay privatisation (Nellis, 2000).These challenges make it important for researchers and practitioners to come up with innovative ideas that will help in facilitating privatisation in emerging economies, and hence the need for the approach proposed in the current paper.

### *3.3 Managing the Privatisation Change*

As a consequence of the privatisation process, the organisation may have to streamline its operations in order to save costs, leading to flatter organisational structures. The organisation may also seek efficiency through process

reengineering and automation through information technologies. As a result, many employees may lose their jobs because the focus may no longer be on employment creation (Boycko, et al., 1996). Furthermore, employees may feel confused when the organisational culture and climate change (Johnson et al., 2000). This may explain how inertia and resistance to change are among the stumbling blocks encountered when introducing new approaches (Tushman & O'Reilly, 1996) such as privatisation.

Furthermore, while they seem good, suggestions that privatisation should be an alternative in situations where public enterprises are viewed as inefficient (Boycko et al., 1996) and where there is need to reduce government budgetary costs and to reorient the role of government (Dzakpasu, 1999), may lead to resistance to change from both the politicians and their constituents, posing even more problems for the proposed intervention. Such identified challenges suggest that, as part of privatisation efforts, organisational leaders need to identify, develop, manage and/or implement some form of change management strategies; as such strategies have been proven to determine whether a change effort fails or succeeds (Sirkin, Keenan, & Jackson, 2005).

Researchers suggest that change management strategies should be informed by the scale of change; that is, whether the change is at the organisational, industry or enterprise level (Kezar, 2001; Todnem, 2005). Kezar (2001) based classification of change on: 1) intentionality of change; 2) degree of change; 3) timing of change; 4) scale of change; 5) focus of change; and 6) target of change. Kezar (2001) further broke down the degree of change into first-order and second-order change. Compared to first-order change, which can be described as a minor improvement of some dimensions of the organisation, Kezar (2001) describes second-order change as transformational and as a change effort that could alter the strategic direction, the culture, systems and processes, and the structure of the envisioned organisation. Second-order change also tends to be multidimensional and multilevel in nature as it targets many aspects of the organisation (Kezar, 2001).

Similarly, Todnem (2005) classifies change by scale (i.e., fine-tuning, incremental adjustment, modular transformation, and corporate transformation). Using Todnem's (2005) classification, privatisation may be viewed as corporate transformation, which is characterised by radical alterations in the business strategy. Using Kezar's (2001) classification, privatisation may be viewed as second-order change, since it is multidimensional and multilevel (Kezar, 2001).

## 4. Conceptual Framework: The Burke-Litwin Model

Most OD interventions are guided by some tools and techniques such as diagnostic models that address the needs of the intervention. Therefore, in light of the above discussions–seeing privatisation as an OD intervention and requiring some type of change management strategies – the Burke-Litwin model (Burke & Litwin, 1992) is recommended as a robust framework for diagnosing the need for and for the planning and implementation of a privatisation intervention in emerging economies. The Burke-Litwin model is proposed as a conceptual framework describing the relationships between different components of the organisation (Cummings & Worley, 2005: i.e. the individuals, groups, culture, systems and missions), and also as a diagnostic tool for assessing and planning change from a multidimensional systems perspective (Howard, 1994). The model is ideal because it also conforms to an open system way of thinking and consists of elements, articulating what must be analysed and changed to ensure the effectiveness and success of the intervention. It is important to highlight is that the model views the external environment (i.e., the political, economic, socio-cultural and technical environment) as the input into the organisation, and this inclusion is even more critical in public enterprises that seek to privatise. Moreover, the arrows connecting the boxes in the model go both ways (see Figure 1), showing the open systems principle of integration and multiple impacts, since any change in any one dimension will eventually affect other organisational dimensions (Burke, 2002).Understanding the linkage between components of the model is critical and the key to effective change in terms of both process and content.

