

**THE IMPACT OF PRIVATIZATION ON EMPLOYEES' QUALITY OF  
WORK LIFE: THE CASE OF TANZANIA BREWERIES LIMITED AND  
TANZANIA ELECTRICITY SUPPLY COMPANY LIMITED**

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THE DEGREE OF DOCTOR OF PHILOSOPHY IN HUMAN RESOURCES  
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**CERTIFICATION**

The undersigned certify that he has read and hereby recommends for acceptance by the Open University of Tanzania a thesis entitled **“The Impact of Privatization on Employees’ Quality of Work Life (QWL): The Case of Tanzania Breweries Limited (TBL) and Tanzania Electricity Supply Company (TANESCO)”** in fulfillment of the requirements for the Degree of Doctor of Philosophy (Human Resources Management) of the Open University of Tanzania

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Supervisor

Date.....

**DECLARATION**

I, Lazaro Anandumi Nkyeyo Swai, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other University for similar or any other degree award

Signature.....

Date:.....

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## **ABSTRACT**

The study investigated how Privatization affected employees' Quality of Work Life (QWL), taking queue of the Conditions of Work and Reward System dimensions. Case studies drawn from Tanzania Breweries Company Limited (TBL) and Tanzania Electricity Supply Company (TANESCO) were chosen; representing respectively, Public Private Partnership (PPP) and Management Contract modes of privatization. The study used a Qualitative research Design adopting the Rapid Assessment Methodology (RAM). The approach combined simultaneously the methods used in qualitative and quantitative designs in data collection, analysis and presentations. A sample study (n =340) was targeted, in which (n =246) responded accounting for response rate of 72.5%. Data were collected from TBL branches in Arusha and Dar es Salaam, while TANESCO's branches in Arusha, Dar es Salaam, Ilala, Kinondoni and Morogoro Kidatu Hydroelectricity power generation station, were covered. The findings revealed significantly positive impact on employees' QWL, with regard to Conditions of work attributes of organization of work, health and safety and supervisors – employees' relationships. On the negative side, conditions of work became more precarious, characterized by heavy work load, stress, and tight work schedules. On compensation, the study revealed positive results with regard to pay structures and components, better services accessed to some employees post privatization and involvement in pay and benefits negotiations. On the negative side compensation had created high income differentials, pay inequity and unfairness and lack of some services hitherto accessed to some employees. It was not possible to draw robust conclusions that linked QWL exclusively with privatization, but with several other factors including the nature of the organization, the style and philosophy of management, the individual's position in the organization and nature of business. The implications of the findings pointed to the necessity for managers to formulate HRM friendly policies and practices that would further both the interests of the organization and better employees' QWL. The study recommended for a study along the same lines with a much larger sample of organizations and covering wider

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**LIST OF ABBREVIATIONS AND ACRONYMS**

ABSA	Amalgamated Banks of South Africa
TBL	Tanzania Breweries Limited
TANESCO	Tanzania Electricity Supply Company Limited
QWL	Quality of Working Life
SCOPO	Standing Committee for Parastatal Organizations
PSRC	Parastatal Sector Reform Commission
OUT	The Open University of Tanzania
PPP	Public Private Partnership
PPE	Privatized Public Enterprises
PE's	Public Enterprises
TRC	Tanzania Railways Corporation
TIPER	Tanzania Oil Refinery Company
NBC	National Bank of Commerce
URT	United Republic of Tanzania
UNIDO	United Nations Industrial Development Organization
IMF	International Monetary Fund
WB	World Bank
SAP	Structural Adjustment Programmes
ILO	International Labour Organization
RAM	Rapid Assessment Methodology
HRM	Human Resources Management

FGD	Focus Group Discussion
PGNM	Psychological Growth Needs Model
JFM	Job Factors Model
EWCO	European Working Conditions Observatory
WORKS	Working Conditions Research on Knowledge Society
TIC	Tanzania Investment Center
FDI	Foreign Direct Investment

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

This chapter discusses the background information of the study, in which the first section covers an over view of the research problem and context of the study. The second section presents the study setting and motivation for its inception. The third part covers the statement of the problem, study objectives, research questions and significance, scope and limitations of the study.

### **1.1 Background to the Problem**

Organizations worldwide are susceptible of upheavals and changes propelled by the wave of globalization, during the second part of the twentieth century. The scope and scale of the changes have had devastating economic, social, cultural and technological implications to a myriad of organizational stake holders generally, and employees in particular (Kikeri, 1998; Due, et.al., 2000; Nellis, 2001). Privatization is one among several forms of organization transformations that has been highly debated. It is a form of organizational transformation which targets to changes relationships pertaining to the ownership, control and investment of business entities, services, property or assets from public to the private owners, investors or operators (Mugerwa, 2002; Nellis, 2001). Privatization takes various forms and main ones include: full divestiture (100% sale), Joint venture or Public private Partnership (PPP), concessions, leases, management contract and sale of non core business activities (Nellis, 2001; Dzakpasu, 2002). It may also involve opening up hitherto restricted avenues to private entrants, for example the utilities and infrastructures. This study set out to investigate the impact of the organizational changes in the context of privatization on employees' Quality of Work Life (QWL),

in the Privatized Public Enterprises (PPE's) in Tanzania. The study focused on the Joint Venture or PPP and Management Contract modes of divestiture, taking queue of the situation before and after privatization. QWL is conceived as the perceptions to which the organizational environments meet the full range of employees' needs for their well being at work (Sirgy, Efraty, Siegel & Lee, 2001). It is an important concept which started to feature in the Human Resources Management (HRM) and Organizational Behaviour (OB) literature, following the Harvard University research in the 1960's. Its emphasis was on the human dimensions of work by focusing on the quality of relationships between the worker and the work environment (Raduan, et.al. 2006). Mirsepasi (2005) contends that, QWL is a dual construct, comprising of both objective and subjective components. The objective component comprises of actual conditions of work and work environment, such as total compensation, employees' well being, safety and health, participative decision making; job enrichment and task variety (op.cit.).

The subjective component comprises of employees' attitudes and perceptions regarding the physical and psychological work environment. Loscocco & Roschelle (1991) conceded that most common considerations of QWL were the individual attitudes. This implied that individuals selectively perceived and made attributions about their jobs, in accordance with the expectations they had when they joined the organization. Arguing along the same line Nadler & Lawler (1983) considered QWL as a way of thinking about people, work and organization. In view of this subjective view about QWL, perceptions are likely to vary across individuals, teams and institutions. Aryeetey & Sanda (2012) consider QWL as a means to enhance the organizational competitiveness. The attainment of competitiveness is linked to

attitudinal characteristics of employees which have been influenced by organizational experiences and practices, over time. In other words, employees reflect on the experiences and practices of the way their jobs are designed and the way they are treated and cared for by the organization. The experiences and the attitudes they develop may have either positive or negative influence on the organization's performance, productivity and reputation (Schermerhorn, 1996). Positive attitudes may lead to commitment, hard work and loyalty to the organization, while negative attitudes may lead to absenteeism, pilfering, turn over and poor performance among others (Aryeetey & Sanda, op.cit.). This implies that the role of management professionals and especially the HRM professionals and practitioners is to inculcate the aspects of QWL atmosphere in work places. The atmosphere well established will be more beneficial to the employer and the employee. The employees will be more satisfied, motivated and creative; and will in turn, be more productive.

In the course of implementing the main thrusts of privatization, the concerns about employees' QWL came into conflict with those of organizational transformation. This made privatization to be viewed with suspicion and in most cases contested by its main stakeholders, not least the employees, who perceived their welfare and expectations threatened (Nellis, 2005b, Mugerwa, 2002). This has been a global trend, much so in developing countries as the following evidence drawn from Tanzania suggest. Employees in Tanzania Railway Corporation (TRC) in 2003 rose against the government decision to privatize TRC to RITE Company from India. Similar contestations accompanied with strikes were mounted by TANESCO workers, against the government's decision to engage Management

Consultants (Netgroup Solutions) from South Africa in 2004. Again, the government's contemplation to privatize (NBC) to the Amalgamated Banks of South African (ABSA) group in 2000 was heavily resisted by the employees. The government responded by using the repressive organs of the state, to ensure its moves were not blocked by the workers and their Trade Unions. Yet, strikes and contestations continued to surface at Tanzania Telecommunication Company Limited (TTCL) in 2004; Tanzania Oil Refinery Company (TIPER) in 2004, where they conducted a two week's strike and also practiced the management lock out.

Several other places of work rose against the move towards privatization of PE's. Despite the government's repression of all forms of industrial democracy, still one issue was quite clear that the employees were dissatisfied by the anticipated changes due to various reasons. Among the demands from the workers were demand for clear terms of contract with new owners, rise for wages and better conditions of work, the fate of their employment and many other job related issues (Word of Mouth - WoM).

These demands were central in understanding the notion of Quality of Work Life (QWL) in work places. As already stated above, QWL does not only affect job satisfaction, but also satisfaction in other non – work life domains such as family life, leisure life, social life, financial life. Therefore, it is justified saying that the focus of QWL goes beyond job satisfaction by encompassing the effect in non-work life domains, and satisfaction with overall life, personal happiness, and subjective well-being. Sirgy, et.al. (2001) stated that need satisfaction resulting from work place experiences contributed to job satisfaction and satisfaction in other life domains

There is a direct link between privatization and employees' QWL, due to the fact that changes which are brought about by privatization or any other economic reform, affect the structure, operational policies and practices and the management of the organization. The changes also affect employees' QWL in terms of conditions of work and the reward system. The implication of the above phenomenon was a direct representation of dissatisfaction, and therefore poor QWL. The study had assumed that, the perceived unrest was a result of unfavourable terms of employment ostensibly, related to employees' QWL. This pointed to the necessity to probe into the situation in a bid to improve our understanding on the emerging phenomenon.

### **1.1.1 Public Enterprise Sector and Quality of Work Life Background in Tanzania**

Tanzania adopted a socialistic ideology under the aegis of Arusha Declaration since 1967. Arusha Declaration was a socio - economic "blue print" for Tanzania which was adopted to guide both political and economic development of the country (URT 1967). The document charted out comprehensively and in unambiguous terms, Tanzania's endeavor to pursue a socialistic line of development based on self reliance. At economic level, the ideals of Socialism and Self Reliance entailed a protracted war against all forms of exploitation; confront economic problems of imbalance and ownership of the means of production (which hither - to had favored the minority alien merchants of Asian origin).

In a sense, according to Nyerere (1968) Arusha Declaration meant 'Economic Nationalism'. Relations on ownership of major means of production were supposed to be communal; and on the basis of this principle, there followed an unprecedented



wave of mass nationalizations of the industrial and commercial undertakings, as they were considered as the “commanding heights of the economy”. The move was backed by the enactment of the Public Corporation Act, 1969 which empowered the President to create, designate or establish by decree a public corporation (URT 1969). The new creations acquired new legal forms either as state companies under Cap. 212, or were re-established under new orders.

The mission for the post Arusha Public Enterprises was succinctly pronounced to be in addition to being developmental, were also ideological i.e. as instruments to pursue and effect public policy of socialism and self reliance (Hyden, 1977; Ghai, 1997). Tanzania’s approach to development post Arusha Declaration had been heralded as marking the beginning of independence i.e. control of the economy. Paradoxically, this approach was also echoed by the president of the World Bank as an “inspiring example of how to develop Africa (Gibbon, et. al., 1996). The philosophy of socialism had further implications on the Management of PE’s resources and especially the human resources. It is against this background that Tanzania’s public enterprise sector expanded from about 50 PE’s between 1961 and shortly before 1967 to over 425 PE’s in 1985 employing over 400,000 employees (URT, 1985; PSRC, 1997; Raikes & Gibbon, 1996).

In spite of the attractive picture displayed above, there were concerns with regard to employees’ QWL issues. Therefore HRM policies and practices remained unchanged, as Nsekela described the management system as being hierarchical, autocratic, undemocratic and conservative (Nsekela 1981). Arusha Declaration had

advocated for management policies and practices inclined along the socialist ideological stance, yet, until 1970 no changes had taken place.

Against the background described above, there came major changes through Presidential Circular No. 1 of 1970, which prescribed for the creation of Workers' Councils and Committees, Executive Boards and Board of Directors, with a view to institutionalizing Industrial democracy (URT 1970). This allowed employees through their Trade Union representatives to participate in decision making machinery in their organizations. These directives had been articulated in the Security of Employment Act 1964. There followed measures to establish TANU branches at the place of work, having Political Commissars at the firm level (Mapolu 1979).

In 1971 the ruling party issued yet another strong document, namely the Party Guidelines (Mwongozo). The document seemed to have strengthened the operationalization of Presidential circular No 1, 1970. Clause 15 of Mwongozo, warned managers of not being arrogant, authoritarian, contemptuous, oppressive and extravagant (Mwongozo 1971). It has been argued by Mapolu (1979) that, although the intentions were meant for positive changes, their outcomes were disastrous, as they completely eroded industrial harmony, although they strengthened industrial democracy on the side of the employees. It has been argued further (Nsekela 1981) that, workers interpreted Mwongozo as a sign of their empowerment, using it against managers who were seen to be arrogant, extravagant, oppressive and contemptuous. They used it effectively to institute industrial action against such managers, through strikes, lock outs and picketing. On the one hand while industrial democracy was

somewhat realized, industrial harmony was forfeited. Managers failed to take actions for fearing employees' industrial action. This was besides other politically motivated measures of appointment of CEOs, Board Chairpersons, and Board members. It has been argued (Bigsten & Mugerwa 2002; Kornai, 2000 & Harsh, 2000) that, although not publicly acknowledged, PE's were implicitly used as avenues for political patronage i.e. rewarding political supporters and electorates. This was quite natural, as often used to create positions for membership and directorship to Boards of those companies. In a study by Swai (1995) it was found that membership and chairmanship to Boards of Directors, was inclined to some form of patronage i.e. the degree to which the appointees had had closer ties with political leadership of the day. The situation with the appointment of CEOs was no lesser patron inclined, instead of being based on competence. These features complicated the management of PE's on the one hand, and mystified the QWL of the employees on the other.

There were special features of employees' QWL issues which differentiated PE's operations and management of human resources from other business undertakings, in the private sector. Firstly, they used to employ too many workers, more than the economic efficiency criteria would allow (Kikeri, 1999; Mugerwa, 2002; WB, 1995a & Haltiwanger, 1999). It has not been possible to document the degree or level of overstaffing in the Tanzanian PE's, but anecdotal evidence suggest that the situation never deviated from that prevailing in other developing countries. For example, in Uganda and Ghana, SOE's were overmanned to the tune of 20 – 25% on average, while in India and Turkey, studies indicated that SOE's were overstaffed by 35% on average (Barneji & Sabot, 1994). Further evidence indicated that, of the 120,000 people employed in Sri Lanka's SOE's, 40-50 percent was estimated to be redundant

(Banerji & Sabot, 1994). Overstaffing usually was found to occur in administrative and clerical positions, not in the more technically skilled jobs for which there was high demand. In fact, although there were economic costs for employing too many employees, yet looked at from the employees' perspective of job security, this was a positive aspect to QWL. Secondly, a characteristic feature which was associated with PE's almost world over, was terms and conditions of employment, which prescribed quite attractive remunerative packages with fringe benefits (Kikeri, op. cit.). In this aspect again, pay and benefit system were some of the elements, which improved the level of well being, satisfaction and therefore employees' QWL (Sirgy, et.al. 2001). In Tanzania, PE's were managed and controlled through Standing Committee for Parastatal Organizations (SCOPO). Remunerations were determined centrally and prescribed uniform pay and benefit package between cadres of similar categories. Because of attractive packages within the PE's, it was not uncommon to find people crossing over from civil service to public enterprise sector. This implied that QWL with regard to reward system was better compared to civil service or private sector. Other countries outside Tanzania were no exception. Picking Turkey as an example, workers in loss-making SOE's in the textile, iron, and steel firms, earned three times more than people doing equivalent work in the private sector (Banerji & Sabot, op.cit.).

In Bangladesh and Egypt where wages had been eroded, special allowances and bonuses were offered to state employees to compensate for wage declines. In the absence of wider social safety nets, state enterprises in many countries also provided at great expense, services such as housing, health care, education, and transportation. In the 1980s these non wage benefits were equivalent to 20% of wages in Africa, 20-

35 % in Asia and 24-37 % in Latin America (op. cit.). A similar situation was reported by Silanes (1996) that of the 361 Mexican enterprises privatized between 1983 and 1992, non wage benefits in many companies tripled the wage bill. In view of the perceived better QWL compared to government or private sector employees, resistance to privatization should not be seen as a surprise. Thirdly, public enterprise sector employees enjoyed highest degree of job security to the extent of denying managers the freedom to hire and fire, including rigid labor contracts or collective bargaining. The Security of Employment Act 1964 prescribed stringent handle labour issues, especially those related to management powers to hire and fire. On the other hand, the same Act outlawed all industrial action practices by declaring them as criminal offences (URT 1964; Mapolu 1979). The Act implicitly, prohibited industrial action and therefore limited the industrial democracy. It is argued that security of employment is the most important element of QWL (Saunders, et.al. 2000).

More over, the institutionalization of the ruling party at work places by having commissars, party secretaries, party offices, with accompanying powers usurped under the aegis of “Party Supremacy”, further complicated the labour issues at the firm level. For example, there was the “notorious” clause 15 of Mwongozo (Party Guidelines 1971) which instead of empowering management, stripped off even the small powers they had remained with. The clause warned managers of not being arrogant, of not being extravagant, contemptuous and authoritarian (Mwongozo 1971). I argue that such encroachments had negative impacts to the economy in general and enterprise level in particular. This situation resulted into low productivity and high cost operations and inefficiency in general. Employees’ QWL in terms of

industrial democracy and job security, were partially guaranteed, as they could participate in decision making machineries in the organization. What could be regarded as negative aspects of QWL were the stringent stipulations contained in the Security of Employment Act 1964 which declared all strikes and demonstrations as criminal offences (URT 1964). This implied that a union leader could be convicted and imprisoned for participating in a strike or any other form of industrial action. The explanation was that by prohibiting all forms of industrial action, a harmonious work environment could be maintained. This was besides the president's powers to detain anybody without trial (Preventive Detention Act No. 60 1962) which could also be used against critics of the system. The Act not only curtailed the freedom for the functionality of Trade unions, but also instituted other mechanisms of stifling their activities, by affiliating them to the ruling party. For example, the Secretary General of the Confederation of Trade Unions (CTU), was a member of the ruling party National Executive Committee (NEC), in which case his critical eye to the government would be seen as rival power to the state.

### **1. 1. 2 Public Enterprise's Privatization Background and Quality Work Life Issues**

It has been argued that, PE's crises at the micro-level were a result of low productivity, liquidity problems, poor management, corruption and theft, and ineffective control by the Boards (UNIDO 1990; Moshi 1993; and Swai 1995). Due to economic vulnerability at micro and macro levels, the situation was succinctly described by Onimode (1989a) as "a lost decade." Amidst such crises, there were pressures from the Breton Woods Institutions i.e. World Bank (WB) and the International Monetary Fund (IMF), which required the economies of LDC's to

reform along the Neo – liberal economic principles of the market (Onimode, op.cit; Kikeri 1998). The recipes of neo liberal economies were prescribed as set of conditionalities to be met by countries whose economies were distressed, before those countries could qualify for loans and other forms of financial assistance from the Bank/ Fund. It was against this background that the first president of Tanzania J.K.Nyerere, entered into sharp disagreements with IMF (implying also, difference with WB and other donors), and openly criticized their policies due to his personal disapproval of those policies. He rebuked IMF as the ‘International Ministry of Finance’, and in fact declined to comply with them, until he retired from active politics in 1985. Following his retirement, Tanzania finally in August 1986 concluded agreement with IMF, and his successor (s) Ali Hassan Mwinyi (1985 – 1995) and Benjamin Mkapa (1995 - 2005), adopted and succumbed to the Bank’s and Fund’s policies more or less wholesale. Paradoxically, it was during this time Tanzania was described by the Bank/Fund as a “model adjuster” (WB, 2004). Since then, privatization became part and parcel of the Structural Adjustment Programmes (SAP).

The above discussed factors singly or in combination, became the imperatives for the privatization of the SOE’s. It has been argued by the Bank officials that, without intervention, PE’s would continue to drain the resources needed for other developmental undertakings (World Bank, 1995a; 2005a; 2005b). Following this Paradigm shift from centrally planned economy to market led economy, employees’ labour practices started to change in line with market economy labour practices and behavior. This explains why turbulence was experienced after privatization had taken place. The reforms had been at the centre of redefining the role of the state in a

context of globalization. Privatization was the main challenge in the reform of the public enterprise sector (Kavishe, 2002). This was so because privatization affected the whole spectrum of the economy in terms of ownership, control, management, productivity, performance and efficiency among others. But most crucial was the way privatization affected human resources in terms of their QWL. QWL is the degree to which organizations fulfill the employees' satisfaction with a variety of needs through resources, activities and outcomes stemming from participation in the workplace (Sirgy et al., 2001). The stated outcomes may include the physical, mental, and social work environment, wage and salaries, work experience, terms of employment, work motivation, job satisfaction, work orientation and fair treatment, among others (World Bank, 2004). QWL in the context of this study addressed in detail two main dimensions of QWL namely: Conditions of Work proxied as (CONDWRK) dimension, and Total Reward System proxied as (TORWST) which are covered in detail under section 2.4.2.

Experiences in some other SSA countries indicated that, the move to the privatization of SOE's constituted particularly of a "bitter pill" for most countries to 'swallow'. As a result, privatization had "cold reception", as the following sentimental values indicated: In Nigeria for example, the Labour Congress leaders opposed privatization by arguing that "Nigeria was not for sale" (Africa Report, 1986). In Swaziland, the citizens regarded "Tibiyo" i.e. state owned development venture as belonging to every Swazi born and unborn (Sonko, 1994) while in Ghana, a notice in the Trade Union Congress hall read: Public service is yours; private service it's theirs. Join the



fight to put public needs before private greed (Tangri, 1991). In Zambia there were statements of disapproval of privatization as clearly stated here under:

*“The hardships Zambians are going through are primarily a consequence of ... neoliberalism and neoliberal globalization. ... While it cannot be denied that corruption, extravagance and lack of priorities have considerably aggravated the situation, we shouldn’t forget that these factors are a product of this whole system - they are inherent problems of these policies. These IMF and World Bank policies breed corruption, extravagance and lack of priorities in our leaders and indeed our people. ... And despite having liberalized its markets, as dictated by the IMF and the World Bank, Zambia has still not started benefiting from it (The Lusaka Post 28.11.2002).*

Privatization, according to the protagonists of neo – liberal economists, was believed to bear better results than public sector, because it increased economic efficiency and productivity and thus raised employees’ QWL (WB, 1995a; 1995b). This fact was increasingly being contested in the current literature (Griffith & Harrison, 2004; Wilner, 2001). These authors argued that, research had failed to prove the relative efficiency of private sector over public sector. Paradoxically, the promoters of privatization also started acknowledging the same as IMF’s statement concluded: *“while there is an extensive literature on this subject, the theory is ambiguous and empirical evidence is mixed” (WB, 1995a; IMF, 2000)*

To summarize, following this policy shift from public sector dominated economy to a “public-private sector” led economy, privatization as a key agenda for development became an important research theme. This study had set out to contribute on various

issues ranging from the understanding to the actual implementation of privatization of public service and its impact on diverse socio – economic life of the workers.

## **1.2 Problem Statement**

Quality of work life is an important concept that an organization can use to enhance its employees' productivities and gain competitive advantage. Arguing from the perspectives of Lawler (2005) this means that prosperity and survival of organizations can be influenced by the way employees are managed, cared and treated. An employee who feels a great deal of work related well-being and little job distress may have a good QWL (Riggio, 1990). In other words, employees experience a high quality of work life when the organization is able to get them fully committed to the realization of organizational goals (Kotzé, 2005). Organizations are therefore, expected to treat their employees in ways that would invoke their organizational commitments and loyalty, and thus achieve competitive advantage through their human resources.

The attainment of competitive advantage could be linked to the attitudinal characteristics of employees influenced by their organizational experiences. These experiences could be associated with the employees' perceptions on the job related satisfaction, and well being. These could impact either positively or negatively on organisational productivity, and conditions of work, performance and reputation. Positive attitudes of employees can be developed when employers satisfy their various needs continuously. Positive impacts such as high commitment and loyalty may lead to increasing performance through hard work while negative attitudes such as absenteeism, pilfering and turn over, among others, can result in poor

performance. The development of positive employees' attitudes can, thus, be achieved by organizations inculcating the quality of work life philosophy in their work designs and HRM policies and practices.

Employees are influenced by the way their works are designed, and also the way they are treated and valued by the organization (Schermerhorn's, 1996). The need for such positive exchange is justified by the observation that the presence of well motivated, loyal and committed employees is a 'sine quo non' for organizational success and competitiveness. It therefore implies that instituting QWL strategies, programmes, policies and procedures can enhance the motivation of employees to contribute to their best abilities to the organizational effectiveness and efficiency. This contention is qualified by the assumptions that QWL is based on the practical experiences and perceptual views, held by employees concerning their works and work environment.

The QWL aspect and its impact on job-related outcomes, therefore, have become topical research agendas in both the fields of HRM and Organizational Behaviour (Wheelan & Hunger, 2006; Leopold, 2005 & Yorks, 2005). However, many of the current literatures on QWL visited by this study focused on either the developed economies of Western Europe / the United States, partly Asia and the Caribbean; and scanty or no studies linking privatization with QWL in developing countries at large and Tanzanian in particular. This is evidenced by various studies including the WB which showed that African countries had done very little to track the effects of privatization on employment (World Bank, 2000).

ILO, (2000) also showed that human resources issues were not given due concern when companies' transformation was being considered. Marinakis (1992) and Boughrara et.al. (2011) further noted that, even with the increase in privatization, little analysis had been done on how the process affected employment. Besides, this issue is controversial as some scholars argue that, privatization have various negative consequences on QWL; while others hold the view that it has positive results (Kahn & Minnich, 2005). Such controversy necessitated this study to be carried out to further analyse its effects on the human resources' QWL issues. Specifically, the problem was to determine employees' QWL related to conditions of work and total reward system dimensions before and after privatization in the context of Tanzania. The results were used to recommend effective motivational guidelines and strategies to human resource management practitioners and policy makers for QWL improvement in public and private work organizations in Tanzania and developing countries at large.

### **1.3 The Study Objectives**

The main objective of the study was to analyse the impact of privatization of Public Enterprises on the employees' quality of work life in relation to working conditions and total reward system (compensation) in the pre- and post-privatization context.

#### **1.3.1 Specific Objectives**

A. To identify the employees' QWL practices in terms of organization of work, work intensity, work related stress, safety and health; and employees /supervisors' relationships before and after privatization.

B. To analyze the employees' perceptions on QWL in regard to commitment to the organization 'employer of choice', participation in decision making and information sharing and communication.

C. To examine the existing practices on employees' QWL in terms of levels, scales and components of compensation and benefits in the period before and after privatization.

D. To determine the employees' perceptions on the total reward system administration by the indicators of equity and fairness, pay differentials, justification for pay differentials and involvement in pay and benefits negotiations.

E. To propose the future policy and legal implications on improved QWL in public and private institutions

#### **1.4 Research Questions**

The research project was expected to elicit important lessons and experiences on issues of human resources in the privatized enterprises in Tanzania. Thus the research sought to answer the following questions:

- A. What have been the employees' QWL experiences with respect to organization of work, work intensity, work related stress, safety and health and employees/supervisors' relationships?
- B. How do employees perceive their QWL in relation to commitment, organization as 'employer of choice', participation, information sharing and communication, before and after privatization?

- C. What are the existing practices on employees' QWL in relation to levels, scales and components of compensation and benefits in the period before and after privatization?
- D. How and to what extent did the prevailing Reward System influence employees' QWL before and after privatization?
- E. What are the policy implications of the research findings on improving QWL in public and private institutions?

### **1.5 Study Significance**

Issues of privatization generally, and particularly, the way they impacted on human resources were so topical, although there had been limited research directed towards its impact on employees' QWL. This study was significant in uncovering HRM practices and perceptions on QWL in terms of conditions of work and reward system, as collected from the employees who had survived privatization. Moreover, this has enriched my understanding of the dynamics of HRM in the context of pre and post privatization, so that they are covered by HRM policy provisions that take into account better QWL conditions in the changing environment of business organizations. The study recommended to the government, the management of the PPE's and agencies like PSRC, for practical means for designing, formulation and implementation of HRM policies in the eve of organizational changes, including those related to privatization. Furthermore, this study was significant in bringing into focus experiences drawn from varying modes of privatization, by drawing sample from Joint venture mode of privatization and Management Contract, such that one could judge the relative merit of one approach from another. Finally, the

study recommended for further research to bring into light other aspects of HRM practices in the areas of Labour – Management Relations, Training and Development, Privatization, Access and Quality of services; and to disaggregate data along gender lines and age profile.

### **1.6 Organization of the Study**

The study was organized into the following chapters. Chapter one was the introductory one, which covered a brief overview of the study problem and context, highlighting the adoption of the policy of Socialism and Self Reliance in 1967. This part showed a link between the pursuance of Socialist policies and their implications to the management of the economy in general and the place of PE's in particular. It featured clearly that the socialist policies especially as related to the operations of PE's never realized a return on investment but continued draining resources from the government coffers to keep the organizations afloat. The aftermath of the poor performance of PE's saw the emergence of the Breton Woods Institutions and their set of conditionality for Tanzania to reform along market led economies. The remaining part of the chapter covered respectively: the study setting and motivation for the study; the problem statement, its objectives, research questions and significance; and the organization of the study.

Chapter two covered the review of related literature. The first section covered the theoretical frame work. This part contained the precepts of the abstract picture between the changes in organizations and their impact on peoples' QWL dimensions of Conditions of work and the Reward System. It was assumed that the change in ownership, management and control (privatization) of PE's was likely to have

significant impact on employees' QWL both positively and negatively. The second section covered the policy related literature. This material contained among others: government policy documents, circulars, organizational documents and many others. The third part of the literature review, reviewed extensively the experiences from other studies related to this theme from global arena, within Africa and Tanzania. In reviewing the literature attempt was made to correlate the findings from the other studies and the experience of Tanzania. Chapter three described the methodological issues broadly. In the main it covered the research design, strategy, methods and instruments for collecting data. With regard to design, the study adopted Qualitative approach, whose variant of Rapid Assessment Method (RAM) was used in this study. RAM is credited for its holistic nature in studying any social phenomenon, as it utilizes simultaneously the survey method and aided by different data collection instruments e.g. questionnaire, interviews and focus group discussions. The last part discussed the sampling procedures that ultimately draw a sample size of 310 respondents from the two case studies, the validity and reliability and Ethical considerations.

Chapters Four and Five dealt with the analysis of data covering TBL and TANESCO respectively. Chapter Six presented the discussions on the findings and finally chapter Seven drew up the summary conclusions, highlighting contribution to knowledge, areas for further research and limitations.



## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Introduction

The chapter presents the conceptual issues that are covered in the study. It reviews various HRM frameworks, including the Michigan model, the Harvard framework and the QWL models. The author presents his own model that resulted from the field work for the study. The chapter further reviews the related literature, covering theoretical, policy and empirical reviews, with a view discern the research gaps to be filled by this study.

Organizations are made up of three types of resources namely physical, financial and human resources (Sofa, 1992). The centrality of physical and financial resources as determinants of organizational health forms a major focus of the chapter. The discussion enlightens that, it is the human resources that have not been used to gauge the strength of an organization. Hence, not much attention in terms of research has been directed to exploring the value of human resources in the organization. The chapter insists that the value of human resources in terms of their competencies, knowledge and skills overrides all other resources, and is the key determinant of the organization's productivity, effectiveness, and efficiency and ultimately, its success (Armstrong, 2008). Human Resources are the most important resources of the organization, constituting the organization's competitive advantage, but also, the largest investment area in the organization (op.cit.). In United States, for example, the cost of human resources is in the tune of 73% (op.cit.). The underlying belief and value system above in human resources is the central postulate in the

philosophy of Quality of Work Life. QWL as used in HRM and Organization Behaviour (OB) literature connotes the broader job related experiences an employee encounters at the work place. The said experiences can be nurtured and sustained in an environment guided by the philosophy, policies and practices of Human Resources Management. HRM also subscribes to the same value system about people resources in the organization as clearly covered under **section 2.3.2** below. Hence, there is close relationship between HRM and QWL since they share the same philosophical underpinnings. However they differ in scope in that QWL is a vehicle for realizing the broader goals of HRM philosophy. This makes it imperative to monitor closely the QWL of the employees in the work places.

## **2.2 Conceptual Issues**

### **2.2.1 Human Resources Management**

HRM involves the management of human resources in the organization, starting from their entry into the organization, their movement in the organization and finally their exit from the organization (Ngirwa, 2000). HRM is seen as a strategic and coherent approach to the management of the organization's most valued assets - the "people" working for the organization, who individually and collectively contribute to the achievement of the organization's objectives. Storey (1989), believes that HRM can be regarded as a 'set of interrelated policies with an ideological and philosophical underpinning'. He then suggested four aspects that constitute the meaningful version of HRM, namely:

- A particular constellation of beliefs and assumptions
- A strategic thrust informing decisions about management of people

- A central involvement of line managers; and
- Reliance upon a set of ‘levers’ to shape the employment relationships in the organization

Taylor (2005) views HRM as a sort of contract between people and the organization on the nature of their working relationships, in terms of the objectives to be attained; and the need to ensure that the agreements are achieved. Taylor’s definition seems to be narrow, in view of the various dimensions that are covered under HRM philosophy, as clearly outlined in Armstrong’s system (Armstrong, 2008). The Institute of Personnel Development (IPD, 1994) conceptualizes HRM as a modern terminology of what was traditionally termed Personnel Management, and defined it as ‘That part of management concerned with people at work and with their relationships within an enterprise. Personnel Management aims at achieving both efficiency and justice. PM sought to bring together and develop into an effective organization, men and women who make up the enterprise. Again, this definition is based on the traditional bureaucratic model of personnel management which is inclined to “hard” version of management of people model as covered under section 2.3.1 below.

Armstrong (2006: 12) defined HRM as a ‘holistic approach of managing people resources in the organization, in terms of the philosophies, policies, procedures, methods, practices, approaches, and strategies involved in the process of acquisition, utilization and retention of the human resources in the organization’. Sofu (2000:8) viewed Human Resources as a “*holistic view of the way people are optimally valued, and the way they are obtained, maintained and developed within organizations*”.

The implications of the two latter definitions above ascertain value underpinning about people as assets, which may only be acquired, developed and retained in the organization, because of the satisfaction that work conditions and environment brings to the worker. In this study HRM was considered as the totality of people management practices, processes, approaches, policies, philosophies, strategies, theories, programmes and relationships from the time employees enter the organization, their movement into and within the organization until their exit from the organization and beyond. This definition suggests that, if the organization values its people resources, it also is bound to develop policies and practices that ensure that their exit process is well managed with exit programmes and life outside the organization. In other words no organization would want its long time workers turn into 'begging lots' few years after retirement or after exit. Several practices or issues are involved in the people management process, involving recruitment and selection, compensation or the total reward system, training and development, appraisal system, labour – management relations, health and safety. All these functions focus on employee management during their life time with the organization. They barely address employees' life after employment.

### **2.2.2 Human Resources Management System**

Human Resources Management has been seen as a system comprising of the following

- HR philosophies – these describe the overarching values and guiding principles adopted in managing people
- HR strategies – these define the direction in which HRM intends to go

- HR policies – these are guidelines which define how these values, principles and strategies should be applied and implemented in specific areas
- HR processes – they consist of the formal procedures and methods used to put HR strategic plans and policies into effect
- HR practices – comprise of the informal approaches used in managing people
- HR programmes – these enable HR strategies, policies and practices to be implemented according to plan (Armstrong 2008:12).

### **2.3 Theoretical Framework**

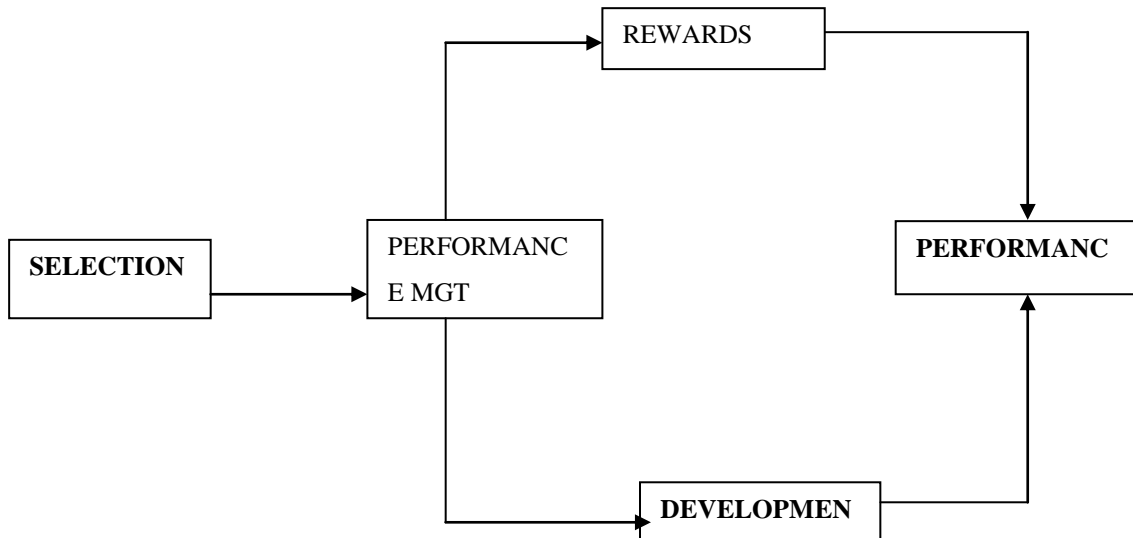
There are various frameworks or models of HRM, but two namely: Michigan School Model and Harvard Framework are more dominant in the HRM practices and policies.

#### **2.3.1 The Michigan Model**

The Michigan School Model, also called ‘Hard’ or matching model was first conceived by scholars in Michigan University. The views held by the scholars hold that HR systems and the organization structure should be managed in a way that is congruent with organization strategy – hence the coining – ‘matching model’ (Formbrun et.al. (1984). They further explained that there is a human resource cycle which consists of four generic processes or functions that are performed in all organizations namely:

- Selection – matching available human resources to jobs
- Appraisal – matching performance to agreeable organizational goals and objectives
- Rewards – matching rewards to performance i.e. to reward short as well as long term achievements.

- Development – matching qualifications to tasks, so as to have high quality employees (See Figure 2.1).



**Figure 2.1: The Michigan Model depicting HR Cycle**

**Source:** Adapted from Formbrun et.al. (1984).

The Michigan model or ‘hard’ approach to the management of human resources starts from the premise that employees are resources just like other resources and they have to be controlled just like one controls other resources e.g. finance or raw materials. This implies the model is based on cost minimization and therefore:

- Human resources must be obtained as cheaply as possible – for example decisions whether to recruit from within or from outside the organization will be in favour of recruiting from within, because of cost minimization. Even decisions whether to train will be judged by the cost minimization factor;
- Employees must be developed so as to be exploited maximally;
- They must be controlled directly just as one controls other resources like finances and other inputs; and

- Expenditures directed to employee's welfare, development, growth, motivation, etc., are counted as costs, in the same way expenditures directed to buying new machines or equipment.

The 'hard' model contains in it strong economic calculative considerations similar to Taylor's 'economic man' perspective, which Legge (1995) refers to as 'hard' model. It is less humanistic in character and the human being is to be controlled and supervised quite closely so that he/she can contribute maximally to the organization performance. The 'hard' model was built around the Classical Theories of organizations with strong basis on Taylor's Scientific Management, the Weberian Bureaucratic model and Fayol's Classical Administrative theories. A brief review of these theories is covered in Box 1.1 (Appendix D: pages 392 -396). The researcher thought that the changes brought about by privatization would mostly be inclined towards the 'hard' approach to the management of human resources. So the study intended to assess the degree to which the hard variant of human resources would feature in the new system.

### **2.3.2 The Harvard Model**

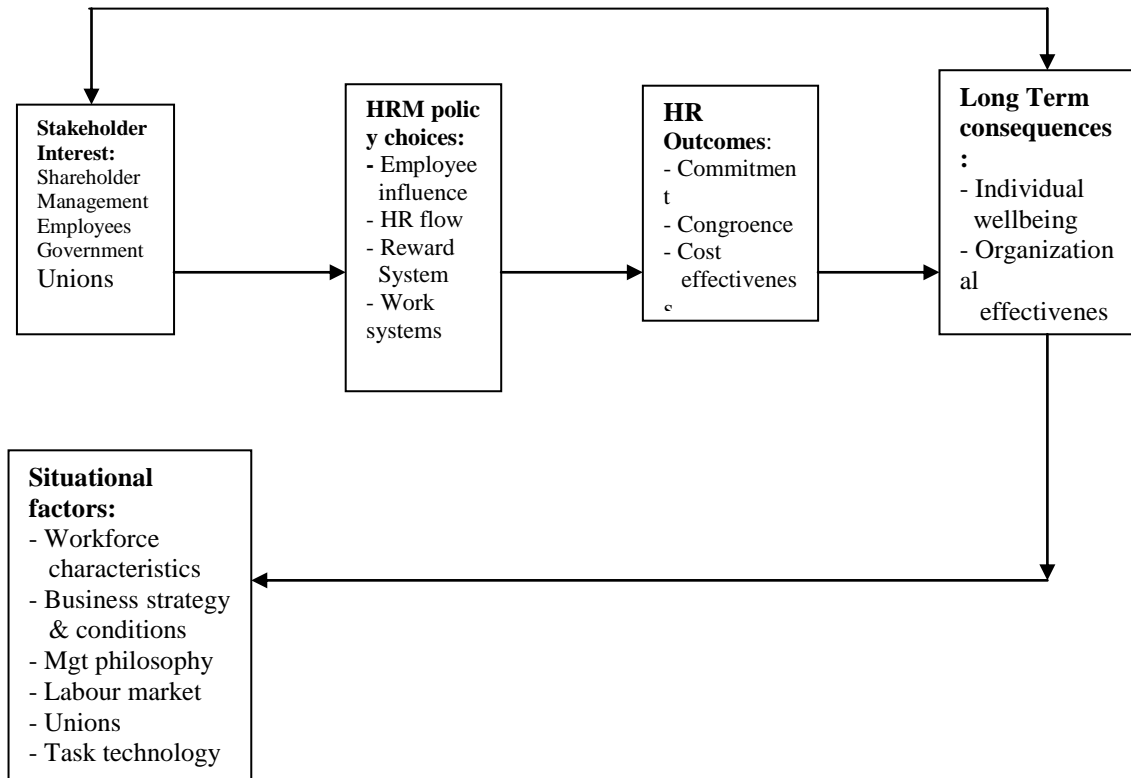
The Harvard model also known as the 'Soft' human resources management model was developed by the Harvard School of Business (Beer, et.al. 1984). This model was later coined as 'Harvard Framework' (Boxall, 1992). The Harvard Framework traces its roots from the Human Relations School, championed by Elton Mayo, which emphasized communication, motivation and leadership. According to Storey (1989) the model involves treating people as valued assets, a source of competitive advantage through their commitment, adaptability and high quality of skills,

performance and efficiency (emphasis added). It therefore views employees, in the words of Guest (1999a) as means rather than objects. The ‘soft’ approach to HRM stresses the need to gain commitment – ‘the hearts and minds’ of employees through involvement, communication, and other methods of developing higher commitment, and high trust in organization. Attention is also drawn to the key role of organization culture. Beer and his colleagues believed that many pressures which are impinging on modern organizations demand a broader and more comprehensive and more strategic perspective with regard to the organization’s human resources.

The pressure has created the need for a long term perspective in managing people and consideration of people as potential assets rather than merely a variable cost (op.cit.).

The Harvard School Model suggests that HRM has two characteristic features namely: That the line managers accept more responsibility for ensuring the alignment of competitive strategy and personnel policies; and that personnel has a mission of setting policies that govern how personnel activities are developed and implemented in ways that make them more mutually reinforcing. The Harvard model is presented in Figure 2.2:





**Figure 2.2: Harvard Framework for Human Resource Management**

**Source:** Adapted from Beer, et.al. (1984).

The Harvard model or ‘Soft’ variant of HRM is considered to be a collaborative model in which employees are active partners and core assets of the organization, who can contribute positively towards the achievement of organizational goals. The model was developed out of the Humanistic Theories of management which include the contributions of Elton Mayo’s Human Relations perspective, Human Resources theories of Mc Gregor, Maslow, Likert and the Behavioural perspective (Daft, 2004). A brief coverage of some of these theories are covered in Box 1.2 (Appendix E: pages 397 – 401). The humanistic theories were more positive perspectives on human nature and are more appropriate for stimulating active participation of the employees towards achieving the organizational goals. In spite of some flaws

contained in the classical theories of management, some propositions contained in the theories were and are still valid in modern organization set ups, either with modification or in their entirety. It is on the basis of this understanding that this study although more inclined towards the 'soft' approach to the management of human resources, does not marginalize some important precepts of classical theories, especially those related to job design, performance based pay and the incentive system based on one's accomplishment of organizational goals. More over, there is no organization which can operate solely along 'soft' or 'hard' perspective alone, in each case it is a combination of some elements of 'soft' stance , while in other aspects one applies 'hard' stance of HRM, as has been the case in this study.

#### **2.4 Human Resources' Quality of Work Life**

The concept Quality of Work Life, has been used in various studies, yet there lacks a comprehensive and universally accepted definition of the concept. This view has been echoed by authors like Krueger, et al. (2002). It is observed that the method of defining QWL is varied; encompassing several different perspectives (Loscocco & Roschelle, 1991). Mirsepasi (2005) contended that the QWL concept was a dual construct, containing both objective and subjective dimensions. The objective dimension comprised of the actual experiences of work place conditions like pay and benefit system, work environment, task variety, safety and health issues. It also included aspects related to decision making and job enrichment and other job satisfying factors like meaningfulness of the job.

The subjective dimension, on the other hand, comprised of employees' attitude regarding QWL. The attitudes could be on how they perceived the pay system,

whether judged to be fair and equitable, how they viewed and interpreted their relationships with supervisors and management; and how they perceived their organizations as a place of work or ‘employer of choice’ as used in this study. In this regard, quality of work life depends upon the actual experiences and the perceptions of individuals; which are subject to differing interpretations from one individual and another. Fernandez-Alles et al. (2006) asserted that effective implementation of management practices including focus on improvement of quality of work environment influenced legitimacy of the management. This implied that managerial practices and policies which targeted employees’ QWL were more likely to create an environment of trust, loyalty and co-operation with management. This would entail better QWL and more satisfaction with the job and work environment.

Sirgy et al. (2001) defined QWL as employee satisfaction with a variety of needs through resources, activities and outcomes stemming from participation in the workplace. Sirgy’s definition, in my view, seemed to be more holistic in view of the fact that it also included other out of work domains, such as family life, social life and financial life. Moreover, it dealt explicitly with subjective wellbeing (Lau, 2000). With regard to this subjective concept, employees’ perceptions of safety and suitability of physical and psychological work environment were different. The situation was likely to be the same in the study, because of varying perceptions of employees over a given social phenomenon.