The following sections will show how different dimensions of the model may be used to diagnose the need for a privatisation intervention, serve as a conceptual framework describing the relationships between different components of the organisation, and diagnose and plan change from a multidimensional systems perspective. While all the twelve components of the model are important, the current paper will focus primarily on the strategy, external environment, culture, leadership and management practices, employees, and individual and organisational performance dimensions, as these are deemed important in organisations in emerging economies.

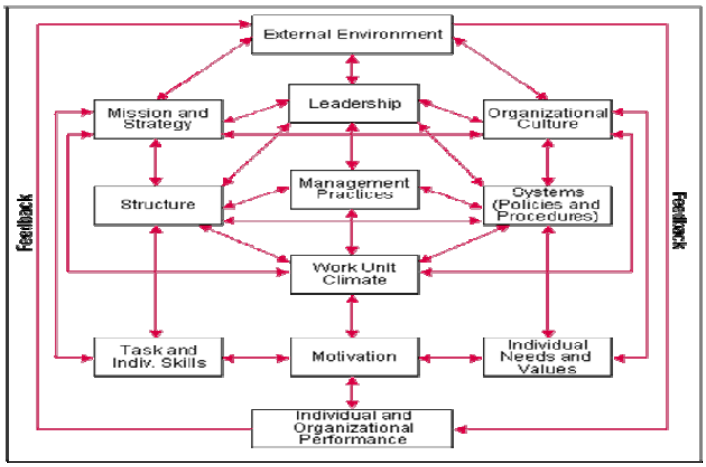


Figure 1. Burke-Litwin model for organizational change and performance (Burke-Litwin, 1992)

### *4.1 Strategic Planning*

In the Burke-Litwin model, strategy is combined with mission. In the current paper, strategy is presented as a cornerstone for insuring effective privatisation. Research and practice indicate that the most successful organisational changes include a well-developed description of the organisation's desired future (Jick & Peiperl, 2003) and this often take the form of a detailed strategic plan. Therefore, it is recommended that the first step in privatising should be to design a strategic plan that articulates the strategic goals, mission, vision, values, financial goals, customer goals, processes and technology, employees' competency requirements, performance indicators, timelines for achieving objectives, resource requirements, assumptions and risks of implementation. Starting with strategic planning for the envisioned organisation will be helpful, because a well-designed strategy will also allow for the assessment of the internal strengths and weaknesses, and the external threats and opportunities. In the context of privatisation, the strategic plan should also include some contingency plans (i.e., "the alternative courses of action that can be implemented based on how the future unfolds.") These can also be viewed as "safeguards against an uncertain future by considering the potential consequences of several different scenarios," Bateman & Snell, 1999, p. 85).

Given the motives of employment in public enterprises, the strategic plan should also articulate the way the privatised organisation is going to manage and develop talent and deal with employee morale. This can be done by working hand in hand with the human resource professionals who will help the organisation "highlight the strategic importance of the organization's people and culture, assess managerial style and capabilities, communicate plans to employees at all level," (Buller, 1988, p. 46) and to link human resources strategies with the overall strategic plan.

Strategic planning takes many forms and most of the elements included in the Burke-Litwin model commonly form part of strategic planning (e.g., environmental assessment, culture assessment, employee competency assessment and even performance management related issues). Some of the relevant components of the strategic plan will be discussed in the following sections, as they are also components of the Burke-Litwin model.

### *4.2 External Environment Assessment*

In the context of organisations, external environmental factors refer to the situational characteristics outside the organisation that have a direct or indirect impact on the organisation (Hughes et al., 2002). Research indicates that organisations cannot sustain success without continually adapting to the changes in the external environment (Aiyeku & Tachateerapreda, 2012). Consequently, assessment of the external environment is commonly considered an important initial step in the process of strategic planning (Banham, 2010). In essence, a strategy can also be seen as articulating the ways that the organisation could pursue its goals given the threats and opportunities in the environment (Rue & Holland, 1989). Successful organisations have long made use of tools such as Critical Success Factor, SWOT (strengths weaknesses, opportunities and threats) analysis, stakeholder analysis (Banham, 2010) and PEST (political, economic, socio-cultural, and technological) to conduct environmental assessment. As discussed above, such environmental changes are varying (Auzair, 201; Dawson, 2001; Meers & Robertson, 2007) and possibly influenced by the nature of the economy and the

political landscape (Auzair, 2011; Hoskisson et al., 2000; Jones et al., 1999; Mohan, 2001).