The controversy over the conceptualization also extended to the indices or factors for measuring QWL. Rossi et al. (2006) contended that as a multidimensional concept, QWL would include job security, reward systems, pay and opportunity for

growth, among other factors. In the same view, Tatel's model (as cited in Mirsepassi, 2005) considered job security, monetary compensations, opportunity for constant learning and development of new skills, and participative decision making as QWL indices. These indices were believed to be management-related conditions of work which were linked with employees' job satisfaction and QWL.

Job security was one of the key indicators which were considered by the European Foundation for the Improvement of Living and Working Conditions (2007) in an effort to design a measurement framework for quality in work. It is the central feature of QWL which stood for organization's strength and stability for providing permanent jobs (Rethinam & Maimunah, 2008). Hayrol et. al. (2010) contended that job security affected employees' motivation and accordingly, their performance. Job security concerns were a growing phenomenon and research had confirmed that it consumed enormous part of employees' mental energy (Saunders, et.al., 2000; Beauregard, 2007; Surgy, et.al., and Rethinam & Maimunah, 2008).

Lau and Bruce (1998) have defined QWL, as workplace strategies, operations and environment that promote and maintain employee satisfaction aimed at improving working conditions for employees and organisational effectiveness. This may be explained by the fact that people differ in perspectives, and because of such divergencies there have been inconsistencies in defining the concept of QWL. Kotze (2005) indicated that there were differences given to the concept and its practice, which generated disagreement over its measurement and interpretation (Kotze 2005; Nankervis, et.al. 2007). A review of literature revealed that the concept QWL had been unexplored and unexplained (Warral & Cooper, 2006). In this sense, QWL

can be regarded as a comprehensive construct that includes individual's job related well being and the extent to which work experiences were rewarding, fulfilling and devoid of stress and other negative personal consequences (Shamir & Salomon, 1985). Viewed from a more descriptive nature QWL contained elements that were relevant to an individual's task and task environment, the physical work environment, social environment within the organization, administrative system and relationships between life on and off the job (op.cit).

QWL consists of active participation in group working arrangements or problem solving that are of mutual benefits to employees or employers, based on labour – management co operation. In view of the divergent views on the concept and its practice, there arose a need to have a context specific definition after which I developed a model for QWL. In this study the researcher defines QWL as a 'holistic view of the philosophies, developed processes, policies, practices, strategies and programmes which are deliberately designed and undertaken by management and individuals, to create a pleasant and conducive environment in which employees' job related well being and satisfaction can be nurtured and sustained'.

#### **2.4.1 Models and Components of Quality of Working Life**

Various authors and researchers have proposed models of quality of working life which include a wide range of factors. Selected models are reviewed below.

##### **2.4.1.1 Psychological Growth Needs Model**

The model was developed by Hackman & Oldham (1976) drew attention to what scholars described as 'psychological growth needs' (PGNM). The PGNM, included: variety of issues including: skill variety, task identity, task significance, autonomy

and feedback. Hackman & Oldham, suggested that such needs have to be addressed if employees are to experience high level QWL. This implied that the PGNM focused more on the task and the job doer, but left aside some other important social economic issues, such as the remuneration and the social relationships that developed within the work context.

#### **2.4.1.2 Job Factors Model**

Taylor (1979) developed a different model called the JFM which included both extrinsic and intrinsic factors as forming important aspects of QWL. Taylor (1979) more pragmatically identified the essential components of Quality of Working Life as basic extrinsic job factors of wages, hours and working conditions. It also included the intrinsic job notions of the nature of the work itself, in terms of individual power, participation in managerial decision making process, fairness and equity; use of ones's present skills, self development, meaningful future work, its social relevance and the jobs effect on the activities of the organization. He suggested that relevant QWL concepts may vary according to organization and employee group (op.cit.). Warrall & Cooper (1979) in an investigation of QWL, more or less came up with factors closely similar to those developed by Taylor. They considered, apparently, such job related factors like, work involvement, intrinsic job motivation, higher order need strength, perceived intrinsic job characteristics, job satisfaction, life satisfaction and happiness.

#### **2.4.1.3 Suttle's Model**

QWL to others entails the design of work systems that enhance the working life experiences of organizational members, there by improving commitment to and

motivation for achieving organizational goals. According to Suttle (2006), QWL is the degree to which members of a work organization are able to satisfy important personal needs through their participation in the organization. More specifically, QWL may be set into operation in terms of employees' perceptions of their physical and psychological well being at work. Rosow (2002) has identified the following seven critical factors which include: pay, employee benefits, job security, alternative schedules, occupational stress, participation and democracy in the work place.

#### **2.4.1.4 Walton's Model**

Indeed it becomes quite difficult to comprehensively conceptualize QWL, and thus Walton (1975, 2005) proposed eight major conceptual categories as follows:

- Adequate and fair compensation;
- Safe and Health working conditions;
- Immediate opportunity to use and develop human capabilities;
- Opportunities for continued growth and security;
- Social Integration in the work organization;
- Constitutionalism in the work organization Work and total life space; and
- Social relevance of work.

Several works have been published addressing the above aspects especially (bullets one to five above), which I also support as key elements of QWL.

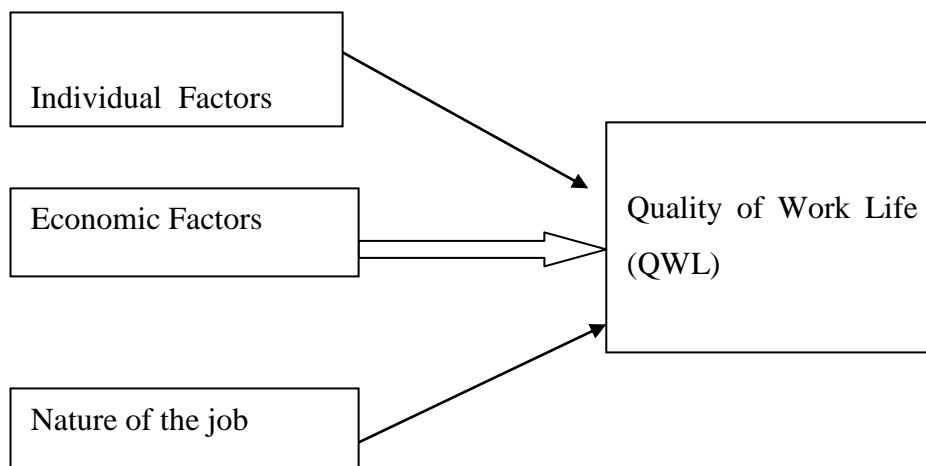
#### **2.4.1.5 Leng and Rensvold Framework of Quality of Work Life**

Finally, a study by Leung & Rensvold (2002) who surveyed the QWL of Hong Kong workers, established that Management practices, including ways of treating employees, opportunities to use their abilities, had strong contribution to employees'

QWL. In contrast, they found that economic adversities and employment difficulties and job nature i.e. work load, work hours, pay etc. had relatively minor effect on employees' QWL. (See figure 2.3). What the researcher recollects from the above descriptions of QWL models is that there are a myriad of issues and components to be considered as relevant to the employees' QWL. Moreover, it seems imperative to suggest that the various aspects of QWL have different impact on employees' QWL, while others have minor impact as clearly reflected in Leung's and Rensvold's framework.

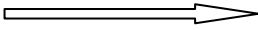

In this study the researcher proposed to use a QWL model which consisted of Total Reward System I & II proxied as (TORWST I & II), Condition of Work I & II, proxied as (CONDWRK I & II), which focus on the attributes identified and described under section 2.4.2.

### Quality of Work Life Framework



**Figure 2.3: Quality of Work Life Framework** Source: Adapted from Leng & Rensvold (2002)

**Key**

 Strong Effect  
 Minor effect



#### **2.4.2 The Nexus between HRM, CONDWRK, TORWST and QWL**

What is the nexus tying all the four aspects with QWL together? The “People” focus in terms of their quality of work life, as their unifying factor. That is, managing people’s conditions of work and reward are key aspects of human resources’ quality of work life (QWL). It implies that, adequate and fair pay (compensation), safety and health and better conditions of work. On the other hand, QWL in the work place can be improved through some HR practices and policy initiatives that target to offer good QWL to its employees. This nexus fits well in the current trend of treating organizations as ‘people-centered’. The intended research sought to explore the way the pre- and post- privatization processes placed people issues as the centerpiece of organizational HRM policies and practices; and assess if the results were different according to the mode of privatization that has been used. For the purposes of easy conceptualization, I shall use the following acronyms:

CONDWRK I: My survey intended to measure employees’ attitudes over a range of five key factors which were affecting their QWL, namely: organization of work, work intensity, work related stress, health and safety issues.

CONDWRK II: This dimension addressed five elements affecting employees’ QWL namely information sharing and communication, employees’ commitment to the organization, attitudes on their organization as an ‘employer of choice,’ employee supervisors’ relationships; and participation and industrial democracy.

TORWST I: This sought to explore the employees’ experiences and practice, with regard to the following factors: the experiences and practices in the Reward

system pre and post privatization, including: pay structures, (forms, levels, scales etc) statutory payments, negotiations on pay packages and access to other services other than the pay.

TORWST II: This sought the perceptual views of respondents with respect to: equity and fairness in compensation, areas of inequity as perceived by respondents, open negotiations on pay and benefits and justification for pay differentials. The configuration of the processes and activities result into improved QWL and can be presented diagrammatically in a Model as shown in Figure 2.6:

## **2.5 The Human Resource – Quality of Work Life Model Descriptions**

The proposed model for this study is made up of five key components as follows:

- The HRM environment both internal and external environment;
- Change process which results into reform measures i.e. Privatization;
- Reform measures produce certain HR policies and practices depending on whether they are based on ‘Soft’ or ‘Hard’ approach;
- Realization of Human resources Outcomes which produce positive or negative QWL

### **2.5.1 External Human Resource Management Environment**

#### **2.5.1.1 Laws**

Organizations exist in environments made up of external and internal factors of the environment. Organizational Environment includes all factors within which the organization operates and have the potential to affect or be affected by the organization’s activities (Daft, 2002). HRM like wise operate in an environment made up of both external and internal forces. Like the organization, HRM functions are affected by the environmental forces and the functions also affect the

environment. HRM functions include the adapted practices and policies which are geared towards developing viable environment for employees' QWL. External environment consists of laws and other legal instruments which shape employment relationships and practices. There are legal requirements to be met with regard to employment contracts, minimum wages, and conditions of work, labour requirements and equal opportunity legislation, among others. All these aspects have a bearing on shaping and influencing employees' QWL. The HR officers are duty bound to study such laws and know how they are interpreted and their implications to the firm and employees' job related satisfaction and productivity. The government of the day is an important element of the external force. Government decisions may affect HRM in terms of its policies and practices in most profound ways. The legislature makes laws and new legislations may affect the HRM, and in turn affect employees' QWL. For example, in Tanzania during the privatization process the Security of Employment Act 1964 was reviewed and replaced by the Employment and Labour Relations Act 2004. The change was bound to affect employees' QWL positively or negatively as will be discerned in the study later.

#### **2.5.1.2 Economic Conditions**

The Economic dimension of the environment represents the whole spectrum of economic health of a country or region in which the organization operates. The economic environment has a major impact on business in general and the management of human resources in particular. The consumers' purchasing power, the rate of unemployment, the level of inflation, the rates of interest, and the level of competition; all form part of an in turn, have a dramatic impact on the organizational human resources, in terms of their QWL. The economic environment has become

very complex given the forces of globalization which affect managers and the HRM environment in a profound way. Economic conditions affect supply and demand for products and services, which, the number and types of employees required, as well as an employer's ability to pay wages and provide benefits (Crompton & Vickers, 2000). When the economy is healthy, companies often hire more workers as demand for products and services increases. More employment implies positive gains in terms of employees' QWL. In contrast, when the economic condition worsens and the rate of unemployment rises, employees experience redundancies and lay offs, a situation which affects employees' QWL adversely.

The economic miseries of the 1980's in Tanzania, were a prelude for the neoliberal economic adversaries, not only in Tanzania, but also in the developed countries. Privatization in my view is a product of neo liberal economic moves, as such it bears the features of neoliberalism, in which case even the human resources practices and policies will reflect those features. In this case my study was intrusive in investigating how economies of liberalism affect employees' QWL in privatized organizations in Tanzania.

### **2.5.1.3 Labour Unions**

Members of labour unions or other employees' associations make up a substantial percentage of work force and constitute one single most powerful force in determining how employees are managed and how their programmes are designed. The terms and conditions of employment in terms of rewards, rights, working conditions, compensation, training and development, appraisal etc. are determined by collective bargaining between management and the worker representatives

(Armstrong, 2008). A union can have a profound impact on an organization's effectiveness, whether positively or negatively. A union can aid communication between management and employees and rid organization of a potential 'impasse'. It can as well cooperate in the efforts to increase productivity, reduce labour costs and even in reducing tariffs (op.cit.).

On the negative side, unions can participate in hurting productivity, by calling for strikes, go slow, picketing and making excessive wage demands which can not be met by the economy. In Tanzania during privatization the Security of Employment Act 1964 was replaced by Employment and Labour Relations Act, 2004. The implications of such changes were that employees' conditions of work and compensation aspects of their QWL, were likely to be affected positively or negatively. This in view was an imperative that this study intended to explore.

#### **2.5.1.4 Labour Markets**

The labour market environment represents people in the organization environment who can be hired for the organization. Each organization requires well trained and qualified personnel, unions, employee associations; and the availability or non availability of a certain class of employees can influence the labour market of an organization (Daft, 2004). Labour market conditions are influenced by the supply and demand of labour. Labour market conditions are not controlled by any single force. This is because conditions are quite varied and unpredictable. This can frustrate several personnel activities in an event that certain professions are in crisis. The current labour market challenges that are facing organizations include: the 'ICT revolution' and the need to have highly computer literate workers.

### **2.5.1.5 Society**

The sociocultural dimension of the environment represents society norms, customs and values that are observed by the entire population (Daft, 2004). Society and work life are all changing, because of the dynamics resulting from global integration between societies. These changes place new demands on both employees and employers. For example, employers are not only demanding just a “day’s fair work”, but are being challenged to contribute to quality, innovation and excellence to their employees. The employers are on the other hand being challenged to give their employees greater participation in decision making, flexible working hours, healthier environment, child care facilities and balance between office work and family care. The way the society environment will be planned to become more employment friendly, the better the employees’ QWL. Hence, in this study the researcher was interested in uncovering how the societal dynamics and the changing value system of Tanzanian society, had responded to privatization and their effect on employees’ QWL.

### **2.5.1.6 Technology**

The Technological dimension of the external environment includes all scientific and technological breakthroughs in a particular industry, field or society in general. An organization’s technology i.e. the skills, methods and techniques used to produce goods and services – profoundly affect the skills and abilities that an organization’s employees must possess. As computers became important in the 1990’s many book keeping and clerical skills were no longer marketable. So scientific innovations and further technological advancements will affect managers and employees’ relationship

to the job and their relationship to each other. The external environmental factors described above have a direct or indirect influence on management of human resources and their entire QWL. To be effective, HR managers must monitor the environment on an ongoing basis; assess the impact of any changes; and be proactive in implementing policies and program to deal with such challenges, as well as improve the employees' QWL in the eve of privatization. Hence the study intended to investigate how the advancement of science and technology, under privatization contributed to improved QWL of the employees.

### **2.5.2 Internal Human Resource Management Environment**

The Internal Environment of an organization within which manager's work includes the organizational culture, production technology and physical facilities (Daft, 2002). The organizational culture involves the current employees, the management – its practices, philosophy, policies, value systems, norms and behaviour in the internal environment, and how well they will adapt to the external environment. The Internal environment, by and large, contains elements which are within the organization's boundaries and the manager has control with. The way the internal environmental forces are managed determines the employees' behavior and their whole spectrum of their QWL. These are covered briefly here under.

#### **2.5.2.1 Corporate Culture**

Culture can be defined as the set of key values, beliefs, understandings, norms and habits shared by the members of an organization, about how things are done within the organization (Kilman, et.al. in Daft, 2004). Corporate culture includes employees' philosophy on work, patterns of behaviour, skills and experiential levels,

commitment and attitudes towards the organization activities. It also includes the management philosophy, skills and experience and their style of managing people. The culture aspects of an organization are reflected on HRM practices and policies about employment contract, the reward system, employment philosophy and attitudes towards work. They will also be reflected in work systems, personnel policies, communication and union – management relationships. In the final analysis, the organizational culture which includes employees' behavioral patterns, management philosophy on people, all determine the status of employees' QWL. The way values people in the organization and the corresponding employees' perception of how management values them, have a profound influence on employees' QWL. Culture is further construed as a pattern of shared values and assumptions about how things are done in an organization.

The pattern is learned by members as they cope with external and internal problems and taught to new members as the correct way to perceive, think and feel (op.cit.). The cultural elements might involve visible things like artifacts, symbols, ceremonies, manners, ways of dressing and office lay out. But there are also invisible elements such as values and beliefs which can only be discerned from how people explain and justify what they do (Brown, 2000). They may be drawn from stories, language, symbols organization use to represent them. The elements of culture are finally embodied in the organization mission statement. Tanzanian work organization had developed a culture based on country's ideology of socialism and self reliance, which was likely to conflict with the bureaucratic management style embedded in the market economy the researcher found it desirable to articulate how market led economy would affect employees' culture generally, and QWL in particular.



### **2.5.2.2 Corporate Climate**

Corporate Climate refers to the prevailing atmosphere that exists in an Organization and its impact on employees. Organizations have personalities, just like people. They can be friendly or unfriendly, open or secretive, rigid or flexible, innovative or stagnant. The major factors influencing the climate are management's leadership style, HR policies and practices, and amount and style of communication. The type of climate that exists is generally the firm to establish and maintain a positive organizational climate. They can help to develop policies and practices, for example, that encourage a spirit of teamwork and build employee commitment, which can have very positive consequences (Slocum & Patterson (2006) and West, 2004; Potosky & Ramakrishna (2001). In other words, establishing a climate of friendship, team spirit and a caring atmosphere are important recipes for high QWL, on the side of employees.

Normally, it is the role of HR managers to help managers make the necessary adjustments of organizational climate when the external environment changes. Failure to make the necessary adjustments normally result in disastrous consequences in terms of human resources job satisfaction, motivation, work quality, performance and customer service. Therefore, the organization is an important factor that determines employees' job satisfaction, motivation, commitment and above all retention of the most qualified workforce for the organization.

### **2.5.2.3 Corporate Management**

The success of any organization depends to a large extent on its corporate management, in terms of the ability to set a clear vision for the organization, the

management philosophy and the corresponding style of management, competence, skills and knowledge. The style of management of one CEO and another will make quite a big difference. One CEO might be unnecessarily, bureaucratic with high hierarchies and chain of command, with centralized decision making and rigidity to changes. Under the current wave of workers' participation, involvement and empowerment such an organization will fail. But a relatively non bureaucratic manager, more flexible and more democratic will make the organization excel. The bottom line is that managers are important for the success of organizations, and it could be argued that without good management, virtually no business would survive (Kinard, 1992).

The Chief Executive Officer of an organization has several roles to play simultaneously, including figure head, decision maker, negotiator and disturbance handler (Mintzberg, 1999). Among the several roles s/he has to accomplish so as to ensure effective management of the organization are: the management of people resources, according to authorised personnel policies and procedures that fully conform to current laws and regulations. S/he has to encourage co-operation and collaboration; attract and retain people with requisite and adequate skills, competencies, attributes, qualities and characteristics to meet existing and future organisational requirements. In this way the organization can sustain a work environment that encourages individuals to achieve personal and professional growth, as well as achieving the organizational setgoals. This implies that the nature of management practices, policies, styles and philosophies have a great impact on the HRM of the organization, and therefore employees' QWL. Hence, the intention of

this study was to investigate how the management practices and styles during privatization affected employees' QWL, whether positively or negatively.

#### **2.5.2.4 Physical Resources**

Physical resources of an organization comprise of all the facilities, machines, equipment, buildings, models, and laboratories, to mention just a few. The quality of such resources, in terms of their make, models; fashion, recency etc., are important determinants of employees' satisfaction when using them for production. The availability or non availability of certain tools and machines will affect employees' morale for work and therefore their overall QWL. More often than not, we can notice in our offices, the reluctance of secretaries to move from one office to another because of poor working facilities in the latter office. A very practical example in Tanzania has been the public hospitals Doctors' strike, where among their various complaints have been lack of working gears and poor working environment. It is thus plausible to argue that the availability or inavailability of physical resources in an organization has great influence on the behaviour of employees in the organization and therefore their QWL. In view of this observation, it was pertinent for the researcher establish the link between the availability or inavailability of resources in Tanzania work organizations and the impact on employees' QWL.

#### **2.5.3 Change Process**

The configuration of the external and internal environmental forces results into changes in the organization in terms of business strategies that may be adopted. Such changes may include strategies for merger so as to be able to compete effectively, they may involve business reengineering or major reforms like privatization or at

worst closure. The changes that affected organizations in the context of the current study was privatization. The external environment in the 1980's was characterized by the wave of reform measures which were put in motion by the Reform agenda of the World Bank and other multilateral institutions (as clearly discussed in chapter one). The rapid changes resulting from the scientific and technological advancements all necessitated the need for change. The internal environment of most organizations was characterized by crises of varied dimensions including: low production capacity, lack of major inputs for production, lack of foreign currency to procure machinery, spare parts (as discussed in chapter one). On the other hand management had to respond to pressure from the employees who were ready to work but could not get the working gears. The forces combined to usher in a major shift in the way production was to be managed.

This led to decision to subscribe to the wave of change in the form of privatization. The role of HRM in achieving organizational change has long been echoed by Johnson & Scholes (1997) that organizations which succeed in initiating and implementing change successfully, are those which have integrated their HRM policies and practices with their business strategies. In this case since business strategies involved varied forms of privatization, the HR policies and practices in terms of compensation packages and conditions of work changed along the direction that organizations had taken. It is important for the organizations to gain commitment of its human resources, because they can facilitate the change process or hinder it altogether. The successful change process has to be seen by the organizational stakeholders in terms of gains towards their QWL, or else they may not get committed to the change process. The changes that occurred in the organizations'

business strategies had corresponding HRM practices and policies as discussed in the section that follows.

## **2.5.4 Human Resources Policies and Practices**

### **2.5.4.1 Human Resources Policies**

Human resources policies are generalized guidelines on the approach the organization intends to adopt in managing its people resources. HR policies define the values and philosophies of the organization, on how people should be treated, and from these are derived the principles upon which managers are expected to act when dealing with HRM matters (Armstrong, 2008). Ideally, HR policies serve as reference point when employment practices are being developed and when decisions about people are being made. The policy decisions are important in that they help ensure that when dealing with major decisions about people, an approach that is adopted is in line with organization espoused value system. These provide a framework within which particular practices may be exercised. This framework may be either 'Soft' or 'Hard' as discussed earlier in chapter two.

The HR policies can be expressed as overall statements of the values of the organization, or they may be expressed as specific policy statements covering particular patterns of behavior. As organizations change from one business strategy to another, (as in the case of this study i.e. from state ownership to private or partnership), HR policies and practices are bound to change to 'Soft' or 'hard', or a combination of the two, as the case may be. The policy thrust that an organization takes defines explicitly or implicitly, how the organization intends to fulfill its social commitment towards its people. It expresses its espoused values and beliefs about

how people should be treated in terms of such aspects as fairness and equity in compensation, conditions of work, safety and health, work life balance and quality of working life among others. However the espoused policy statements only become meaningful when they are put into practice. In other words if an organization espouses a policy that regards its people as its source of strength and competitiveness, it will be reflected in its value system in such statements as (“our people are our strength for competitiveness” or “our business success is built in our people’s commitment” and so on. To have policy values espoused in a statement is one thing, to have them put in practice is another crucial element. The section that follows addresses the human resources practices, as implemented under the privatization mode in the selected companies. The successful implementation of the espoused policy decisions contributes greatly in improving employees’ QWL. Thus the main thrust of this research was to align the policy prerogatives with the applicable HRM policies and the way they contributed to employees’ better QWL.