The important fact is that most of the changes will positively, negatively, directly, and/or indirectly influence the running of the organisation. For example, research suggests that market volatility, uncertainty and competition may even influence the design of the organisation's control systems (Lowry, 1990). In the context of privatisation, the PEST environment will definitely influence the strategy of the privatising organisation. Such suggestions and the related empirical findings show that organisations should constantly be aware of and plan for what is happening in the external environment. The Burke-Litwin model clearly highlights the importance of conducting such an assessment, and for the reasons advanced under the section, *Privatisation in Emerging Economies*, this assessment needs a special emphasis when firms in emerging economies are privatised.

*4.3 Culture Assessment*

Both general culture and organisational culture have many definitions, dimensions and implications. Nonetheless, the essence of organisational culture is that it represents shared values, beliefs, norms, traditions and behavioural patterns within the employing organisation (Pheko, 2012). Schein (1990) describes organisational culture as a pattern of basic assumptions that a group has invented or discovered, and that has worked so as to be considered valid, and which the new members may perceive as the correct way to perceive, think and feel about their employer. Organisational culture is historically influenced by the organisation's history, customs and practices (Martins & Coetzee, 2009).

Others have suggested that culture has different types (Deshpande & Farley, 1999), while still others see culture as having different dimensions (Hofstede, 1980). Hofstede (1980) suggests that, generally, culture can be understood as having the following five dimensions, namely, short-term versus long-term orientation, high versus low power distance, individualism versus collectivism, masculinity versus femininity, and uncertainty avoidance. According to Deshpande and Farley (1999), the four types of corporate culture include competitive culture, entrepreneurial culture, bureaucratic culture, and consensual culture. Depending on the type, organisations may focus on having marketing superiority, on profits, innovation and creativity, loyalty, and/or personal commitment (Deshpande & Farley, 1999).Suggestions that privatisation should be used to increase efficiency (Boycko et al., 1996; Kehinde, 2010) and reduce budgetary costs (Dzakpasu, 1999) indicate that the corporate culture of the privatised entity will likely change towards a greater emphasis on competitiveness, entrepreneurship, organisational integration, high performance and even people orientation. Zabalza & Matey (2011) also suggest that, after privatisation, the organisation might change from a controlled, bureaucratic culture to a more outwardly oriented culture that focuses on the demands of the market and/or innovation and creativity. Therefore, some type of gap analysis will need to be conducted to assess the gap between the existing culture and the desired culture of the envisioned organisation.

*4.4 Leadership and Management Practices*

From Greatman's leadership theories (Carlyle, 1907), to the behavioural approach theories (Lussier & Achua, 2001), and competency theories, it is generally argued that leadership is an important component of organisations. The scope of this paper does not allow for a thorough review of the different leadership theories; nonetheless, to illustrate the importance of leadership, the paper will focus on the competency perspectives of leadership.

In the context of leadership, competencies are the knowledge, skills, abilities, values, attitudes and personalities that drive behaviour that leads to superior performance in a job (Grote, 1996; Spencer & Spencer, 1993; Boyatzis, Goleman, & Rhee, 1999). Research has also established that there are certain leadership competencies that are important for employee effectiveness and/or superior performance in a job or situation (McClelland, 1973; Spencer & Spencer, 1993; Grote, 1996; Boyatzis et al., 1999; Day, 2000; Thach & Thomson, 2007). Accordingly, managers and leaders also need to up-skill themselves to match competencies that are competitiveness enablers (Hallén, 2007). Competencies that have commonly been cited as being important for leadership success include communication, self-confidence, achievement orientation, emotional intelligence, political skills, planning and organisation, interpersonal understanding, subject matter expertise, and many more (Pheko, 2009). Looking at this list, it is probable that some of the competencies will be more appropriate and necessary in public enterprises than privatised organisations. For instance, while political connections are usually the key determining factor in job appointments in public enterprises, in private firms the focus might be more on efficient management skills and developing specific career plans for high potential employees (Zabalza & Matey, 2011).Therefore, when thinking about privatisation, it is important to consider how leaders may be equipped with appropriate and context-specific competencies.