#### **2.5.4.2 Human Resources Practices**

Human resources practices are concerned with the fundamental aspects of the espoused values and belief system with regard to employment relationship as expressed in the organization’s HR policies. They comprise of the informal approaches used in managing people (Armstrong, 2008). HR practices may range from terms and conditions and contract of employment, mobility issues, transfer practices, promotion practices, data protection, sexual harassment, AIDs smoking etc. HR Practices may also adopt ‘soft’ or ‘hard’ or a combination, as the case may be. The HR practices that may arise from either ‘soft’ or ‘hard’ human resources management will reflect the espoused values in the human resource policies. In this

study I intended to explore the existing practices with regard to QWL in terms of conditions of work and compensation practices.

### **2.5.5 Human Resources Outcomes**

Human resources outcomes in the proposed model (Figure 2.4) spells out the configuration of ‘soft’ and hard’ HR policies and practices, which will manifest themselves in the following QWL issues: conditions of work, compensation or total reward system, Training and Development, Labour Relations and many other HRM issues. The section that follows cover them briefly.

#### **2.5.5.1 Conditions of Work Dimension**

The condition of work dimension is meant to provide healthy, safety and pleasant working environment. Condition of work in the context of the present study examines five items of conditions of work I proxied as (CONDWRK I). This dimension included: organization of work, work intensity, safety and health, work related stress and supervisors - subordinates relationships. Conditions of work II proxied as (CONDWRK II) examined the perceptual views of employees on the following items: employees’ commitment to the organization, their perceptual views with regard to their organization as an employer of choice, their views on employee voice and how they viewed the sharing of information and communication within the organization.

#### **2.5.5.2 Total Reward System Dimension**

The Reward system of an organization may address the following items: equitability in pay, pay for performance, competence, or contribution, gain or profit sharing, level of pay in relation to market. Reward may also consider benefits, non financial

rewards and other non financial gains. In the context of the current study, the reward system addressed the following items in TORWST I: pay structure, statutory payments, negotiations for pay and benefits and access to services other than the pay. TORWST II addressed aspects of fairness and equity, areas of pay inequity, open negotiations on pay and benefits and attitudes towards pay differentials.

### **2.5.6 Human Resources - Quality of Work Life Link**

The link between HR policies and practice lies in the implementation of those policies. The effectiveness of HR policies is its implementation. The implementation of HR policies is the key role of Line Managers. Purcell (2003) has laid emphasis on this by saying that it is the line managers who bring HR policies to life. The extent, to which HR policies are implemented fairly and consistently, will result into long term consequences in terms of improved employees' QWL, i.e., better conditions of work and better reward system. The resultant effect is represented by the framework in figure 2.3.





## **2.6 Empirical Literature**

### **2.6.1 Privatization and Quality of Work Life: A Global Context**

Organizations inclined to Human Resources Management (HRM) philosophy consider and perceive their human resources as the most valued assets, which individually and collectively contribute to the achievement of organizations goals (Armstrong, 2008). Viewed differently, HR constitute the organization's competitive advantage on which the success and effectiveness of the business of the organization depends (Purcell, 2003). The pace of change in organization in the context of globalization and restructuring has brought about renewed interest in the issue of the quality of peoples' work lives (Kirby & Harter, 2001; Bohl, et.al.1996). Extensive research has shown that human resource policies and practices make significant impact on firm performance (Purcell, 2003). In this regard organizations are concerned with what should be done to achieve sustained high levels of performance through people. This requires the organizational management and especially the HR Manager, to give close attention in devising means of creating a conducive environment that motivates, satisfies and fulfills the expectations of the employees, as well as those of the organization. This can be achieved through designing QWL system, which as discussed above, is a vehicle for achieving the proclaimed goals of HRM.

QWL as used in this study is a philosophy built around the belief that organizational employees are the most important resources, upon which organizations competitive advantage is gauged (Armstrong, 2008; Tzafirir & Gur, 2007). A high quality of work life was essential for organizations to continue to attract and retain employees (Saraji

& Dargahi, 2006). It connotes broader job related experiences which employees encounter in the course of their interactions and participation in the organization. Such experiences in turn determine the employees' level of satisfaction or dissatisfaction with the job, the organization and the work environment. The level of satisfaction or dissatisfaction is commensurate with the and degree to which employees' needs and desires were being met or denied by the existing HR practices experiences. The needs could be related to job security, pay and benefit needs, growth needs and participation in decision making needs. Dissatisfaction with quality work of life was a problem, which affected almost all workers regardless of position or status. Many managers sought to reduce dissatisfaction in all organizational levels, including their own. This was a complex problem, however, because it was difficult to isolate and identify all attributes, which affected the quality of work life (Walton, 2003). It has been argued (Testa & Ehrhart, 2005) that the contention was particularly relevant for service sector employees due to their regular encounter with customers. But in my view, the contention was equally relevant to production employees as well, due to their involvement in the production of quality products. Therefore, the study argues that high quality work life was equally important to service employees as those of TANESCO in this study, as well as those of Tanzania Breweries in the same study. In spite of the acknowledged connection, organization managers had paid more attention to the procurement of new plants, new equipments, new technology, new machinery and their accessories, but not much attention was directed to the conditions of the work environment. This observation had also been raised by Edvardsson & Gustavsson (2003) although in relation to service sector organizations. This implied that with low QWL employees were likely

to be affected adversely, in terms of working morale, motivation and general job satisfaction.

#### **2.6.1.1 Privatization and Quality of Work Life: Conditions of work Dimension**

A study on Health and Safety of workers was undertaken by European Working Conditions Observatory (EWCO), as part of Working Conditions Research on Knowledge Society (WORKS) project (2007). The study investigated the impact of organizational change in the context of privatization, on employees' QWL in the EU member countries. Based on Kristensen model (Kristensen, 1999) six dimensions of QWL were identified namely: demands in work, influence over work, social support, predictability, recognition and rewards and meaning of work (Kristensen, op.cit.). The study's main findings were both positive and negative. The workers observed that their general health over the past fifteen years had improved according to a study carried out in 2000 (Paoli & Merlie, 2000). However the same study reported some negative consequences related to job intensity, high speed work and exposure to physical hazards. In this sense the general picture of the consequences of restructuring on employees' QWL, with reference to health and safety dimension was mixed. This implied that health and safety had improved in some areas (safety and physical environment, increased meaning of the work), but had deteriorated in others (like intensification of work, repetitive movements, increased demand for work and stress).

It has been observed that a special problem when analysing effects of organisational restructuring is to isolate the effects of the restructuring from other developments, including of course other changes. Organisational change can be a difficult

endeavour. The probability of any change project realising planned financial and strategic objectives has been found to be 25-50 per cent (Clegg & Walsh, 2004). Nguyen & Kleiner (2003) concluded that, in the world of increasing mergers and acquisitions, 75-80 per cent of organisations failed to reach targeted objectives. These effects included uncertainty for the future job situation that the change created (Blau, 2003; Nguyen & Kleiner, 2003), a loss of control (Proctor & Doukakis, 2003; reduced role clarity (Korunka, Scharitzer, Caratons & Sainfort, 2003) or a change in the relations between employees when colleagues are discharged or when well-established organisational structures disappear (Kivimaki, et.al. 2003). All this, in turn, may contribute to different short- and long-term outcomes at the individual and organizational level, such as psychological morbidity (Virtanen *et al.*, 2005), early retirement (Saksvik & Gustafsson, 2004), increased job strain (Korunka *et al.*, 2003), sickness, absenteeism (Nguyen & Kleiner, 2003), and injuries (Quinlan, Mayhew & Bohle, 2001; Virtanen *et al.*, 2005). In addition to these factors several researchers have identified the organisational change process itself as possible health risks (Westerlund *et al.*, 2004; European Agency for Safety and Health at Work, 2007). It seems that the content of the change process, expansion, restructuring, lay-offs and downsizing, are of less importance than how the process is carried out, in determining possible health risks. A sub-strand of the research has identified management of change processes as important to the outcomes (Saksvik *et al.*, 2007) and focus on how the managers organise, communicate and facilitate the change process. Thus, both the organisational change process and the effects of the process may produce negative health effects. However, this effect does not have to occur in all organizational change processes, and positive

effects may also occur at the same time. Examples of positive effects are learning, increased meaning, new careers, new jobs, increased customer interaction, increased flexibility, and increased control over work (op.cit.).

The WORKS research project (WORKS, 2007) also indicated that conditions of work differed according to sector, and identified clothing sector as having the most intensive work and a pay that did not change overtime (Flecker & Holtgrewe, 2008). On the other hand, there was job intensification among the professionals and mainly the ICT personnel who could not be outsourced easily. But the same study found that work place satisfaction was moderately high at 80% in Nordic countries. What this implied was that conditions of work also differed across countries. But it could also be argued that, employees did not only resent work intensification, but the consequence. It is likely to link these findings with this study in view of the fact that the case studies under investigation have different conditions of work which result from the nature of the activities performed by the two organizations. For example TANESCO, besides being a service sector, has high job related risk compared to TBL, which was a manufacturing sector, with low level of job related risks.

Findings on the participation in decision making dimension was another important construct of QWL, which the WORKS project wanted to test. Participation seemed to vary across sectors and across countries. It was evident in the food sector in Greece that participation of employees in decision making was generally declining, while in food sector it was quite low than in other sectors (Gavroglou, 2007b). But on the other hand, in Greece there were mutuality of relationships and loyalty between employees and management. These in turn resulted in very long job tenures

(Gavroglou, 2007b). What this implied was that under such mutuality, employees were unlikely to be stressed. In Tanzania, it could be argued that the level of participation that was experienced in the PE's was not likely to prevail under privatization environment. As such it was possible for employees to experience work related stress, because of the denial of the rights and privileges they had hitherto experienced.

In Bulgaria likewise, after privatization, direct contact with management became subject to complex and strict administrative procedures (Gavroglou, 2007b). This was obviously a hindrance to opportunities for negotiations of employment conditions, remunerations and many other work related aspects (Stoeva, 2007). The situation in Bulgaria was similar to the situation in Iran, which was considered as "high power distance" society (Hofstede, 2001). In 'high power distance' situations, both the managers and subordinates consider each other as existentially unequal, which results in wide acceptance of the visible signs of the status (Hofstede & Hofstede, 2005). Managers preferred to control power and discourage the sharing of information and junior staff participation in decision making (Wang & Nyir, 2010). The belief was that the responsibility of decision making was in the upper echelons of the hierarchy, and that was accepted by the employees because inequality was tolerated and considered as natural (Sagie & Ayvan, 2003). If power was shared in high power distance societies, it could be taken as a sign of incompetence, and a source of eradicating the influence of managers over subordinates. Consequences of participation were realized in the form of reduced job stress and improved QWL. Lack of participation however, lead to stress and therefore poor QWL (Omolayo, 2007; Colligan & Higgins, 2005). When employees are not provided with space and

voice and can not participate in decision making, they feel stressed (Landsbergis, 2000). Findings of the WORKS project (WORKS, 2007), on conditions of work (organization of work) dimension, in the EU countries indicated that work complexity had diminished and became more repetitive. This implied that employees could be doing the same tasks in the same way and using the same tools, something which was likely to create boredom and resent of work, there by affecting their QWL negatively. The repetitive nature of the job resulted from the automation nature in the work place. This situation could also characterize Tanzania work organization, where employees started experiencing repetitive job activities without rotation or any form of job sharing.

#### **2.6.1.2 Privatization and Quality of Work Life: Compensation and Benefits Dimension**

Findings with regard to the implications of privatization on compensation and benefit dimensions of QWL, was an important indicator, which had profound impact on employees' QWL. Monetary rewards were used to attract, retain and motivate employees to achieve organizational goals and productivity (Milkovich & Newman, 2002). Martzler & Renzi (2007) believe that it is an important aspect of an organization success. Finegold, et.al. (2002) found that pay was linked to performance and varied greatly between organization and even between departments of the same organization. Insufficient remuneration not only had negative effect on organizational efficiency, but also reduced employees' QWL. Poor performance, job stress, absenteeism and turn over, were other effects of deficient monetary system (Kazemi, 2001).



A study done by Griffith & Harrison (2004) on the economic consequences of privatization and liberalization in the gas, electricity and water enterprises in the EEC countries, found out that there were significant, large and negative effects on employment, which fell by 12% on average. The same study however, registered improved productivity. Other studies on the effects of privatization on employment also attested to the same conclusions (Galliani, 2003; Due, et.al. 2000; WB, 1995; 1998). The difference between the conclusions reached by the WB and those done by other researchers was that, the latter's findings indicate that the fall in employment was of the short term nature, subject to reversal in the long run. Yet, there was no study which had probed into the long term trend of privatization and compensation.

The ILO, like many other international organizations, share the concern that the reform agenda which came in the form of privatization, should achieve its economic, social and political objectives, but without compromising employees' QWL issues (ILO, 1987; 1990; 1991). At the 1987 Joint Meeting on Employment and conditions of Work in Water, Gas and Electric Supply Services, ILO noted that:

*“Experience with changes in ownership (including privatization and / or nationalization) varies among countries, while in some cases employment and working conditions have been maintained, or improved, in others they have been adversely affected. When changes in ownership are contemplated, every effort should be made to protect the rights and interests of workers and of employers..... Through negotiation, consultation and collective bargaining (ILO 1987:27)”*

Similar views were expressed by ILO sectoral meetings, including the Fifth Session of the Joint Committee on the Public Service (1994) and the Joint Meeting on the

Impact of Structural Adjustment in the Public Services (1995). Additionally, the Tripartite Meeting on the Human Resources Dimension of Structural and Regulatory Changes and Globalization in Postal and Telecommunication Services (1998); and the Joint Meeting on Human Resources Development in the context of Structural Adjustment and Transition (1998). As a result of these meetings a major research project by the title of *“Labour and social dimension of privatization and restructuring of public utilities (water, gas and electricity),* was launched (ILO, 1998).

The project reviewed the experiences with privatization and restructuring at regional level (Africa, Asia, Europe, Latin America and the United States and Canada), with particular reference to the impact of those processes on QWL. The main aspects for investigation included: employment levels and working conditions, retraining, redeployment, industrial relations and quality of services provided by the privatized enterprises (ILO, 1998). The project aimed at identifying good practice and potential pitfalls, with a view to ensuring that the structural changes took into account both social considerations and the need of enterprises to be competitive (op.cit).

Several other ILO Conventions had been enunciated to address the challenges of globalization and Multinational Corporations, and their implications on employees' QWL. They included: Freedom of Association and Protection of the Right to Organise Convention, 1948, (No 87), the Right to Organise and Collective Bargaining Convention, 1949 (No 98), and the Labour Relations (Public Services) Convention, 1978 (No 151). Others included: Collective Bargaining Convention, 1981 (No 154), the Termination of Employment Convention, 1982 (No 158). The

latter conventions were particularly applicable to the cause of privatization and restructuring (rights to severance pay, retirement and social security, consultation of workers in the event of dismissal for economic, technological and structural reasons). In the Labour Clauses (public Contracts) Convention, 1949 there was a provision to include clauses which ensured workers wages (including allowances), hours of work and other conditions of work which were not less favourable than those established by laws, collective agreements for similar work. When these were not existing, adequate measures should be taken to ensure fair and reasonable conditions of health, safety and welfare for the concerned workers. It went further by pointing out that the multinationals should be made aware of such clause when they wanted to tender bids for the enterprises. The problem with these international organizations is lack of follow up and enforcement. This is clearly observed in various conventions where adherence or non adherence to covenants or international protocols depends on a nation's discretion.

### **2.6.2 Privatization and Quality of Work Life: Policy Issues**

The adoption of the privatization agenda in Tanzania had implications to government policy, especially with regard to the status of the former PE's. The Public Corporation Act, 1992 gave the mandate to the president of the United Republic of Tanzania, to form, designate or change the status of any public corporation (URT, 1992). This had implications on the modality of handling former PE's under the private initiative. The Public Corporation Act, 1992 of Tanzania was reviewed so as to give way to the establishment of Public Sector Reform Commission (PSRC), since 1993 (URT, 1992). The commission was vested with powers and responsibilities to

spear head the restructuring and privatization of specified Public Enterprises (PE's). The PSRC formulated clear guidelines and terms of reference which were contained in the Tanzania Privatization Master Plan (URT, 1993). According to the document, the following terms of reference were elicited:

*“To step up economic growth, to reduce the large number of non-performing Public Enterprises (PE's) and eliminate budgetary support extended to the PE's in the form of subsidies (PSRC, 1994:4)*

The document further described the reform process as the corner stone of unleashing private initiatives to play a dynamic role in the management of the economy. PSRC further identified the various measures which were to be taken to effect the envisaged policy move. The measures included “dismantling parastatals (particularly marketing and input supply boards), commercialization of commercial undertakings (through performance contracts with public utilities), liquidation (through closures), exposure to competition (by private companies), and divestiture through sale of assets, (Gibbon & Raikes 1997:97)”. Although the policy prescriptions with regard to economic management were robust and plausible, there lacked a corresponding policy prescription with regard to employees' Quality of Work Life (QWL). This can be said to be the biggest weaknesses with the reform measures which were undertaken in the economy in general and in the public sector in particular.

The philosophical assumption underpinning those measures were that an efficient private sector would operate profitably and thus relieve the government of the burden of subsidizing the underperforming PE's (Nellis, 2001). On the other hand, another hypothesis was that, with an efficient private sector, the economy would grow,

capacity utilization would increase and in the long run more jobs would be created, and at the same time be able to submit dividends and pay taxes to the government. In this way privatization was seen as an engine of economic efficiency and growth (URT 1993) and a contribution to the improvement of employees' QWL. Indeed that was the bitter experience the employees had experienced from privatization, affecting employees' QWL and thus forcing them to raise objections and apprehensions on the policies of privatization as pointed out above. Moreover, privatization could not affect employees negatively all the time; there could be positive effects as well, an objective which was in line with this study.

The government established another institution, i.e., Tanzania Investment Centre (TIC), vide Tanzania Investment Act, (1997) to over see the whole process of attracting and managing Foreign Direct Investment (FDI) in Tanzania. The Investment Act acknowledged the role of private sector as an engine of economic growth (URT, 1997). It included measures to provide tax holidays, custom and duty exemptions, foreign exchange retention possibilities, constant safeguard against expropriation and guarantees against nationalizations (op.cit.). With it several other laws were enacted to suit the needs of the investors and keep pace with new dynamics of the business world. They included, but not limited to, Investment Regulations Act, (2002); Mining Act (1998); Tanzania Revenue Authority Act (1997); Land Act (1997); and Financial Miscellaneous Amendments Act (1997). What one discerns from the legislations was the great emphasis and attention that was directed to investors and sometimes by compromising the interests of the human resources in the privatized enterprises. For example it was observed that the revision of the Labour Laws e.g. the Security of Employment Act, (1964) and its replacement

by The Employment and Labour Relations Act, 2004 was meant to respond to investors' demands but there were no consultations with labour union or other stakeholders. In effect, it was only when the employees in the privatized enterprises resisted the terms and conditions contained in the privatization package that the government intervened; and in most cases in favour of investors.

One would question why the government or its agency PSRC allowed the signing of Memorandum of Understanding (MoU) for the privatization of certain enterprises before the conditions to safe guard the employees' QWL were put in place. The available experience indicated that the labour contracts in TANESCO, TTCL and even the disbanded Dar es Salaam City Water Company, were not signed before privatization and were not signed, several years after privatization. It could as well be argued that even the International Protocols cited above were sort of 'lip service' to employees' QWL issues in the PPE's. In fact even ILO lacked enforcement and follow up machinery to ensure that what was stipulated in those protocols was adhered to in deed and word.

### **2.6.3 Quality of Work Life: Experiences in Tanzania and Selected Developing**

#### **Countries**

There have been two versions of academic literature that have been produced since the adoption of the reform agenda in Sub Saharan Africa. One version was championed by a feminist group, whose contestations focused on the design and implementation of SAP's. They argued that the programmes had a male bias, and therefore affected women more adversely than men. The feminist literature attracted substantial documentation through the works of Onimode, (1989; Toye, (1987; 1989)

and Green (1986). Resulting from the feminist position, the assessment of SAP's was not done from the context of its impact on the QWL in society in general, but, on the way they affected QWL of women and children. Investigation directed towards this area came through a study commissioned by the Commonwealth Secretariat to researchers in nine country case studies (including Tanzania), to establish the impact of restructuring on QWL in relation to women. The researchers had hypothesized that the programme affected women adversely more than men and thus concluded:

*“for calling for gender sensitive adjustment programme, for more gender - disaggregated data, for better monitoring of the status of women for enhancing their role in production through improved access to inputs and support services as well as to education and training; for any cuts in social services to be selected so as to minimize their impact on women, for women and girls at risk of malnutrition to be targeted in special programmes and for Women's organisation to be involved more in decision - making (Susan et al, 1991; iii)”*

Findings under this theme conflict those of a study by Due et al (2000) which found out that, female - male ratio in 15 enterprises in Tanzania had increased instead of decreasing. Although other studies hinted bias towards women loss of jobs, this particular study established that women's loss of job was proportional to their share of employment (op. cit.). As findings in this area seemed to be inconclusive, further research which would aggregate data along gender lines was highly wanting, although this study was not able to focus on the gender factors within the context of QWL. A survey which sought to establish the overall policy impact of SAP's on income, Health and Nutrition, concluded that:

*“on balance, the incomes and living standards of the poor changed little during the years of economic adjustment in Africa (Sahn, 1991:297)”*

An evaluation by the World Bank (WB 1996) in Latin America and Africa also indicated that SAP's were accompanied with a decline in the percentage of social expenditure in the government total expenditure. This implied that, the living standards of the people generally, and employees in particular deteriorated. Other studies within the health and education sectors also established correlation between adjustment policies and deterioration in services provision, and worsening problems of access to basic social services among the poor including women and children who were classified as forming the vulnerable (Onimode, 1992; Gibbon, 1992: Adededji et-al, 1990).

A study sponsored by UNICEF (Cornia et.al.1987) had shown concern over the market reform programme of IFIs, whose effects threatened to roll back some of the social progress that was recorded in post colonial Africa, and thus made a plea for adjustment with a “human face”. Those criticisms however, were disputed by a study by McKenzie & Mookherjee (2005) who found out that government spending on health and education increased by 50 % in Mexico during the period of peak privatization. A similar increase was also experienced in Argentina, while Bolivia earmarked a certain portion of privatization revenues to capitalize national pension fund and pay a special fund to all citizens over the age of sixty five years (op.cit.). Those were but scattered impressions since they constituted a one time off “show” and could end after the process had stopped, implying that it required further research.



Another study by Mistry (1992) on workers' income status after privatization in most developing countries, confirmed that, workers' pay had been decompressed from the ratio of 9:1 to 21:1 showing the degree of inequality and widening gap between the lowest paid employee and the highest. In such a situation employees would definitely experience dissatisfaction and poor QWL. The same study however, indicated that there had been increased financial and operational efficiency, with only a modest reduction in labour. Besides the debates or and studies of the impact of SAP's on social, political and administrative aspects of life, studies on the implications of SAP's on human resource had been quite limited. The observation was strongly supported by Marinakis, (op.cit.); World Bank, (op.cit.). This could be due to the fact that the labour market issues were not integrated into the design of SAP's and as a result, it remained a "virgin" area of research agenda, which this study has ddressed to a certain extent.

In addressing the human resource issues under privatization, the WB/IMF started from the same premise of prevailing "distortions" in the labour market as often pointed out with respect to the economy of LDC's (Gibbon et. al. 1996:293). A similar situation of "distortion" was said to exist in the parastatal sector in the form of employment levels, wage and employment policies and conditions of service. This was due to the fact that parastatals were established to meet social ends of creating employment, over and above the economic ends of profitability. The employees' working morale was low due to non – payment of or delayed salaries and benefits. There was also poor motivation and apparent frustration due to poor conditions of service, e.g. compulsory leave (often without payments), cuts in facilities, e.g.

bonuses, promotions, annual increments and the introduction of limited work schedules (Klitgaard, 1989). As a result of the above feature, the labour management relations were strained and often ended up in crisis as demonstrated through strikes, laying down tools, go slow and management lock outs. Commenting on the general welfare of the employees in the LDCs, Klitgaard, (1989: 447) observed:

*“Wage levels in the LDC’s, especially Tanzania have fallen far too low to attract and keep needed talent. Many public sectors have cut and compressed public sector salaries to a degree unimaginable in the industrialized West-leading to widespread incompetence, corruptions, moon lighting, and absenteeism in the public sector.”*

The above problems added to the catastrophic problems of under performance and financial losses in the parastatals and the situation called for immediate reform measures by the government.

### **2.6.3.1 Privatization and Quality of Work Life: Employees’ Compensation and Benefits**

There has been lack of sufficient information with regard to the status of employees’ QWL in relations to remuneration system in the PPE’s. One school of thought maintained that the gains realized from increased productivity and efficiency would result in wage improvements for employees who survived privatization (La Porta & Lopez de –Silanes, 1997). The researchers gave evidence from Argentine’s experience where wages increased by 45% in the three years that followed privatization, while in Chile, there were wage increases and profit sharing schemes and in Ghana, salaries increased by 10-15% (op. cit.). Critics to this analysis dismiss the acclaimed gains as having been exchanged for certain gains which employees

enjoyed prior to privatization. For example, Shaikh (1997) linked wages to productivity and the elimination of overtime and certain leaves, while in certain situations, in exchange for higher wages the collective bargaining agreements had been renegotiated and in that event the powers of union had been weakened. Moreover, in a situation where wages were increased without considering the employees' QWL in other aspects could not necessarily result in dissatisfaction.

On the other hand, the increase in wages in most countries had been accompanied by widening income inequalities. Evidence adduced to this phenomenon, was provided by the work of Dzakpasu (2001) who found out that the gap between the highest paid and lowest paid was in the ratio of 21: 1, having being decompressed from the ratio of 9: 1 (Mistry, 1992) implying that while the expatriate staff could be paid 21 times higher than the local shop floor worker, at the end of the day the working conditions of the local employees would remain without improvement, in spite of the prevailing records that wages had increased.

The second observation is that there was a serious fall of income in terms of wages and benefits following privatization. Evidence adduced to this came through the works of ILO commissioned researchers (ILO, 1999-2005). The researchers failed to establish a clear pattern with regard to pay and simply concluded that, in some occupations and grades, it might have declined, while for others it may increase, as was the case with UK directors who had sharp increases. In some, there were wage increases for all employees, in others, pay declined for all and still in others, there were no changes at all (ILO, 1999-2005). The same study also found out that in some

firms there were individualized remuneration system, while in some countries, (e.g. in Latin America), employees were given between 3-10% company shares so as to make them feel the sense of ownership (op. cit.). The situation in Vietnam post reform was different, in that the wages for civil servants and SOE's workers fell by 60% between 1985-1995, followed by partial reversal in 1993, while in Poland, average wage and salaries fell by 27% and in Estonia, unions reported that foreign owners stopped pay increases and a new law required the collective bargaining agreements to be renegotiated (ILO, op.cit). From the surveyed literature there were unfilled gaps in the following areas: First, compensation covers a wider area namely levels of pay, pay components and pay scales. The surveyed literature did not disclose the pattern of pay clearly, such that one could not establish whether pay scales or structure, were better off before or after privatization. More over, there were other modes of payment, mainly non-monetary as discussed above, which were not shown either.

Secondly, the acclaimed pay increases were just a small fraction of the accrued profits due to extreme low costs of labour in the developing countries on the one hand, while on the other, the declared profits resulted from employment cuts, rather than on productivity per se. Thirdly, as was the case in other areas, the time frame used in these studies to evaluate the change of pay structure and systems was quite limited. Three to five years was not sufficient to assess the remuneration system of a given firm. As such a longer period of ten to fifteen years would present a much clearer picture. The identified gaps would be addressed in the current study to establish clearly the state of the art with regard to compensation in the PPE's focusing on the pre- and post-privatization.

### **2.6.3.2 Privatization and Quality of Work Life: Employees' Conditions of Work**

Human resources need to be more fully recognized and treated as the real competitive advantage of the company, yet, as reviewed literature indicates, it is the least addressed issue in privatization (Marinakos, 1992). Research on human resources' conditions of work i.e. organization of work, safety and health situation at the work places, facilities and tools used, cleanliness, hours of work, comfort and satisfaction created by the job were issues which had not been addressed adequately, especially in the Tanzanian context.

In essence, the new agreement restored the managements' power to fire and hire in place of restrictive rules on the right to hire and fire which was enjoyed by workers in SOE's. With the new agreement, the position of the union in collective bargaining was undermined since employees were covered by merit pays which depended on one's performance or qualifications or company profitability (Kikeri, 1999). Such moves resulted in insecurity of employment due to weakened position of the unions. Another research was conducted by Due, et. al. (2000) in 15 PE's in Tanzania and established that working conditions had improved substantially citing cleaner working environments, with improved lighting, clinical and food services. The study never explored the various aspects of conditions of work like health, safety precautions and other mechanisms to reduce work related hazards. The researcher felt it was intrusive that this study spanned broadly to cover various aspects of conditions of work as indicated above.

### **2.6.4 Summary of Literature Review**

The surveyed literature had shed light on key areas and issues of controversies, debates and contestations. One fundamental indicator in the whole survey was that

the available information and conclusions about privatization and employees' QWL had some gaps to be filled by this study. One contribution of the current study is on the focus on the QWL issues, which have been barely studied, especially in the context of privatization in Tanzania. The second contribution relates to the selected case studies. The surveyed literature indicated data gap with regard to impact assessment in different modes of privatization. Did the impact of privatization on employment differ in different modes of divestiture? Or could certain attributes of impact be associated with the pattern of privatization that had been used?

Thirdly, certain conclusions might have been affected by the time frame of the research. In my opinion conclusions drawn from a research across a span of three to five years would yield inconclusive results. This study, considered literature across a period of ten to fifteen years, to avoid studying the consequences of a transition period. Fourthly, studies on privatization impact on employees' remuneration system have mainly focused on monetary compensation and paid little or no attention to non monetary rewards e.g. subsidized housing, transport to and from work or leave, subsidized utilities, paid sick/ maternity leave, health facility, educational leave, leave of absence to attend a sick child with pay etc. Fifthly, conditions of work had been conceived narrowly to mean wages, salaries and welfare, but conditions of work spanned much more broadly to cover such aspects as organization of the job, e.g., job categories, time of work, tools and facilities used, safety and health; and general working environment, fair and equal treatment, human rights issues and dignity etc. One thing was quite clear that, in spite of the existence of some research findings in some other areas of the world, there was a research gap generally in

Africa and Tanzania in particular. There was particularly an obvious gap in the QWL issues, which seemed not to have been addressed at all, in the context of Tanzanian work organizations. The identified lacuna formed the basis and justification of the envisaged study, which is expected to add knowledge on various human resource QWL issues in the PPE's.

## CHAPTER THREE

### 3.0 METHODOLOGY AND MATERIALS

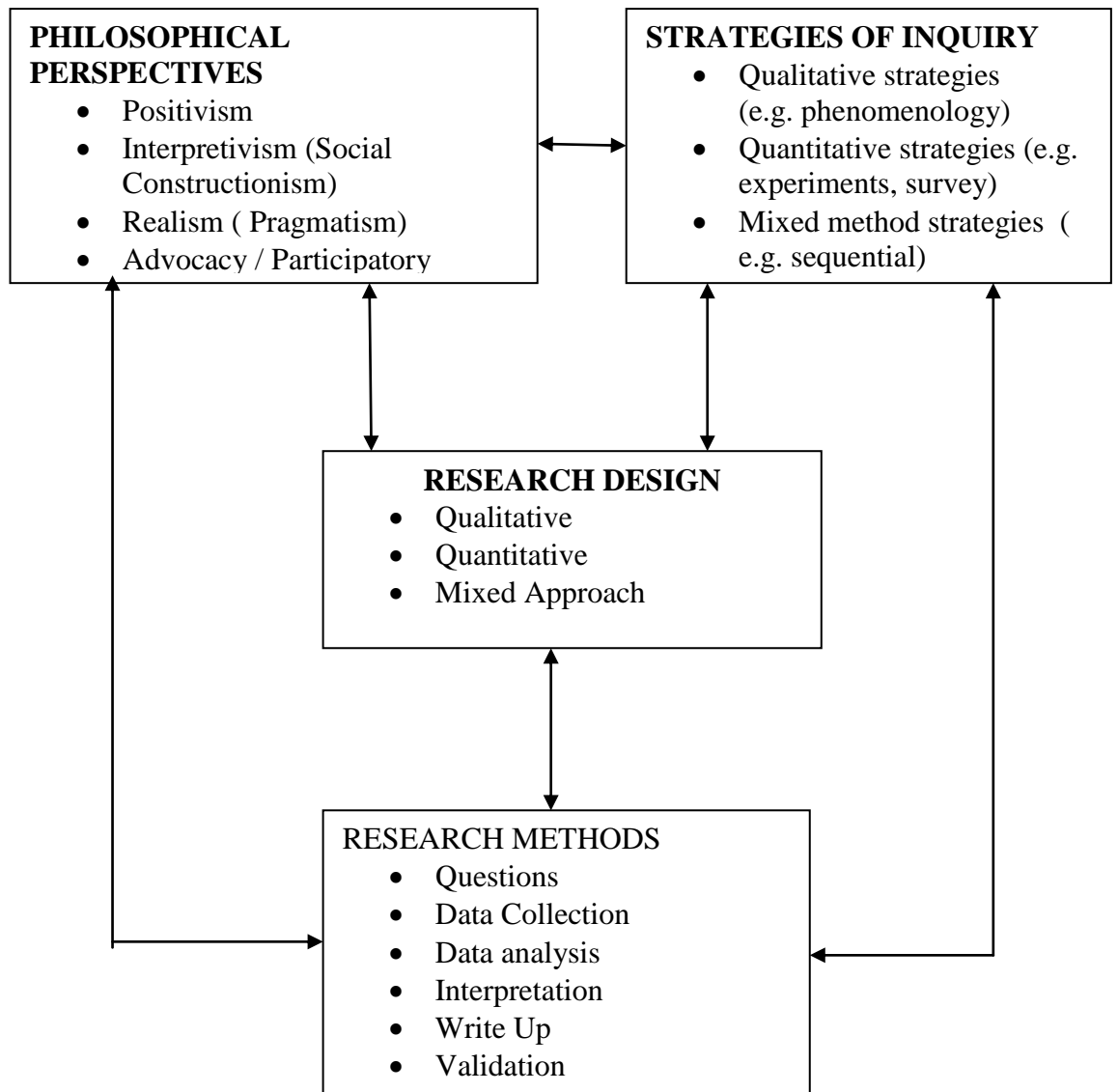
#### 3.1 Introduction

This chapter gives a prelude to research philosophy, approaches and strategies, time frame and research design as important components to be considered before the actual decision as to how to carry out the study. The chapter further describes the research design, the setting of the study, study population, sampling and sampling procedures. Data collection procedures and instruments for data collection are clearly covered, as well as issues of reliability and validity.

#### 3.2 Research Design

A Research Design is a plan of how one wants to conduct the research in terms of what is to be researched, how to conduct the study and by using what methods. Creswell (2009) views it as a plan or proposal for research involving the intersection of the guiding philosophy, the strategies of inquiry and specific methods of data collection, analysis and interpretation. Basically, three types of Research Design have been advanced namely: Qualitative, Quantitative and Mixed approach to Research (Creswell, 2009). The distinction between Qualitative and Quantitative is not so discrete, but should be seen as two ends of a continuum (Newman & Benz, 1998). According to these authors, a study tends to be more Qualitative than Quantitative or vice versa. The Mixed mode stands in the middle of the continuum incorporating the elements of both qualitative and quantitative approaches. A Design frame work is provided as **Figure 3.1**





**Figure 3.1: Research Design Framework**

**Source: Adapted with modification from Creswell, (2009).**

### **3.2.1 Philosophical Foundations**

The Philosophical views describe the basic set of beliefs that guide action (Guba, 1990). Some scholars call them paradigms (Lincoln and Guba 2000; Mertens 1998); or epistemologies (Crotty, 1998). The philosophical views held by a researcher are

shaped by the discipline of individual researcher, the beliefs of advisers and colleagues in the discipline or profession and the past research experiences.

Basically four philosophical world views have been dominant namely: Positivism, Social Constructionism (Interpretivism), Advocacy/ Participatory and Pragmatism (Realism - also called critical social science or ontology) (Saunders, et al., 2003; Neuman, 2000; Creswell, 2009). The philosophical world views deal with how knowledge is acquired and perceived. The type of perspectives held by a researcher will always lead to embracing a qualitative, quantitative or mixed methods approach to research. The section that follows discusses the contents of Interpretivism which is the philosophy chosen for this study.

### **3.2.2 Philosophy used in this study: Interpretivism/ Social Constructionism**

Interpretivism, also called social constructivism (Mertens, 1998) or Naturalistic Inquiry (Lincoln & Guba, 1985) is seen as an approach to Qualitative research. Interpretivism assumes that our knowledge on reality is gained through social construction of that reality (social constructionism), through language, consciousness, shared meanings, documents, tools and other artefacts (Klein & Myers, 1999; Lincoln & Guba, 2000; Schwandt, 2007; Neumann, 2000 and Crotty, 1998). Ideally, the interpretivist school holds the idea that meaning is not inherent, but intertwined with people's social reality based on human lived experiences (Holstein & Gubrium, 2007). Interpretivists have argued that, the rich insights in the complex world can not just be reduced to statistical generalizations, this being a critique of the positivist world view. Saunders (2003) argues further that the business

situations are complex, dynamic and unique to the extent that it becomes difficult to simply generalize.

In this study the research was conducted within the interpretive perspectives. This philosophical view was chosen given the nature of the research which seeks to probe into participants' private lives, which can only be accessed by building the required rapport before one volunteers to release information about his/her organization. The choice of this philosophical world view was also chosen given the intellectual background of the researcher.

The researcher was a student at the University of Dar es Salaam, during the late 1970's and early 1980's when the university was at the apex of intellectualism and labeled "The Dar es Salaam University School of thought." The debates which informed the foundations of the philosophical orientations of the day, were centered on the Nature of post- Colonial States in Africa, the debates on class and class struggle in the contexts of African States, Marxism and its applications in the context of African States, the debate on the theories of Social Development - i.e. Dependency theory, theories of Underdevelopment, Imperialism and many others. It is this environment that has since shaped the world view of the researcher. For example, the theories of underdevelopment had been developed to account for the economic and political underdevelopment of Latin America after the Second World War. The theories were later applied to other third world countries including Africa. The theoretical foundations of underdevelopment were based on the explanation that the economic development of capitalist world i.e. Europe, North America and Japan

had been achieved at the expense of under developing peripheries (Rodney, 1972; Amin, 1972; Brett, 1972; Leys, 1974; Wallerstein, 1976 and Szentes, 1971). Underdevelopment theory was a response to classical development economics that international trade would result in the gradual and complementary development of all countries. Four postulates dominated this theory (Rodney, 1972: 85):

- That, within world capitalist system, less advanced countries would develop by means of free trade;
- That, the sale of primary, mineral and agricultural resources which other countries did not possess, would through (comparative advantage), generate sufficient capital for development in the poor countries;
- That, their path to economic development would follow that of the more advanced countries and
- That, capitalist development could become self sustaining even if it did not originally arise from the internal economic development of less advanced countries (op. cit).

In Tanzania it has not been acknowledged formally on reversal of the leading ideology, from Socialism to capitalism, but in fact, it was not difficult for staunch and foresighted leaders like Nyerere, to interpret these realities as he once said, it needs one to be “half minded” to start talking of Socialism in the context of present day Tanzania (Nyerere, 1990). This was after the National Executive Committee of CCM, met in Zanzibar in 1990, and clandestinely declared a reversal of Arusha Declaration, and without making it public nor disseminating the contents of “Zanzibar Declaration”, as was the case for its predecessor, the Arusha Declaration. From the point of view of these developments, Tanzania could be judged as

following a capitalist ideology, whose contents are not known, while on the other side Socialism is being given lip service, which it does not deserve. This, in the views of the author, creates an ideological vacuum, which will not only disorient politics and the economy alike, but also acts as stumbling block to development.

### **3.3 Types of Research Design**

There are three types of research design which correspond with the philosophical views outlined above. Quantitative design corresponds with Positivist philosophical view, while Qualitative and Mixed designs correspond with Interpretivism and Pragmatic world views respectively. Newman & Benz (1998) view the the approaches as not being distinctively discrete, but rather as different ends in a continuum. The section that follows will briefly discusses the qualitative approach which was used in this study.

#### **3.3.1 Qualitative Research Design**

Qualitative Research according to Strauss & Borgin (1990: 17) “is any kind of research that produces findings not arrived at by means of statistical procedures or any other means of quantification. It is that kind of research that uses naturalistic approach that seeks to understand the phenomena in context specific, such as the “real world setting” (where) the researcher does not attempt to manipulate the phenomenon interest (Patton, 2001:39). Qualitative research is primarily subjective in approach as it seeks to understand human behavior and reasons that govern such behavior. Qualitative research design pertains to the means of exploring and understanding the meaning individuals or groups ascribe to social or human problems (Creswell, 2009). “The process of research involves emerging questions

and procedures, data typically collected in the participants' setting, data analysis inductively building from particulars to general themes and the researcher making interpretations of the meaning of data (Creswell, 2009:4)". The strength of the qualitative approach is the depth to which explorations are conducted and descriptions are written, usually resulting in sufficient details for the reader to grasp the idiosyncrasies of the situation (Myers, 2000).

Therefore, it is suggested that a combination of qualitative and quantitative methodologies should be used to achieve more rigorous insight into the chosen field, as it was practiced in this study. Qualitative researchers operate from the premise that knowledge is situated and contextual, and therefore the role of the researcher is to bring the right contexts into focus so that information can be obtained (Mason, 2002). Moreover, it should be borne in mind that qualitative research design is not a single distinct approach. There are several approaches which are qualitative in nature but bearing different nomenclature (Walcott, 2001). Creswell (2007b) has identified various ways of conducting qualitative research among them: Ethnography, Grounded theory, Case study, phenomenological and narrative research studies, among others. Thus, qualitative data collection techniques such as interview, focus group discussion, and open ended questionnaire may be appropriately used to elicit data from the employees regarding their expectation of the QWL attributes. Among the several qualitative research strategies that is not commonly used by social scientists is the Rapid Assessment Methodology (RAM), an approach which was used in this study. Qualitative design in combination with its variant RAM was chosen for this study because, such combination allowed the researcher to combine

methods for data collection, analysis and interpretation. More over the combination of approaches helped to correct the shortcomings inherent in one approach only.

### **3.4 Research Strategy**

Research strategies pertain to approaches the inquirer will use that provide direction for a specific research design (Creswell, 2007). Other writers for example (Mertens, 1998) refer them as methodologies. Each of the three research designs described above has specific approaches to doing that particular type of research. Here we present briefly the strategies available for qualitative research design namely: Narrative, phenomenological, Ethnographic, Grounded Theory studies and Case study (Creswell, 2009). For the five approaches, researchers might study individuals (narrative, phenomenology); explore processes, activities and events (case study, grounded theory); or learn about broad culture – sharing behaviour of individuals or groups (ethnography) (Creswell, 2009). The current study uses multi approaches to research namely: ethnography and case study approach. A brief description follows:

#### **3.4.1 Phenomenology**

Phenomenology is a strategy of inquiry in which the researcher identifies the essence of human experiences about a given phenomenon as described by the participants (Creswell, 2009). Moustakas (1994) describes it as a strategy through which the researcher understands the phenomenon through participants ‘lived experiences’ by extensively studying small numbers of subjects to develop patterns and relationships of meanings. This makes the researcher to ‘bracket’ or set aside his own presuppositions or experiences to understand those of the participants in the study. Moustakas (op.cit.), maintains that: “Phenomenology attempts to eliminate

everything that represents a prejudgement or presupposition. The challenge is to describe things as they are, to understand meanings and essences in the light of intuition and self-reflection. Meaning is created when the object as it appears in our consciousness, mingles with the object in nature: “what appears in consciousness is an absolute reality while what appears to the world is a product of learning. According to Gubrium & Holstein (2000) phenomenologists are concerned with understanding social and psychological phenomena from the perspectives of people involved with the issue that is being researched. The application of phenomenology in this study was in line with both the philosophy and the design guiding the study. More over, it was only the appropriate strategy which fitted with the nature of the study which was very much immersed in exploring reality about people’s lived experiences in the PPE’s.

### **3.4.2 Case Study**

Case study strategies are a strategy of inquiry in which the researcher explores in depth a programme, an event, activity, process or one or more individuals (Creswell, 2009). Cases are bound by time and activity, and researchers collect detailed information using a variety of data collection procedures, over a period of time. It is a direct method of collecting data, as it attempts to derive data directly through the reports of individuals involved. Flyvbjerg (2011:301) has construed Case study as “an intensive analysis of an individual unit (e.g., a person, group, or event) stressing developmental factors in relation to context”. An analysis from a single case study helps to portray the uniqueness of each individual case study and how the findings from one case study may conform or deviate from findings of another case study. In



this study the case studies that were picked covered TANESCO - an organization which was under private management as an aspect of privatization, but also an organization which was dealing with service provision. On the other hand the other case i.e. Tanzania Breweries Limited (TBL), was under public private partnership (PPP) mode of privatization and mainly was involved in the production and marketing of beverages. The intention of the study was to explore the implications of privatization on employees' QWL, taking queue of policies and practices pertaining to conditions of work and reward system. Each approach, be it quantitative, qualitative or mixed mode, has specific research methods, a theme which the section that follows will address.

### **3.5 Research Methods**

Research Methods in this framework pertain to the techniques the researchers will use to collect, analyze and interpret data (Creswell, 2009). In qualitative research data collecting steps include the setting of the boundary for the study, collecting information through various instruments, observation, documentary review and establishing various protocols for interviewing, recording and visual materials (op.cit.).

#### **3.5.1 Data Collection**

Data collection refers to the gathering of information to serve or prove some facts. In data collection, the researcher intends to get a clear understanding of the phenomenon they are investigating. Data collection is important in research as it allows for dissemination of accurate information and development of meaningful programmes

(Tromp and Kombo, 2006). Data collection follows certain generic steps, although they may vary according to the research design and the strategy used in the research. Data are generated from different sources namely primary sources and secondary sources (Creswell, 2007). Primary sources include information gathered directly from the respondents in the field, through questionnaire, interviews, focused group discussions (FGD), observation and surveys (op.cit). It involves generating ‘new’ data. In this study all the information that was collected from respondents on the **“Impact of Privatization on Employees’ QWL: The Case of TANESCO and TBL”** constituted primary data for this research, but in the subsequent years, when used by other researchers, it would form part of secondary data. Secondary data on the other hand, involved the gathering of data that already existed, from public or private publications, information from the internet, dissertations, journals and books. Secondary data sources for this research included the government documents on privatization e.g. Public Sector Reform Commission (PSRC), TANESCO and TBL publications, Theses, Journals and Internet materials. The documents were obtained from different sources – some from the OUT Library, others from TANESCO and TBL Libraries and others from PSRC offices.