Because organisations, including public enterprises, are better positioned to meet performance expectations

when they have greater managerial capacities (Hall, 2008), management practices as well as organisational policies and processes also need to support the desired organisation's strategy and mission. Management practices address what the managers do each day to implement the organisational strategy. Compared to leadership, management is about role, task accomplishment, setting objectives, using the organisation's resources efficiently and effectively, and rewarding people by means of extrinsic factors such as money, titles, and promotions (Burke, 2002). Therefore, the assessment of managerial and leadership practices will have important implications for the human resources development strategies of both the leaders/managers and the employees they lead/manage in the privatised firm. Moreover, suggestions that employees in the public sector may take rules for granted (Johnson et al., 2000) and that emerging economies may have less sophisticated workforces (Zahra et al., 2000) indicate that both organisational practices and human resources development practices may need to change and/or be aligned with the demands of the privatising entity. Therefore, managers and leaders not only need to possess the right competencies but they also need to identify talent with the right competencies and to manage such talent effectively.

### *4.5 Employees*

The literature indicate that many emerging economies that engage in privatisation usually only look at the economic advantages and disregard the way employees will cope with the changes necessitated by privatising (Vickers & Yarrow, 1991). However, "[f]or organisations to change, people must change. For leaders to help people change they do not need to understand change, they need to understand people. Understanding people is not strength of most managers" (Morrison, n.d., p. 1). The preceding quote clearly expresses how understanding employees' reactions to planned organisational changes should be an important undertaking for any organisation undergoing any change (Van Dam, Oreg, & Schyns, 2008). While it is obvious that organisations need to continually engage in adaptation processes (Van Dam et al., 2008), privatisation research shows that these changes can be a painful event for workers, as they are likely to lead to layoffs of excess labour (Boardman, Laurin, & Vining, 2002). Other challenges may be that employees previously employed by government may expect to continue to enjoy their pre-privatisation benefits especially if the government remains as one of the owners (Belkhir & Ben-Nasr, 2013). Such expectations could be problematic especially if the previous benefits do not match the demands of the privatised firm. Both research and practice suggest a relationship between the success of a change, situational characteristics within the employment context (e.g., leadership, management practices, culture, and organisational climate), and how employees react to change (Van Dam et al., 2008). There are many reasons why such a relationship exists. In a study of thirty-two different public and private organisations conducted by Fedor, Caldwell, & Herold (2006), where both commitment to the change initiative and commitment to the organisation were studied, the results revealed that both commitment types were influenced by the following three-way interaction: 1) the impact of the change on the individual's job; 2) the overall favourableness of the change for the work unit members; and 3) the extent of the change in the work unit.

The concept of psychological contracts may also shed some light on why employees may resist change or find it hard to adapt to change. Rousseau (1990) defines the psychological contract as the employees' perceptions of the mutual obligations that exist between them and their employer. Rousseau (1995) further indicates that situational factors such as organisational change and promotions are likely to alter the psychological contracts. Another challenge related to employees is that compared to developed economies, emerging economies may not have as sophisticated a workforce as those in first world countries, and this can result in challenges when designing and implementing OD interventions in emerging economies. Consequently, organisational leaders and change agents need to be aware of such dynamics and make certain that they institute appropriate means to ensure that employee competencies do not become a stumbling block in the privatisation effort. This may be done by placing more emphasis on developing and implementing human resources development programmes to up-skill employees and to help retain high performers.