### **3.5.2 Steps in Data Collection**

Before a researcher enters into the exercise of data collection, he or she has to define the target population and the sample for the study. The population can be people or institutions, objects or events. In this study the target population was the manufacturing and service giving former PE’s, in which the researcher sampled TBL and TANESCO, to represent PPP and Management Contract modes of privatization,

respectively. These were purposively sampled to enable the researcher make a comparison on QWL of employees, with regard to Conditions of Work and Total Reward System dimensions. On the other hand the researcher picked employees who survived privatization in those organizations, as my population, from which a sample for study was picked as described in **section 3.5.2.1**

The section that follows describes the data collection steps in detail.

### **3.5.2.1 Setting the Boundaries of the study (Location and Scope)**

The Data collection process included setting the boundary for the study, collecting information through the selected qualitative research instruments, as well as establishing the protocol for recording information (Creswell, 2009). The study covered two companies – Tanzania Breweries Ltd (TBL) and Tanzania Electricity Supply Company (TANESCO), representing respectively, Public Private Partnership (PPP) and Management Contract modes of privatization. In TANESCO we covered the Headquarters and three regions of Ilala, Arusha and Morogoro (Kidatu Hydroelectrical power plant). More over all the three cities were important business centers with big consumers of electricity. For TBL we covered the Headquarters and Arusha branch. The selected locations of Arusha and Morogoro were easily accessible by road. On the other hand, Dar es Salaam was chosen because of its strategic location, in which most business enterprises, government ministries and offices and other national and international agencies were centered. Further more, Dar es Salaam was taken as an important reference point, in terms of accessibility to library facilities, computer/internet services, and important contact persons. In the case of TANESCO, all the three cities were important business centers and big

consumers of electricity. Morogoro on the other hand, had important production dam for electricity i.e. Kidatu hydroelectric power station.

### **3.5.2.2 Securing the Required Permissions**

The Directorate of Postgraduate Studies, Research and Consultancy, which handles clearance of research activities, issued the researcher with clearance letter to allow him proceed with field work. A letter of introduction to the selected companies was also prepared, which the researcher presented to the respective CEO's (See Appendix A). The researcher on the other hand prepared the interview checklist for the respondents accompanied with his personal letter of requesting participants to participate in the interview (See Appendix A pg 380) Because of tight schedules, that was found at TBL, interview schedules were not sufficient and therefore I combined the interview instrument with the questionnaire which were distributed to respondents, who had been sampled for the study (See Appendix B pp 381).

In this study the following four research instruments were used namely documentary review for both primary and secondary data, interviews, questionnaire, observation and Focus Group Discussion. Where necessary, two or more instruments were used conjointly to ensure that all the important information had been elicited. Focused group discussions (FGD) were conducted with selected employees mainly the union leaders and supervisors from the headquarters and the regions. The choice of the Union leaders was mainly because of their regular participation in negotiation with management. This was important because they seemed to be more informed than the other employees.

### **3.5.2.3 Time Frame**

Data collection process was conducted between July 2007 and 2008, with intervals in between, depending on the agreed schedule with the HR officers in the companies. However, there was a serious impediment during the field work in one of the cases, namely TANESCO, where a scandal had been uncovered, resulting into two ministers in the Ministry of Energy and Minerals to relinquish offices by resigning. This led also for the Prime Minister by that time Mr Edward Lowasa to relinquish powers, by resigning as he was connected to the scandal in awarding tender to Richmond company which, was later discovered to lack capacity and working capital. The incidence had quite adverse effect to this research, because it sparked off some fears and suspicion and no body was ready to be interviewed. But even the HR officers who provided permission to enter the premises kept discouraging us that, the atmosphere was full of panic and suspicion, leading to further delay in finalizing up data collection exercise. Arrangements were made later to meet some selected people whom we could gather at the HR's office and conduct discussions.

The study was deliberately designed to cover the period when PE's were still in the ownership of government, and the period when they had been privatized. In Tanzanian context, the official entry into SAPs, was around 1985 and this also marked the entry to power of the second phase president, who has been associated with SAP for Tanzania. More specifically the period for the study covered years 1990 to 2010. The period was important because, it marked the official landmark when Tanzania reached agreement with WB/IMF to adopt the SAP's in the sense of the Bank. Secondly, judged by their performances, this period was not too short to

warrant serious study. A period between ten (10) years and fifteen was seen to be mature enough to warrant studies, which will generate substantial results.

### **3.5.3 Population**

Population refers to those elements from which information will be collected, and in this case it involves all people, firms, products and events, among others (Kothari, 1993; Tromp & Kombo, 2006). In this study, a truly representative population would be all public organizations which had been privatized and all the employees who survived the privatization. Such a population would involve all categories of human resources within the privatized companies covering the operational staff, management cadre, and all categories of technical staff in such companies covering the head quarters and in all the regions and districts. Such a population would be prohibitive because of financial, material and time resources. Because of such a limitation it was imperative to pick samples. The process for sampling and sampling procedure is covered in the next section.

#### **3.5.3.1 Sample**

A Sample is a sub set of the population that is selected for a study (Burns & Groove, 2001). Churchill (1995) has construed Sampling to mean: "systematic way of choosing a group that is small enough for convenient data collection and large enough to be a true representative of the population from which it has been selected (Churchill, 1995:15)".

The assumption with the above definition was that, the enterprises were seen to constitute monolithic entities such that a true representative in one case study would also behave in the same way in a different case study, an assumption which was not

correct. Sampling to researchers means a way of saving time and resources by examining a representative sample instead of the whole population. The section that follows covers the techniques for sampling and related tools for sampling.

### **3.5.3.2 Sampling Technique**

Sampling technique is the process of selecting a group of people for a study (Burns and Grove, 2001). Orodho & Kombo (2002) qualify it further by stating that Sampling is a process of selecting a number of individuals or objects from a population, such that the selected group contains elements representative of the characteristics found in the entire group. So prior to conducting the survey, there was need to determine who the subjects of the study should be and deciding who should be in and who should be left out. This technique has in some literature been called step approach to sampling and it involves four main steps mainly: selection of the study population, selection of the sampling frame, determining the size of the sample and finally picking a sample for the study (Zikmund, 2000). Sampling is mainly associated with quantitative research design (Kothari, op.cit.). In quantitative research, sampling is associated with estimations of various parameters, testing hypothesis so as to arrive at statistically valid conclusions (Kothari, op.cit.). However, sampling is also applied in qualitative research, so as to gain insights and understanding for creating explanations (theory building). However, for the purposes of this study the researcher used two approaches to pick a sample of units of study. The first one was to determine who should be involved in the interviews and FGD. Here a purposive sample of twenty five respondents, mainly from the trade union representatives (TUICO) was picked. The justification was that union leaders were

conversant with most of the issues the study was exploring. These were involved simultaneously in interviews and FGD. The second level involved picking a representative sample from TBL and TANESCO, so as to maintain a 95% confidence level and a margin of error of (.50) or (+/- 2.5). The first one was based on a tabular rule of thumb proposition which was developed by Saunders; see Table 3.2 (Saunders et al, 2000):

**Table 3.1: Sample sizes for different sizes of population at 95% confidence level and corresponding margins of error.**

Population	Margin of error			
	5%	3%	2%	1%
50	44	48	49	50
100	79	91	96	99
150	108	132	141	148
200	132	168	185	196
250	151	203	226	244
300	168	234	267	291
400	196	291	434	384
500	217	340	414	475
750	254	440	571	696
1000	278	516	706	906
2000	322	696	1091	1655
<b>+5000</b>	<b>+357</b>	<b>879</b>	<b>1622</b>	<b>3288</b>
10000	370	964	1936	4899
100000	383	1056	2345	8762
1000000	384	1066	2395	9513
10000000	384	1067	2400	9595

Source: Mark Saunders, et.al. (2000:156)

Alternatively, the second approach in selecting a sample size was arrived at using some calculations based on the following assumptions (de Vaus, 1991):

- That, you know the confidence level that you want to maintain
- That, you know how accurate you want your estimates to be (margin of error) and
- That, you know the proportion of responses you expect to receive.



Once you have all the information, you substitute it into the following formulae (de Vaus, 1991):

$$1. \quad n = p\% \times q\% \times \left[ \frac{z}{e\%} \right]^2$$

Where n is the minimum sample size required

P % is the proportion belonging to the specified category,

Q % is the proportion not belonging to the specified category,

Z % is the z value corresponding to the level of confidence required ( see Table

1.3) e% is the margin of error required

**Table 3.2: Level of Confidence and associated z values**

Level of confidence:	z value
90 %	1.65
95 %	1.96
99 %	2.57

Let p be substituted for 70% - proportion of respondents; q% for 30% - proportion of non respondents; z value for 1.96 and e% for +/- 5. The minimum sample size can be calculated as follows:

$$\begin{aligned}
 2. \quad n &= 70 \times 30 \times \left[ \frac{1.96}{5} \right]^2 \\
 &= 2100 \times (0.392)^2 \\
 &= 2100 \times 0.154 \\
 &= 323.4
 \end{aligned}$$

**Table 3.3 Sampling Frame**

S/N	Category	Level	TANESCO	TBL
1	Management	Top Managers	04	04
		Functional Managers	06	06
		Operational Managers	20	20

2.	Technical & Professional staff	Engineers Accountants Auditors & cashiers Researchers/statisticians Quality control	10 10 10 10 10	10 10 10 10 10
3.	Support staff	Clerical staff Office Management secretaries Receptionists Guards	10 10 10 10	10 10 10 10
4.	Operational staff	Operational staff (Machinists)	50	50
<b>5.</b>	<b>Total</b>	<b>Total</b>	<b>170</b>	<b>170</b>

A sample of similar size 170 was picked from the employees of TANESCO so as to have a sample size of 340 employees in total. This means that a process of short listing the employees under their respective departments/sections and regions, preceded the actual selection of the sample. The whole selection followed the systematic probabilistic sampling i.e. picking every  $n$ th name in the sampling frame at a regular interval that was determined by the researcher. There was a sampling frame for the units of study at the headquarters and a different frame for the regional offices.

### 3.5.4 Data Collection Instruments

Different research approaches use different instruments for data collection, with quantitative approach relying mainly on survey by use of questionnaire and experiments; while qualitative research uses interview, observation, documentary review and focus group discussion (FGD). Mixed methods approach uses both

qualitative and quantitative research methods (Creswell, 2009). This study though largely qualitative in design, used multiple approaches and instruments in data collection, analysis and presentation. This was in line with the principles of triangulation (discussed later under section 3.7), which allow for collection of data using different sources, while using multiple perceptions in trying to understand, clarify and interpret phenomenon (Smith, et.al. 2002; & Stake, 2005). The section that follows will briefly discuss the instruments.

### **3.5.5 Pilot testing of the Instruments**

After developing the data collection instruments, mainly the interview protocol and the questionnaire, these were pre-tested at Ilala regional office, where five respondents were requested to fill the questionnaire, as a way of testing the comprehensiveness of the questions. Later the researcher asked them to express their views with regard to their suitability for eliciting information, and whether there were areas that needed clarifications. The pilot testing was important because the researcher might not foresee all the potential misunderstandings or biasing effect of different research questions and procedures. A Pilot test helps to test the feasibility of the study techniques and to perfect questionnaire concepts and wording. Tromp & Kombo (2006:103) have advanced the following reasons for pilot testing, before data collection commences:

- It enables the researchers to find out if the selected questions are measuring what they are supposed to measure.
- It enables the researcher to find out if the wording is clear and all questions will be interpreted in the same way by the respondents.

- It helps the researcher to detect what response is provoked and find out if there is any research bias.
- It helps the researcher monitor the context in which the data will be collected and the topic areas addressed. The researcher should not use the pre – test sample in the actual study

After the Pilot testing, we had to include a statement that clarified the privatization status of TANESCO, by making reference to the Management Team of Netgroup Solutions as an aspect of privatization. This was necessary because most employees held the view that their company was fully owned by the government. After the clarification, the final versions of the questionnaire and interview protocols were produced.

### **3.5.5.1 Interview**

In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation (Boyce & Neale, 2006).

Interviews are the most commonly used method in qualitative research, because of their flexibility for wide usage, their ability to produce first hand information from the participants and above all, the researcher can record information as it occurs (Creswell, 2009). According to Kerlinger & Lee (2000) the inherent strength of the interview is its ability to minimize the risk of misunderstanding. It allows the researcher to probe certain issues by using alternative questions in an informal interactive process. Qualitative researchers tend to conduct interviews in a natural setting where face –to – face interactions take place between the researcher and the participants (Creswell, 2009). In this type of investigation the researcher keeps

learning the meanings that participants hold about the phenomenon or problem, and does not impose his/her preconceived suppositions or those of writers in the literature. The goal of qualitative research interview is to try to see the research topic from the perspective of the participants. A unique feature with the qualitative interviews method is the nature of rapport and cooperation that develops between the researcher and the participants, a relationship that builds partnership in the whole research process. In-depth interviews are useful when you want detailed information about a person's thoughts and behaviors or want to explore new issues in depth. Interviews are often used to provide context to other data (such as outcome data), offering a more complete picture of what happened in the program and why (Boyce & Neale, 2006).

Interviews provide an opportunity for detailed investigation of each individual's personal perspective and for an in-depth understanding of the personal context within which the research phenomenon is found (Creswell, 2003). Interviews were conducted using a semi-structured interview protocol (See Appendix C pp 389), which served to guide, but not govern the discussion. Questions were open-ended in order to provide participants with the opportunity to fully explain their experiences with regard to QWL in terms of conditions of work and compensation or reward system. During interview I recorded information by making hand written notes and audio-tapping. This was a precautionary measure because in the event that the instrument failed, I would remain with the field notes. These field notes were immediately word processed after the interview so that they could be available in soft copy. Before conducting the interviews, the researcher had visited the companies and

held discussions with some informants who explained about the nature of experiences with QWL in terms of conditions of work and the reward system, before and after privatization.

### **3.5.5.2 Observation**

Observation has been described as “the fundamental base of all research methods” in the social and behavioral sciences (Adler & Adler, 2005). Qualitative Observations involve the researcher taking field notes on the behavior system. In such notes the researcher records observational data, using the observational protocol (Attached as Appendix D pp 390). The advantage that observation brings into research work include: access to first hand information, recording information as it occurs, ability to notice unusual aspects and ability to explore information about issues respondents would be uncomfortable to discuss (op.cit.). Kothari (1992) adds that, Observation is much more commonly used method especially in studies related to behavioral sciences, and it aids in collecting first hand information, as the researcher records phenomena as it is observed on the spot. Of course, the method is not without limitations as the researcher can be seen as an intruder, while he/she may lack skills for observing (Creswell, 2009). In this study the phenomenon was observed as the researcher visited sites and had time to interact with respondents in their work environment in the company premises, in their offices, in the production units and even during breaks or rest periods in the canteens. Observation in such studies takes different forms: either the researcher observes as the phenomenon takes place without the knowledge of respondents (non participant observation), or participates in what the respondents do and with full knowledge of what is taking place (participant observation). In this study the researcher conducted his observation

during the visits he made to the organization, without the knowledge of the respondents (non participant observation). For example, it was possible for the researcher to assess the level of health and safety at the work place, by observing the physical setting. This enabled me to observe the level of hygienic condition at the factory level, observing such things as the use of protective gears, uniforms, helmets gum boots and sun glasses. In Kidatu it was possible to go into the trenches underground where the process of power generation was taking place, and observe the level of lighting, ventilation, and sign posts for security precautions. These would later be clarified by participants as we interacted in on further issues. This was extremely important as it helped supplement the information I got from a different source or from a different site. In TBL at the headquarters, observation data was collected through participant observation, as I had engaged a research assistant who was undertaking her field work there and reported to me all the information I had given in the observation protocol. This was a helpful strategy, as the observer got immersed with the activities of the organization, for the entire period she was in the field practical. This had an advantage of obtaining a detailed understanding of the values, motives and practices (Collis & Hussey, 2009). Since the researcher was working with the company by that particular moment; she was not seen as an intruder to people's activities (Angrosino & Perez, 2005). At the end she gave me the notes she had prepared about the events and activities she had observed at the factory site, which were kept to be analyzed later.

### **3.5.5.3 Focus Group Discussion**

Focused Group Discussions (FGD), are a subset of the interview method and are essentially, a qualitative data collection technique. FGD is potential for eliciting information simultaneously from individuals in groups of six to eight interviewees in a formal or informal setting (Fontana & Frey, 2005). The researcher used FGD to elicit information from the respondents on their feelings about different aspects of conditions of work and total reward system as covered in section 4.0 and section 5.0 respectively. The FGD is credited for being able to generate data that could not be obtained otherwise (Silverman, 2006). Focus group discussion has more or less the advantages which yield from observation. The researcher takes the role of a moderator while he observes and documents what ever goes on in the discussions within groups of six to eight people from each grouping. In this study the researcher conducted two FGD one for each case. The members of the FGD were drawn from union leaders, who after all represented different departments. The group size was kept deliberately small, so that its members do not feel intimidated but can express opinions freely. An FGD protocol was prepared which included the setting (i.e. where the discussion will take place), the actors (i.e. those who will be observed or interviewed), the events (i.e. what the interviewees will be observed or interviewed), and the process (i.e. the evolving nature of events undertaken by the actors within the setting (Miles & Huberman, 1996). The respondents were reassured that the information that was being collected was for research alone, and in no way should one fear any form of risk. However, it featured quite clearly that selection had to be carefully done to ensure that the respondent would not be in the same group with



his/her supervisor. This precaution was taken prior in advance, to avoid suspicions and biases.

#### **3.5.5.4 Questionnaire:**

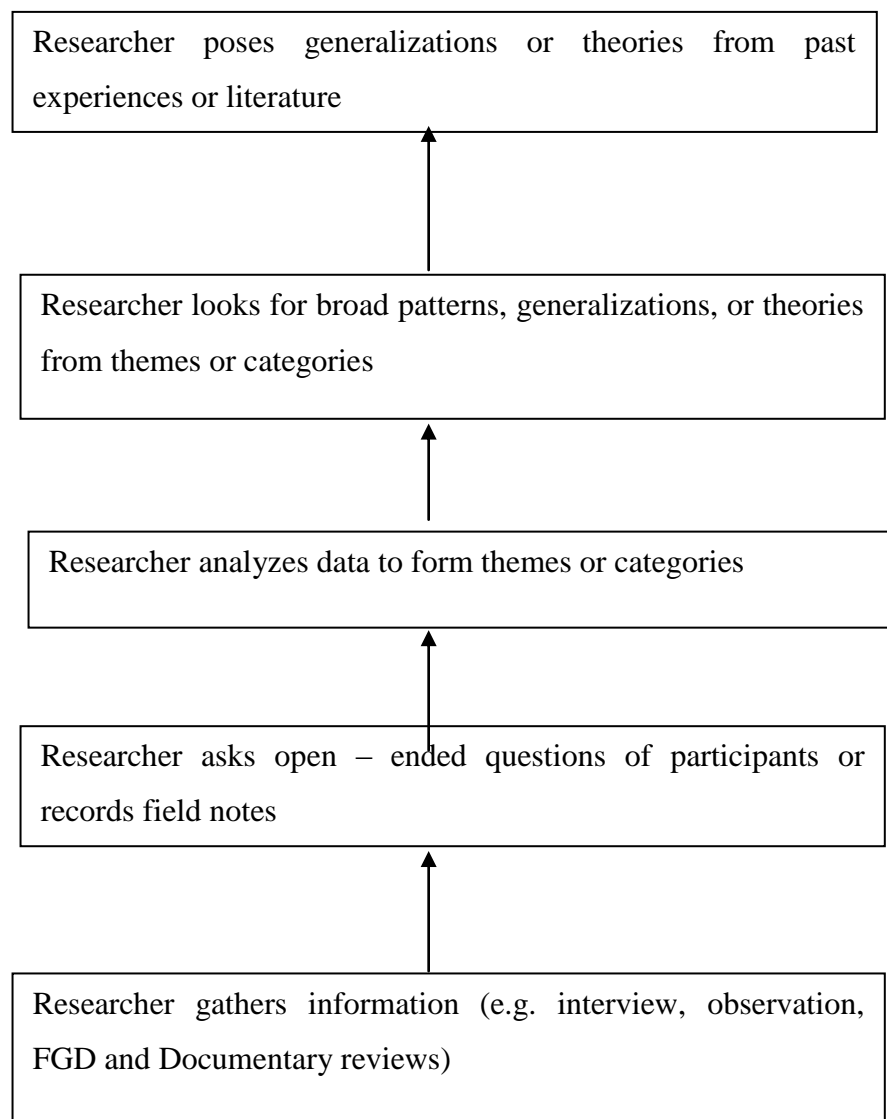
A questionnaire, like interview schedule, is simply a ‘tool’ for collecting and recording information about a particular issue of interest. It is mainly made up of a list of questions, but should also include clear instructions and space for answers or administrative details (Anonymous, 2003). Structured questionnaires are usually associated with quantitative research, i.e. research that is concerned with numbers (how many? how often? how satisfied?). Within this context, questionnaires can be used in a variety of survey situations, for example postal, electronic, and face-to-face and telephone. In this study, which was largely qualitative, we also employed questionnaires because of big sample size ( $n = 340$ ) which had been targeted, and in fact it would be extremely prohibitive to cover them all because of wide geographical proximity. In this study the instrument that was used was developed by the researcher, and was pilot tested at Ilala regional center. The pilot testing helped check respondents’ understanding and ability to answer the questions, highlighted areas of confusion and looked for errors, as well as providing an estimate of the average time each questionnaire would take. Clarification was made on the privatization status of TANESCO, and employees were made to understand that the presence of Netgroup Solutions was an aspect of private management practice. After such clarification, we later produced the final version. Moreover, the questionnaire was self delivered to the respondents by the researcher (with an inclusion of a cover letter), after which a date for collecting the filled questionnaires by the researcher or by the research assistants, was set and agreed. We prepared questionnaire containing

both closed and open ended questions and were administered to respondents during the field work activity of data collection. Questionnaire was used in combination with interviews with selected participants in the research sites, and this was believed to yield better results than the use of single instrument (Kothari, 1990). While delivering the questionnaire to respondents, we also used that opportunity to reassure the respondents that the information they would provide on the questionnaire would remain confidential, and that their identities or personal details would be ‘masked’.

#### **3.5.5.5 Documentary Reviews:**

Documentary review and analysis is an important data collection instrument as it provides the researcher with the real language and words of the participants. Moreover, documents can be accessed at a time convenient to the researcher, saves time for transcribing it and it provides a written evidence to the researcher (Merriam, 1988, Bodgan & Biklen, 1991 and Creswell, 2007). Literature was reviewed from three different sources namely: primary sources i.e. published and even unpublished materials in the form of report e.g. those of PSRC, TBL, TANESCO, theses, conference reports, government publications and internet materials. Second source of documentary review were collected from business and management journals, newspapers, books, internet information and some government information. The third source of documentary review was drawn from what Saunders (2000) calls ‘tertiary’ i.e. search tools including indexes, abstracts, encyclopedias and bibliographies. The reviewed documents provided the background information that could be used for triangulation purposes of data collected from another source. In collecting documentary review, one has to acknowledge the volume of hurdles, he

will encounter, especially in Tanzanian context, where even some ‘public’ materials in the real sense of the word is treated as ‘confidential’. So it was not possible to access documents like board papers, company policy documents, regulations and many others. An alternative way of accessing the same information was to use the available interaction with participants to elicit such informations. Exception was with TBL where the researcher could get the annual meeting bulletins, since he was a shareholder and attended all annual meetings. The whole process of data collection is summarized in the diagram 3.2.



**Figure 3.2: The Inductive Logic of Research in a Qualitative Study**

Source: Punch, K.F. (2005).

### **3.5.6 Data Administration**

Data Administration was conducted at three levels: First there was the reorganization of data into the form that could fit the tools of analysis. This process involved the editing, coding and entering data into a computer. Each questionnaire was checked and arranged them according to the organization where it was collected, because our study had an element of comparative analysis, to a certain extent.

Both quantitative and qualitative data analysis methods were used, depending on the nature of the data, and taking into account the most reasonable way of its presentation. Quantitative data was organized, coded and analyzed using the Statistical Package for Social Sciences (SPSS) version 17.0. Data was further interpreted and presented in percentages, charts and graphs. Qualitative data was organized and categorized according to the themes, and were later presented in forms of verbatim, narrations and stories texts.

### **3.5.7 Data Analysis and Interpretation**

The qualitative data analysis process is a highly intuitive activity. As such, it is its epistemological nature and assumptions that make qualitative data analysis a rich and often intricate exercise, as one can engage tools which can help generate new levels and forms of meaning. This is an important yet often overlooked aspect of qualitative research that can be understood and identified through the function of meaning and meaning making research effort, one engages in an intensive learning process where new knowledge and information is achieved. Thus, as an important learning facilitator, qualitative research and qualitative data analysis in particular have the power to be transformative learning. The goal of a qualitative investigation is to understand the complex world of human experience and behavior from the point-of-view of those involved in the situation of interest. Therefore, the investigator is expected not to have an a priori, well-delineated conceptualization of the phenomenon; rather, this conceptualization is to emerge from the interaction between participants and investigator. Flexibility in design, data collection, and analysis of research is strongly recommended to gain “deep” understanding and valid representation of the participants’ viewpoints (Sidani & Sechrest, 1996).

Within the data analysis process itself, although subjective understanding is expected to be reached through the exchange of ideas, interaction, and agreement between the researcher and participant, the researcher avoids imposing his or her views, sets aside any preconceived knowledge, and is open, sensitive, and empathetic to the participants' responses; a difficult set of tasks. Qualitative investigators are also encouraged to record their own biases, feelings, and thoughts and to state them explicitly in the research report (Creswell, 1994). Nonetheless, the extent to which characteristics of the investigator will have played a role in or influenced data analysis cannot truly be known. As such, the process of qualitative data analysis is described as "eclectic," and there is no "right way" of conducting it (Creswell, 1994). However, how conclusions are drawn from the interpretive, intuitive analysis will be unclear, unless researchers describe the method of analysis used and show how the conclusions were drawn from the data. According to Becker (1996) all social scientists, implicitly or explicitly, attribute a point-of-view and interpretations to the people whose actions are analyzed. That is, qualitative researchers always describe how they interpret the events their respondents participate in, so the only question is not whether it should be interpreted, but how it is done. A researcher can find out, although not with perfect accuracy, what people think they are doing, and what meanings they give to the objects, events and people in their lives and experiences. This is done by talking to them, in formal or informal interviews, in quick exchanges while participating in and observing their ordinary activities, and by watching and listening as they go about their business; it can even be done by giving them questionnaires which let them say what their meanings are or choose between

meanings given to them as possibilities. Thus, the nearer the researcher gets to the conditions in which they actually do attribute meanings to objects and events the more opportunity researchers and respondents have to engage in meaning making together.

Data analysis for Qualitative research is a process which might involve several components. The process involves making sense out of text and image data that the researcher has collected. The process involves preparing data for analysis, conducting different analyses, moving deeper and deeper into understanding the data, representing the data and making an interpretation of the larger meaning of data (Creswell, 2009). The process does not appear to be disjointed, but is a continuum which involves concurrent data gathering, making interpretations and writing reports (op.cit). This implies that one does not have to wait until the last point when all data shall be analysed, but while collecting new data he/she may be analyzing data collected earlier, writing memos that may ultimately be included as narrative in the final report. According to Yin (2003) data analysis consists of examining, categorizing, tabulating and testing to address initial propositions of a study. The literature on Qualitative data analysis shows that there exist varieties of analytic strategies, which also depend on the qualitative strategy of inquiry used (Corbin and Strauss, 2007). In this study where we applied both Phenomenology and Case study strategies of inquiry, we used the analysis of significant statements that were given by the participants, the generation of meanings, and the development of descriptions (Moustakas, 1994). With regard to case study, analysis of data involved a detailed description of setting or individuals, followed by analysis of data for themes or issues (Stake, 1995). Creswell (2009) has developed a framework for Qualitative Data

analysis which has six steps, and which has been adapted for the analysis of data in this study. The section that follows considers the steps

### **3.5.7.1 Data Transcriptions**

This is the first step after having collected raw data in the form of field notes, images and transcripts. The process of data transcription takes different forms in different research designs. In the qualitative design, it is an on going process, because as we collected data in form of field notes, we immediately organized such data into themes, according to the source of data. This study had different sources of data as clearly discussed under **section 3.5.1 – 3.5.5**. The researcher had to transcribe the field notes, and the audio taped information to obtain the the general sense that was displayed by those sources. This took place under a well selected place, involving the translation of the information which was mainly obtained in Swahili (the national and official language in Tanzania). The process was rather cumbersome, as I had to develop interview or observation protocols first in English, after which I translated them into Swahili. After the field work, again I had to translate the information into English so that I could get the themes as clearly covered in the research questions. Of course there were challenges because, certain words as they appeared in Swahili did not carry the same meaning in English. For example in English the concept the total reward system (refers to the same thing compensation or pay system), but without clear translation, you may get a different connotation of ‘prize’ (zawadi), which definitely distorts the whole meaning. Again compensation, which is the same as pay and benefit system, if translated literally would mean what an employee is paid after as pay for the damage/injury one has experienced at work. This implied that all the



data from the field was handed to the researcher who translated it to make sense of what was intended in the research question.

The exercise involved making separate transcription of data collected through observation and documentary review. The limitation with the observation was that some information had to be clarified with another source before establishing the authenticity of the information. But as already stated in the limitation section, there were serious limitations with access to company documents, and the information that we got from brochures and annual reports, had political overtone, since privatization needed to be justified. So documents did not really portray the actual picture of the organization. This limitation was corrected by searching for information from other respondents when we went for data in another site. The process of transcription paved way for the categorization of data into meaningful themes. The section that follows will address the aspect of categorization.

### **3.5.7.2 Reading through all Data**

This step involves obtaining the general sense of the collected information and to reflect on the over all meaning. At this level the researcher keeps asking what are the general ideas the participants are saying? It also involves forming impressions about the data in form of its credibility, depth and the use of the information. The impressionistic summary that the researcher makes involves the following (Orodho & Kombo, 2006 :116):

- Getting a quick snapshot of the over all findings – e.g. key responses on the various issues related to the research objectives and research questions

- Explanations – what are the explanations one gives about the responses?
- Interpretation and conclusion – this aid in making decisions about what the findings imply.

### **3.5.7.3 Detailed Analysis (Data Categorization)**

Data categorization or coding is a process of organizing material into chunks or segments of text before bringing meaning to information (Rossman & Rallis, 1998). It involves taking text data or pictures gathered during field work, segmenting sentences or paragraphs or images into categories, and labeling those categories with a term, actually based on the language of the participants (op.cit.). At this stage, we had to read all the transcriptions carefully, to get a sense of the whole. Data categorization was the first aspect to be undertaken before we could analyze the data from the field. The categories were based on Employees' Quality of Work Life dimensions of Conditions of work (CONDWRK I & II) and total reward system (TORWST I & II). The Condition of Work dimension had generated more information related to its nine attributes tested in the study. Also the Total Reward System had generated data from all the attributes tested in the study. Out of these different categories, we got a pattern that could be used to analyze our data, in line with our research objectives and research questions. The names for the categories could be derived from three sources (Strauss & Corbin, 1998): by utilizing names that emerged from my data, from terms used by the participants or from the existing terms used in the existing theory i.e. Quality of Working Life theory. According to Dey (1993) categories must have two aspects – an internal aspect – they must be meaningful in relation to data; and external aspect – they must be meaningful in

relation to the other categories. In this study theme names emerged from those I had used in the research objectives and research questions.

#### **3.5.7.4 Developing Categories and Themes for Analysis**

The next step involves unitizing data which means attaching bits or chunks of data to the appropriate category as devised by the researcher. A unit of data may be a number of words, a sentence, a number of sentences a complete paragraph or some other chunks of textual data that fits the category. The unitizing of data may be computer processed, but it may be manually processed as was the case in this study. Engaging in this analytic process meant getting involved in a selective process guided by the the research objectives, which resulted in reducing and rearranging data in more manageable and comprehensive form (Saunders, 2007). The coding process was used to generate description of the setting or people as well as themes for analysis (Creswell, 2009). Description entails detailed rendering of information about people, places or events in a setting. Once they are organized into themes and categories are the ones which appear as the headings of major findings in the study. In the context of this study, the study generated between four and five themes in each research question. The reduction of data may be achieved by using any analytical technique described by Miles & Hubberman (1994) which include matrices, charts, graphs and other forms of networks.

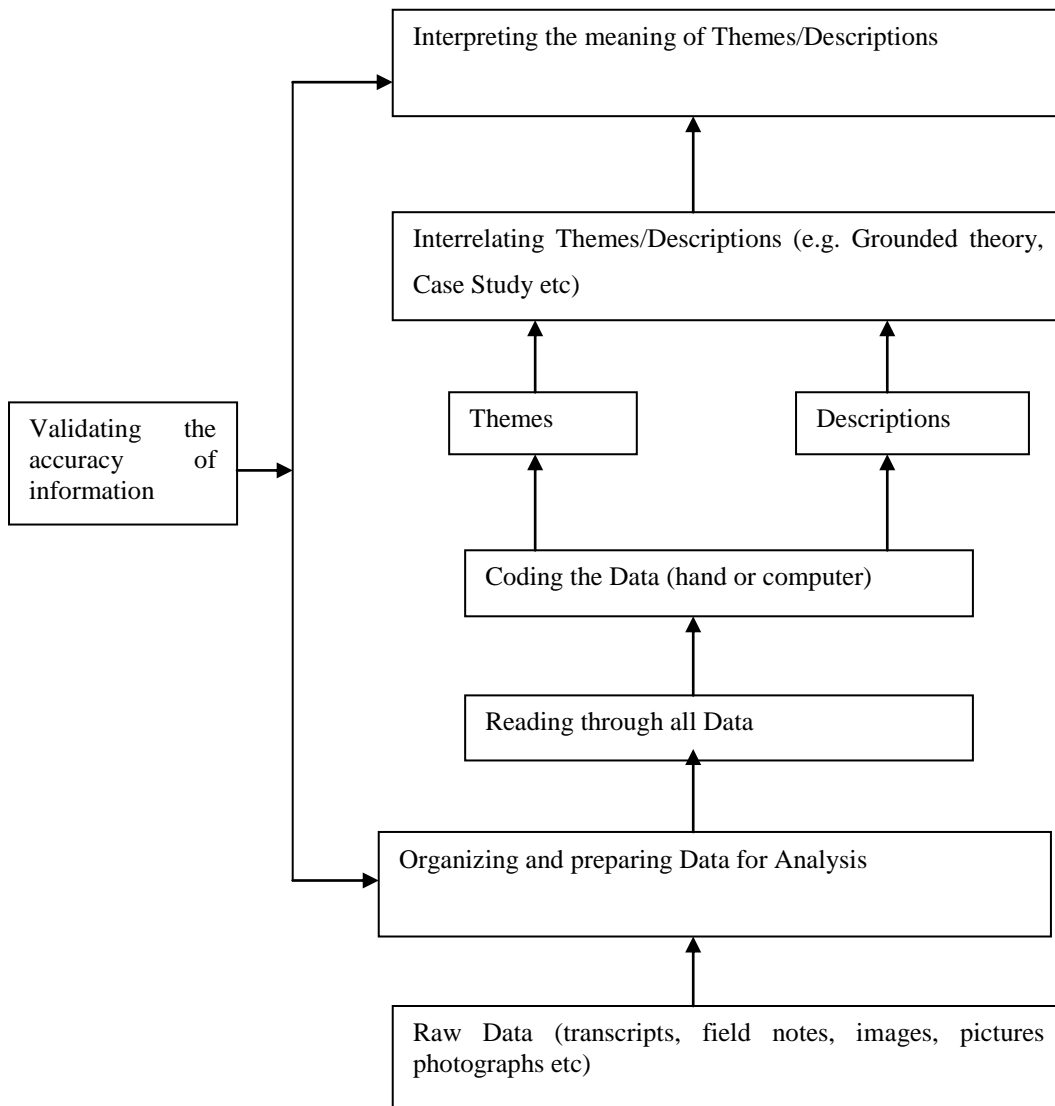
#### **3.5.7.5 Descriptions and Themes Representation**

The descriptions and Themes of the study need to be represented in form of qualitative narratives (Creswell, 2009). This involves the use of narrative passage to convey the findings of the analysis. Such presentations might involve the chronology

of events, the detailed discussions of the themes (complete with subthemes, specific illustrations, multiple perspectives, from individuals, and quotations) or discussion with interconnecting themes. At this level the researcher uses visuals, figures or tables as was the case with this study.

### **3.5.7.6 Making Interpretations or Meaning of Data**

The last step as outlined in the framework proposed by Creswell (2009) involve deriving meaning from the findings. This stage was guided by the question “what were the lessons learned (Lincoln & Guba, 1985). The lessons could be the researcher’s personal interpretations, as rooted in his past history, culture and experience. The meaning making was also compared with findings in other studies or theoretical literature on QWL theories. At this stage the study was able to show the apparent relationship between Privatization and Employees’ QWL, in terms of conditions of work and total reward system. The study findings were able to confirm in certain past informations, that privatization had positive implications for employees’ QWL, in some attributes of Conditions of Work, and in some aspects they experienced negative consequences. It was also possible to conclude the long term consequences of privatization on employees’ QWL, in terms of total reward system in the case studies. The Data Analysis Framework has been summarized below in Figure 3.6



**Figure 3.3: Data Analysis in Qualitative Research**

Source: Adapted from Creswell (2009).

### 3.6 Reliability and Validity

#### 3.6.1 Reliability

Reliability has been construed by Smith et.al. (2002) quoted in Pallangyo (2009) as the extent to which data collection techniques will yield findings consistent with what the instruments purported to measure. This implies the possibility of obtaining similar results by different researchers and by use of different instruments under a

similar methodology. Joppe (2002) on the other hand considers Reliability to be “the extent to which results are consistent over time and are accurate representation of the total population under study. Further to that effect if the researcher’s approach is seen to be consistent across different researchers and different projects (Gibbs, 2007). How then should researchers check to determine if their approaches are consistent or reliable? Yin (2003) suggests that qualitative researchers need to document procedures which will ensure reliability. Gibbs (2007) further documents the following procedures to ensure consistency:

- Checking transcripts to ensure they do not contain mistakes made in the process of transcription
- Making sure that there is no drift in the definition of codes, during the process of coding
- Ensuring uniformity if teams are involved in coding
- Cross checking codes developed by different researchers by comparing results derived independently

In this study reliability was ensured by adapting the RAM research approach which benefits from using different methods and different instruments in collecting and analyzing and interpreting data. Also the study instruments and the face to face discussions assured the respondents and the interviewees of the anonymity that would be maintained in the study. The fact that the questionnaires bore no identity guaranteed the respondents of the anonymity and as such cooperated with confidence. More over, the scheduling of interviews and FGD was carefully set to make sure that the participants had no interference what so ever, as Saunders (2007) suggests that convenient time avoids low and high moods during interviews.

### **3.6.2 Validity**

There is no consensus as to the actual meaning of validity as applied in qualitative research. To Robinson (2002) validity is concerned with whether the findings are really a reflection of what they appear to measure. The judgement about the validity of knowledge is based on the evidence and argument offered in support of a statement (Polkinhorne, 2007 as quoted in Pallangyo, 2009). Validity seen from the perspectives of Creswell & Miller (2000) is one of the strengths of Qualitative research, and is based on determining whether findings are accurate from the stand point of the researcher, the participants or the readers of an account. In other words, the findings would satisfy the motives of the researcher, but should also satisfy the participant, as being representative of what they contributed to the study. Lastly, the findings should appear to be plausible, credible, trustworthy and authentic (Creswell & Miller, 2000). Validity in a study relates to the relationship of the study in a particular context. In this study validity of the findings was improved by ensuring that the respondents and interviewees were informed of the intention of the study and clarification given to every point raised in the case of interviews. More over, in this study I used some of the generic procedures as recommended by Creswell (2009) for determining whether the findings were accurate. The one fundamental strategy for determining accuracy was the use of Triangulation of data, methods and theory, as clearly covered in section 3.7 (3.7.1, 3.7.2 and 3.7.3). The study also used member checking and peer debriefing in checking accuracy of the findings.

### **3.6.3 Generalizability**

Generalizability concept is used in a limited sense in Qualitative research, since the intention of the qualitative design is not to come up with generalizations of findings

to individuals, sites, or place outside of those under study (Gibbs, 2007). The qualitative studies produce context specific information. In the study we came out with context specific information about QWL implications of privatization on employees' Condition of Work and Total Reward System, pertaining to TBL and TANESCO. The two cases had variations right from their nature of business set up, one being a manufacturing company, surrounded by competitors, while another was a service giving monopoly. Their legal status also varied from PPP mode of privatization to Management Contract mode of privatization. Greene & Caracelli (1997) have argued that the hallmark of Qualitative research is particularity rather than generalizability. However, since in this study we approached the research through a case study strategy, it could be argued that, the aspect of generalizability could be entertained to a certain limit. This could be in the form of extending the conclusions to further cases, as Yin (2003) contends that case study results can be generalized to some broader theory. The implication of this conclusion is that, the findings from these two cases can be extended to new cases as a way of corroboration or confirming.



### **3.7 Triangulation in Qualitative Research**

Triangulation in research refers to a combination of two or more theories, data sources, investigators, and data collection methods or to provide confirmation, validity and completeness (Mitchell, 1986; Cohen, 2000; Patton, 2002; Mathison, 1988). Basically it involves the use of multiple data gathering techniques to investigate the same phenomenon (Berg, 2004). The use of triangulation improves validity and reliability of data collected as recommended by Babbie (1992). Five forms of triangulation exist namely: Method Triangulation, Data Triangulation, Theory Triangulation, Investigator Triangulation and Multiple Triangulation (Campbell & Fiske, 1989). Denzin (1989) described three types of data triangulation i.e. time, space and person triangulation. I considered the three levels of triangulation in this study, namely: Method triangulation Theory triangulation and Data triangulation.

#### **3.7.1 Method Triangulation**

Method triangulation involves design and data collection levels. With Design triangulation, in most cases it involves a combination of Quantitative and Qualitative approaches at the level interpretation and merging findings from each technique to derive a more consistent outcome (Patton, 2002). Patton (2002) has advocated for triangulation by arguing that triangulation strengthens a study by combining methods. This can mean using both quantitative and qualitative approaches. It also means combining methods of data collection and data analysis (op.cit). In this study although we never attempted design triangulation per se, at least we combined data collection instruments to include: interview, questionnaire, FGD, Observation and Documentary reviews. The pluralism of methods, according to Realists, is an

excellent starting point for empirical research (Carter, 2003; Danemaark, 2002 and Sater, 2000).

### **3.7.2 Data Triangulation**

Denzin (1989) has described three types of Data triangulation namely: time, space and person triangulation. Time triangulation refers to data collected at different points in time to document changes over time. Space triangulation involves collecting data at more than one site, as was the case with this study which combined data collected from Dar es Salaam, Morogoro and Arusha sites. Person triangulation involves collecting data from more than one level of person i.e. set of individuals, collectives or groups. This method was also applicable in this study, because besides the data we collected from individuals we also collected data from groups as it involved FGD.

### **3.7.3 Theory Triangulation**

Theory triangulation incorporates the use of more than one lens or theory in the analysis of the same data set. In qualitative research more than one theoretical explanation emerges from the data. Researchers investigate the utility and power of the emerging theories by cycling between data generation and data analysis until they reach consensus.

### **3.8 Ethical Considerations**

Ethical issues are concerned with what is “right” and what is “wrong”. They relate to what is acceptable and what is unacceptable or what ethical issues address mainly three areas (Kumar, 2005) i.e. what is ethical or unethical with regard to the actions or behavior of the researcher; what is desirable or undesirable, with regard to the behavior or actions of the respondents and what is acceptable or unacceptable with

regard to the actions and behavior of the sponsoring organization. In other words it is an ethical imperative that researchers explain to their respondents who the researchers are; where they come from; and why they are conducting the research. Researchers have been cautioned to ensure that they have to anticipate and address any Ethical dilemmas that come into their way as they get involved in the research process (Berg, 2001; Punch, 2005; Bieber & Leavey, 2006). The Ethical issues pertain to all types of research designs be they qualitative, quantitative or mixed mode; and they feature at every stage of the proposal. For example, while thinking and selecting a research problem, the researcher has to pick a problem that will lead to solving a problem of the subjects being studied, (Punch, 2005). A brief description of the areas of ethical dilemmas follows. Ethical issues pertaining to participants, require the researcher to seek for informed consent of the respondents and maintaining confidentiality of the participants. It also involves protecting subjects against risks especially related to sensitive information and the giving of honoraria or incentives (op.cit.). All the required ethical considerations were observed by both the researcher and the participants.

Ethical issues related to the researcher involve avoiding bias practices, using wrong method of sampling, inappropriate use of the information and incorrect reporting. The use of triangulation method helped check the inadequacy or the inappropriateness of of the research procedure. Ethical issues related to the sponsoring organization may amount to unethical behavior or practice through unnecessary restrictions or misuse of the research information. In the case of this study, the sponsoring organization was the Open University of Tanzania (OUT), which is an academic institution concerned with extending the frontiers of

knowledge, through scientific researches and teaching. Research information in the form of a Thesis is normally deposited in the University library as ‘grey literature’ for dissemination purposes. Theses are normally displayed in the libraries, and this will be no exception to the thesis of this study, when completed.

### **3.9 Report Writing**

The writing of the research project should not be seen as the final thing but as a continuation towards making further reflection on the work that has taken a substantial amount of time. Data analysis process produced themes which matched with the research objectives and research questions of this study. In total we had four research objectives and four research questions, in which each research question had four or five themes to discuss. The first two research questions on conditions of work dimension formed chapter four of the study findings. The themes from research objectives three and four, corresponding to research questions three and four constituted Chapter Five of study findings, and mainly addressed the total reward system dimension. In each chapter, there was an introduction, study finding and conclusion.

### **3.10 Chapter Summary**

This chapter presented the methodology used in this study. The survey method was used, and involved the use of questionnaires, an interview protocol and focus group discussion guide as data collection instruments. A purposive sampling technique was used for selection of eight (25) members of the trade union to be interviewed as they were directly involved in negotiations with management on various issues of interest to the employees. Data collected were analyzed using SPSS and for open-ended

questions and focus group discussion content analysis was done. The study findings are presented in chapter four.

## **CHAPTER FOUR**

### **4.0 FINDINGS AND PRESENTATIONS**

#### **4.1 The Impact of Privatization on Employees' QWL: The Conditions of Work Dimension**

##### **4.1.1 Introduction**

This chapter presents the field survey data as collected, coded and analyzed by the researcher from the study sample. The data was obtained from both primary and secondary data sources from the sampled organizations. The researcher had set out to investigate the status of employees' Quality of Work Life, with a view to assessing the extent to which privatization had affected employees' QWL in the sampled companies by assessing the situation pre and post privatization. The underlying assumption was that in the eve of privatization, the privatized companies were likely to adapt 'hard' approach to human resources management, more than they would adapt 'soft' approach to the management of human resources. This implied that the human resources policies and practices adopted post privatization era, were likely to affect the employees' QWL, either positively or negatively.