### *4.6 Individual and Organisational Performance*

In most organisations, including public institutions, there seems to be pressure for improved performance and accountability leading to the need for a high performance culture (Lee & Kim, 2012). In my view, performance management and strategic planning should go hand in hand. At a strategic level, performance management should be viewed as a process of translating organisational strategic priorities into human resources goals and actions that are specific, measurable, achievable, realistic and timely. Therefore, performance management is the process that the organisation should engage in to identify, observe, measure and develop employee performance in the organisation. Effective performance measurement should also be complemented by robust and comprehensive evaluation approaches (Perrin, 1999), organisational cultures, human resource development

programmes and fair and robust reward systems.

While performance management should be an integral part of managing a business, different organisations view performance management differently. In the private sector, it is common for the employees and the organisation to work together to ensure that work performance is defined and measured, organisational standards and employee standards are aligned, and personal growth and development is ensured. Suggestions that government entities are more concerned with employment creation (Boycko et al., 1996), particularly for their constituents, and that employees who were in the public sector may take rules for granted (Johnson et al., 2000) indicate that while some organisations view performance management as one of the most important human resource processes some may just see it as a necessary evil. The privatised organisation may therefore need to transition to a stage where it views performance management tools as vehicles to validate selection procedures and identify training needs, as basis for transfer, layoff and termination decisions, as well as devices for communicating performance expectations to employees and providing them with feedback. To achieve this, privatising firms should also work assiduously to align performance management systems to institutional productivity requirements.

## 5. Limitations and Recommendations for the Future

The main limitation of the current conceptual paper is that the model presented has not been subjected to empirical investigation. Despite this limitation, the paper serves as an opportunity for other researchers and practitioners to practically and empirically test the propositions made. Works similar to the current one are important because they provide researchers with conceptual frameworks for future research projects. Following up on Zabalza & Matey's (2011) advice that an analysis of the internal changes that take place after privatisation could lead to a better understanding of the relationship between privatisation and empirical research could be carried out in order to investigate the value of OD interventions for privatising organisations. Furthermore, in view of the fact that there is evidence that privatisation may be more challenging in emerging economies, it is recommended that both researchers and practitioners in such economies explore the proposed model while planning for privatisation exercises, as well as to assess the efficacy of privatisation projects and thereafter add to the literature by reporting successes and challenges.

## 6. Conclusions

Privatisation was described as a composite of policies, measures and strategies that involve the country's withdrawal from direct intervention in the economy by transferring business activities from the public to the private sector by selling or transferring assets, implementing leasing arrangements, and/or by contracting and outsourcing (Dzakpasu, 1999). It was argued that most of the literature that discusses how privatisation should be done focuses on economic and political assessment and recommendations. The paper discussed privatisation in emerging economies and argues for the inclusion of OD approaches in privatisation. When attempting privatisation, suggestions that public enterprises are characterised by inefficiency, bureaucracy and an uncaring attitude (Kehinde, 2010) and that they tend to pursue counter-efficiency strategies, such as excess employment, to satisfy the political objectives of politicians (Boycko et al., 1996) call for robust and multilevel frameworks, models, approaches and methodologies. Accordingly, the Burke-Litwin model was presented as a robust framework for the need for change and for the planning of privatisation interventions in emerging economies.

Most change agents and managers will acknowledge that at times even a small change like introducing a new manager from the private sector to the public sector and vice versa may cause systemic changes as the new managers may come with new visions and even new ways of achieving strategic objectives. Even in such cases, the model can be used to assess how the changes in one element of the organisation may impact on other elements because the model is robust and versatile enough to be used for incremental organisational changes and for more transformational organisation-wide changes, making it adaptable to most types and forms of privatisation. Given the complexities of privatisation, both researchers and practitioners need to continually develop innovative ideas that will help in facilitating privatisation; consequently, making the current paper valuable.

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