The major objective of the study was to investigate the impact of privatization and corresponding human resources practices and perceptions on employees' QWL, in terms of conditions of work and compensation. The study was designed to explore the implications of Privatization on employees' QWL. Respondents were required to indicate their level of expectation of each attribute of the QWL dimension represented by a statement. The scale for this ranges from one (very low expectation) to five (very high expectation). The other section of the questionnaire would examine

the respondent's perceptions of the QWL attribute in the work place on a scale ranging from one (highly dissatisfied) to five (highly satisfied).

Specifically the research sought to find answers to the following five research questions:

1. To identify the employees' QWL practices in terms of organization of work, work intensity, work related to stress, safety and health; and employees /supervisors' relationships before and after privatization.
2. To analyze the employees' perceptions on QWL linked to commitment to the organization, 'employer of choice', participation in decision making and information sharing and communication.
3. To examine the existing practices on employees' QWL in terms of levels, scales and components of compensation and benefits in the period before and after privatization.
4. To analyze the employees' perceptions on the total reward system administration by the indicators of equity and fairness, pay differentials, justification for pay differentials and involvement in pay and benefits negotiations.
5. To propose the future policy and legal implications on improved QWL in public and private institutions.

The chapter presents descriptive statistics and narrations obtained from questionnaire, Interview and focus group discussion (FGD) instruments for the first and second research questions. Findings for third and fourth research questions will be presented in Chapter Five. There is also data generated through narrations and field stories analysis. The data that has been obtained from field survey will be supplemented by information obtained from other sources e.g. interview schedules,

Focus group discussions, observation and literature cited from documentary review. Efforts to corroborate the study findings with the existing experience or evidence from other studies will be used to enhance validity and reliability of the conclusions reached. Descriptive statistics in the form of frequencies will further be displayed in graphs, table and charts from time to time. This chapter will present brief description of company profiles and the findings for research questions one and two, while chapter five will present findings related to research questions three and four.

#### **4.1.2 Data Characteristics and Distribution**

This section will present data according to their sources, their characteristics and how they distribute between the selected sample of companies, respondents and even between gender.

#### **4.1. 3 Distribution of sampled companies and Brief background information**

Data were collected from two privatized companies, one representing public – private – partnership (PPP) and the other one representing Management Contract form of privatization. The idea was to compare the experiences and perceptions/views of respondents before and after privatization; and between one form of privatization and the other

#### **4. 1. 3.1 Historical Background of Tanzania Breweries Limited (TBL)**

##### **Vision Statement**

To be the most admired Company in the beer industry in East Africa

- The investment of choice
- The employer of choice
- The partner of choice (TBL, 2008:7)



**Mission Statement**

To own and nurture local and international brands which are the first choice of the consumer (op.cit.)

**Values**

Our people are our enduring advantage

- The caliber, passion and commitment of our people set us apart
- We value and encourage diversity
- We select and develop people for the long term
- Performance is what counts (TBL, op.cit.)

Tanzania Breweries Limited (TBL) is a Tanzanian based brewing company which deals with production, distribution and sales of malt beer, and alcoholic fruit beverages (AFB's) in Tanzania. It has fully fledged brewing plants in Dar es Salaam, Arusha and Mwanza and the new plant under commission in Mbeya. Tanzania Breweries, in addition operates thirteen depots all over the country, in the regions which are far from the plants. The company partially owns and manages Tanzania Distilleries Limited, a spirituous liquor company which is situated in Dar es Salaam. TBL also owns farms for barley which is used to produce malt in its malting plant in Moshi (TBL, 2008).

**(a) Company Profile**

Tanzania Breweries Ltd was established in 1933 and in 1963; it merged to form East African Breweries Ltd. In 1967 Tanzania government purchased 45% shares in the company, and in 1979, it was fully nationalized and the government had 100% ownership. Following the decision to adapt the WB/IMF reform measures, TBL sold

50% of its shares to SAB Miller Company of South Africa in 1993, but later 16% more shares were acquired by the same company, making it the majority share holder whose shareholding stands at 66%. The government further diluted its volume of shares by selling 9% of its shares to International Finance Company (IFC), in 1996 while in 1998, initiated further dilution of its ownership through Initial Public Offer (IPO) of 20,000 shares to the Tanzanian public which was equivalent to 10% (TBL, 2000).

#### **(b) Line of Production**

Tanzania Breweries Ltd deals with the production, distribution and sales of different brands of alcoholic drinks, like beers, non alcoholic brands like Malta soft drink and spirits like Konyagi. It also imports some brands like Heineken beer and helps in the distribution of its products. TBL business structure is as follows:

It has four clear beer breweries namely, Dar es Salaam plant which is the headquarters, Arusha and Mwanza branches and a new branch under commission in Mbeya. It has shares amounting to 75% in Tanzania Distilleries Company (TDL), which produces spirits like Konyagi, while the remaining 25% shares are owned by TDL. TBL owns 60% shares in Dar Brew while the remaining 40% shares are owned by Dar es Salaam City Council. TBL produced Safari lager beer as the sole brand until 1993; but in 1995 added Castle lager and Milk stout brands through importation. Castle lager was produced locally from 1996, along side with the launch of Kilimanjaro lager; while Redds was imported from outside. In 1998 and 1999 Bingwa and Balimi brands respectively, were launched. Production volume had grown from 400,000 units in 1990 to 1,250,000 in 1996 and to 1,600,000 in 1999

(op. cit.) On the other hand TBL market share grew from 30% in 1993 before privatization to between 80 – 85 % post privatization (TBL, 2000).

### **(c) Process towards Privatization**

The privatization of TBL was one of the major privatizations to be undertaken by the Parastatal Sector Reform Commission (PSRC). The move involved privatization, rehabilitation and management, modernization of the existing breweries by then, and the expansion through construction of other plants. South African SAB Miller became the majority shareholder after international bidding

### **4.1.3.2 Historical background of Tanzania Electricity Supply Company Limited**

#### **Vision Statement**

To be an efficient and commercially focused utility, supporting the development of Tanzania and to be a power house of Africa (TANESCO, 2010).

#### **Mission Statement**

To generate, transmit and distribute electricity in the most effective, competitive and sustainable manner possible (op.cit.)

#### **Values**

##### **(a) Company Profile**

Tanzania Electricity Supply Company (TANESCO), was and still remains one of the biggest utilities' parastatal, which maintained 100% Tanzanian government ownership until 2003, when it was brought under foreign Management Contract Company of Netgroup Solutions. It is under the Ministry of Energy and Minerals as its parent ministry. Although Tanzania had been very active in the privatization move, the pace in the privatization of utilities had been quite slow and at times quite

uncertain. It is imperative to document, albeit, briefly the history of TANESCO and electricity generation and distribution industry. In 1908 the first public electricity supply company was set up by German colonialists, to serve railway workshops and colonialist neighborhoods.

After the First World War (1914 in which German lost the colonial powers over the then Tanganyika to Britain, in 1920 British, established a government Electricity Department.

- 1931, Electricity supply was handed over to two private enterprises namely: Tanganyika Electric Supply Company Ltd. (TANESCO)
  - Dar es Salaam and District Electric Supply Company Ltd. (Daresco)
- 1961 – Independence and establishment of Tanzania as a socialist nation in (1967), over a period of ten years the government purchased 100% stock in both companies.

In 1968 the two companies were merged and renamed Tanzania Electricity Supply Company Ltd., maintained under governmental control for the remainder of the century (TANESCO, 2000).

### **(c) Line of Production**

TANESCO's line of business is the generation, transmission and distribution and sale of electricity in Tanzania and supply of power bulk to the Zanzibar Electricity Corporation (ZECO), which in turn sells it to public in its islands of Unguja and Pemba. TANESCO owns most of the facilities and equipment for generation, transmission and distribution of electricity. TANESCO is in turn the purchaser of natural gas from Songas which, is used to generate power. In the past TANESCO

owned a wood poles plant in Mbeya, but, when the wind of change from public to private ensued in the early 1990's, the wood pole plant was among the first units to be divested to a local entrepreneur who in turn processes the poles and sells them to TANESCO. In 1992, the government of Tanzania established the Parastatal Sector Reform Commission (PSRC) whose main responsibilities were to ensure smooth privatization of the public corporations with the aim of enhancing their efficiency. Since then the government has removed TANESCO's monopoly as the sole power generating company, although it still maintains control over transmission and distribution. TANESCO established a business planning process in 1996 and the first corporate business plan was out in 1997. The main objective of the Corporate Plan was to collectively assess and manage risks in aspiring to achieve organizational long-term goals. It helps management to assess the company's capacity to survive shocks, to adapt to sudden change, and to capture new opportunities (TANESCO, 1997).

#### **(d) The Process towards Privatization**

TANESCO is a traditional vertically integrated electricity utility, meaning it offers all aspects of power provision: generation, transmission, and distribution of electricity. TANESCO used to have a complete monopoly on all aspects of power provision, but as of 1992, the Tanzanian government began allowing Independent Power Producers (IPPs) to generate power and sell that power to the TANESCO grid for transmission and distribution. Under this organizational structure, there are more opportunities for competition amongst power providers, with the intention of better service for electricity customers. From the timeline we can see that over the past century the responsibility for electricity

provision in Tanzania has transferred back and forth from the public to private sector a number of times. Currently TANESCO is undergoing extensive reforms and restructuring. It is difficult to determine the exact progress of the reforms, but the plan is to unbundle the utility into separate segments for generation, transmission and distribution, with the generation segment being further sub divided into numerous competing companies (TANESCO, 1997). The Tanzanian government has stated that it will not pursue full private ownership of utilities (including TANESCO along with the water and telecommunications sector), but rather opt to “lease, concede or sell part of the shares to investors” while establishing an independent regulatory authority to balance the needs of investors, consumers, and the government (PSRC, 2003). The Energy and Water Utilities Regulatory Authority (EWURA) is now fully operational, and therefore has taken full regulatory control over the operations of TANESCO.

In 1992, the government of Tanzania established the Parastatal Sector Reform Commission (PSRC) whose main responsibilities were to ensure smooth privatization of the public corporations with the aim of enhancing their efficiency. Since then the government has removed TANESCO’s monopoly as the sole power generating and distributing company (PSRC, 1993). TANESCO established a business planning process in 1996 and the first corporate business plan was out in 1997. The main objective of the Corporate Plan was to collectively assess and manage risks in aspiring to achieve organizational long-term goals. It helps management to assess the company’s capacity to survive shocks, to adapt to sudden change, and to capture new opportunities. By 1999 the government decided to unbundle and privatize TANESCO to promote efficiency, private sector participation

and introduction of competition in electricity market. In 2005 the Board of Directors approved a 'Ring fenced' organizational structure which has Managing Director at the top, assisted by four General Managers (TANESCO, 2000). In 2002 Net Group Solutions of South African, a private consultancy firm, was given a management services contract to run TANESCO and in September 2004, under pressure from the World Bank, the contract was extended for a further two years, despite criticism of the high salaries paid to Net Group managers.

In 2006 the Tanzanian government decided not to renew the contract because of poor performance: Tanzania was dissatisfied with the quality of management provided by Net Group Solutions and added that the government was obliged to listen to the views of the public following complaints about the quality of service being offered by TANESCO (op.cit.).

#### **(d) Human Resources Management Issues**

Between 1964 and 1979 the number of employees rose from 1,406 to 4,481. During the same period the percentage of Tanzania citizens rose from 87 to 99.5 while the percentage of Tanzanians in senior positions went from 19 to 99.2%. TANESCO is now fully Tanzanian. Since then the government owned 100 percent of the shares. As in June 17, 2010, TANESCO had 5645 employees, 4516 men and 1129. Casual labors are 294 (op. cit.). See HQ photo.



**Photo 1: TANESCO Headquarters in Dar es Salaam, Tanzania**

#### **4.1.4 Nature of the Respondents**

The study sample consisted of 340 employees who had been sampled from two PPE's namely Tanzania Breweries Ltd (TBL) and Tanzania Electrical Supply Company (TANESCO). TBL had plants in Dar es Salaam, Arusha, Mwanza and Mbeya; and thirteen Depots all over the country (TBL, 2008). For the purpose of this study, I sampled Dar es Salaam and Arusha plants. TANESCO, on the other hand, had branches in almost all administrative regions in Tanzania, but for the study sample I picked its Ilala TANESCO region, the Headquarters in Dar es Salaam, a branch in Kidatu Hydroelectric Plant in Morogoro, and Arusha regional office. The study targeted both the operational staff, and some employees in the managerial,



technical and supervisory levels were also covered by the study (See sampling frame in chapter three). Another sample of Trade union leaders consisted of 25 leaders who were sampled from both TBL and TANESCO. The response rate was as shown in Table 4.1

**Table 4.1: Distribution and Characteristics of Respondents**

		Gender of Respondent		Total
		Male	Female	
TBL	Count	82	43	125
	% within Gender	50.9%	50.6%	50.8%
TANESCO	Count	79	42	121
	% within Gender	49.1%	49.4%	49.2%
Total	Count	161	85	246
	% within Gender	100.0%	100.0%	100.0%

Source: Field Survey, 2009

#### **4.1.5 The Implications of Employees' QWL in relation to Conditions of Work I pre and Post Privatization**

The study was guided by five research objectives with corresponding five research questions. Each research question was further sub divided into sub themes within the same research objective. In this chapter, the researcher addressed the two research questions related to the Conditions of Work I proxied by (CONDWRK I) and Condition of Work II (CONDWRK II). The first research question explored the practices or experiences of employees' conditions of work before and after privatization and the actual implications of those experiences to their QWL. The main items covered in the first research question included: organization of work, Work Intensity, Safety and Health, work related stress and supervisor – subordinates' relationships. These were covered by Research Question 1:

**What have been the employees' experiences with respect to organization of work, work intensity, stress, safety and health, and employees/supervisors' relationships before and after privatization?**

The study explored the employees' experiences and perceptions on their QWL as reflected in the five attributes of condition of work I. The section that follows presents the findings related to the five variables.

#### **4.1.5.1 Respondents' views on the organization of work pre and post privatization:**

All the 246 respondents (100 %), responded to this question. Likert's scale point (1-4) was used to measure the experience of the respondents on the work organization before and after privatization. Ninety (90) respondents representing 36.6 % of all respondents indicated that they were quite satisfied by work arrangement, while 64 (25 %), of the respondents indicated that there was moderately elaborate work arrangement. Sixty six (66) or (26.8 %) respondents were of the views that work arrangement was marginally elaborate; while 26 (10.6 %) showed there was insignificant elaborate work arrangement before privatization. In comparing the responses across the board, it seems that in TANESCO, work was described to have been quite elaborate by 72.0% while TBL response was just 18.0%. This could be explained by the fact that TANESCO activities were more technical compared to TBL, where activities were less technical. This then resulted in having every activity being handled by a specified technical person. In comparing the questionnaire information with the interview responses, the respondents had this to report (stmt 4.1):

*“Work arrangements pre privatization was done on the basis of usual routine or what one might call ‘business as usual’ mentality, because of long term experience and given the fact that employment contract was on permanent term basis. This business as usual practice made some employees remain in the organization without particular work to do and given the fact that employees were too many in one section.”*

The results from questionnaire are summarized in Table 4.2.

**Table 4.2: Respondents' Experiences on Work Organization pre Privatization**

Was there arrangement for Cadre before a clear each work privatization?	Company Name		Total	
	TBL	TANESCO		
Quite elaborate	Count	18	72	90
	% within Company	14.4%	59.5%	36.6%
Moderately elaborate	Count	32	32	64
	% within Company	25.6%	26.4%	26.0%
Marginally elaborate	Count	58	8	66
	% within Company	46.4%	6.6%	26.8%
Insignificantly elaborate	Count	17	9	26
	% within Company	13.6%	7.4%	10.6%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

On the other hand, responses post privatization indicated that work arrangements were quite elaborate and moderately elaborate by 112 (45.6 %) and 85 (36.8 %), respectively. Other respondents 33 or (13.4 %) and 6 or (2.4 %), indicated that work arrangement was marginally elaborate and insignificantly elaborate, respectively. This implied that there were more elaborate work arrangements during post privatization when compared to pre privatization era. When we compared the situation in TANESCO and TBL, it featured out clearly that, the situation at TANESCO was more elaborate and focused, than it was at TBL. The explanation one may give was the fact that job activities at TANESCO were more technical, and required more specialized knowledge than it was at TBL, where there were several tasks of routine nature like machine operator. In an effort to complement this observation with data from the interviewees, one of them commented that (stmt 4: 2):

*“During public enterprise period, there were just too many people attached to one type of job such that one could not tell exactly who was responsible for what tasks. This resulted into moon lighting i.e staying idle sometimes without having something to do or at times production inputs were not available or machinery was broken down and spare parts had to await government approval (my translation).”*

Further observations to this effect pointed out that, work organization post privatization had changed drastically, given the fact that the number of employees had been reduced due to pre privatization lay offs and normal turn over. As such according to another source (stmt 4.3):

*“Investors were making maximum utilization of the available labour force, by ensuring that they occupy us through out with tight schedules, heavy load, and in most cases jobs were now assigned to people with requisite skills, unlike the pre privatization when people were assigned duties without much thought to their skills and competence. More over, employment contract post privatization tended to be of contract nature rather than permanent contract. On the other hand working tools and facilities have improved substantially, as it featured out clearly from their responses (my translation)].”*

Again, in comparing the responses across the two companies, there were variations between TANESCO and TBL. While there was significant change at TBL (66.4%), in TANESCO response to the same effect was just 24%. Again, while TBL level of significance was 18.4% TANESCO had 59.5% to the same effect. This was translated as an indication that the nature of the jobs also had influenced employees’ responses, because it was not easy to share jobs within TANESCO as it was at TBL, where most of the jobs were of routine nature. The findings are summarized in Table 4.3.

**Table 4.3: Respondents' Experiences on Work Organization post Privatization**

Have there Changes after been any privatization?			Company Name		Total
			TBL	TANESCO	
Quite significant	Count		83	29	112
	% within Company		66.4%	24.0%	45.5%
Significant	Count		23	72	95
	% within Company		18.4%	59.5%	38.6%
Insignificant	Count		13	20	33
	% within Company		10.4%	16.5%	13.4%
Quite insignificant	Count		6	0	6
	% within Company		4.8%	.0%	2.4%
Total	Count		125	121	246
	% within Company		100.0%	100.0%	100.0%

Source: Field Data 2009

#### 4.1.5.2 Respondents' Experiences on Intensity of Work pre and post Privatization

Responses from FGD interviews were similar across the organizations concerning work intensity in the period before privatization as cited by this respondent (stmt 4.4):

*The period before privatization was characterized by loosely monitored work schedules, poor working environment, lack of sufficient work, due to reasons related to lack of production gears, spare parts, raw materials or break down of machinery. This caused work stoppage awaiting allocation of foreign currency from treasury etc. As a result the working place was a meeting place to be told what would follow next (my translation)".*

It will be recalled that the situation in almost all PE's was similar across the organization due to the nature of controls which surrounded PE's, including those of

financial control especially the foreign currency component, which had to be approved by treasury registrar. Such controls have been taken as serious setback to the operations of PE's in Tanzania. In a bid to supplement the findings from FGD interviews, I turned to the questionnaire responses on the same attribute. Respondents totaling 246 responded to this question from the two companies, which were under study. A scale point of 1 – 5 was used to assess their experiences concerning the nature of work in terms of its intensity (i.e. work load, tightness of schedules, and working hours), in the period before privatization and after privatization. Respondents reacting to the situation pre privatization indicated that there was less intensity in their work, as when compared to the period post privatization. Statistically, responses were as follows:

Twenty two (22) respondents or 8.9% and 76 (30.9 %), indicated work intensity to have been quite intensive and moderately intensive, respectively, while 84 (34.1 %), 52 (21.1 %) and 12 (4.9 %), indicated to be Intensive, lowly intensive and very low intensity respectively. The general picture one gets is that job intensity was generally low pre privatization. Employees reported that there was very much time free for various reasons, as discussed earlier above, either due to machine break down pending the procurement of repair parts, or lack of raw materials in which case production had to stop or any other reason. The fact that there were moderate levels of work intensity and intensity at the same time was explained by the fact that when inputs had been secured after a given period of stoppage, intensive efforts would be directed towards meeting dead lines and meeting work orders which had not been submitted to the clients. Table 4.4 summarizes the findings to this effect.

**Table 4.4: Respondents' Experiences on job intensity before privatization \***

Nature of Pre-privatization Job Intensity			Company Name		Total
			TBL	TANESCO	
Quite intensive	Count		2	20	22
	% within Company		1.6%	16.5%	8.9%
Moderately intensive	Count		32	44	76
	% within Company		25.6%	36.4%	30.9%
Intensive	Count		57	27	84
	% within Company		45.6%	22.3%	34.1%
Low intensity	Count		22	30	52
	% within Company		17.6%	24.8%	21.1%
Very low intensity	Count		12	0	12
	% within Company		9.6%	.0%	4.9%
Total	Count		125	121	246
	% within Company		100.0%	100.0%	100.0%

Source: Field Data, (2009)

The researcher wanted to capture the respondents' reactions with regard to level of work intensity post privatization. One of the interviewee responded in the following words (stmt 4.5):

*Modality of performing jobs in the privatized companies has changed drastically following higher work demands, long working hours, tight schedules and high production targets which have to be met by all means. This situation has been aggravated by few workers performing extra duties which were earlier on performed by the employees who were declared redundant, and also due to machine automation in certain incidences (own translation)*

It was also imperative to portray the reactions of the respondents towards the same question in the eve of privatization. Respondents to the tune of 107 cases or (43.5 %)



and 75 (30.5 %), responded to the same question indicating quite intensive and moderately intensive, respectively. The rest 45 (18.3 %), 16 (6.5 %) and 3 (1.2 %), responded to job intensity as being Intensive, low intensity and very low intensity, respectively. Impliedly, the data portrays a picture which has been frequently heard about the intensity of jobs, heavy work loads and tight schedules and longer working hours, from private companies.

In fact if we may supplement this contention with our own experiences during the time for data collection, one may acknowledge the difficulty we endured to get questionnaire respondents in the two companies. This was because supervisors preferred questionnaires to be distributed to respondents after their work schedules so that they could be filled at their own spare time, but not during working hours, as it would interfere with production targets.

More over, all interview schedules with some respondents were to be conducted during employees' spare times, mainly, during the week ends and public holidays. This tight control was testimony of how tight work schedules and intensity had been. Table 4.5 summarizes the findings.

**Table 4.5: Respondents' views on job intensity Nature post privatization**

Nature of Job Intensity	Company Name		Total	
	TBL	TANESCO		
Quite intensive	Count	43	64	107
	% within Company	34.4%	52.9%	43.5%
Moderately intensive	Count	43	32	75
	% within Company	34.4%	26.4%	30.5%
Marginally Intensive	Count	29	16	45
	% within Company	23.2%	13.2%	18.3%
Low intensity	Count	7	9	16
	% within Company	5.6%	7.4%	6.5%
Very low intensity	Count	3	0	3
	% within Company	2.4%	.0%	1.2%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

At another level it was important to observe the emerging variations between cases. While it was quite clear that the level of intensity differed even between companies, showing that work schedules at TBL differed substantially from those of TANESCO. The explanation one gets from this variation can be explained on the basis of the nature and mode of divestiture used. TANESCO was having a Management Contract, implying that Net Group Solutions owned the management related tasks, while those of production per se more or less were conducted as a public company, and mostly retained features of public company when compared to TBL. The variation may not be so significant but there were such variations.

#### **4.1.5.3 Respondents' Revelations on the Status of Safety and Health at the work Place During pre and Post Privatization**

The question required the respondents to assess the employees' QWL, before and after privatization, taking queue of safety and health of the employees. Safety

programmes were associated with the prevention of accidents and with minimizing the resulting loss or damage to person or property (Armstrong, 2008). Bibbings (2003) views health and safety programmes at the work place as concerned with risks and hazards minimization, so as to have a working environment which is “free from any danger or any harm.” So the employees were asked to describe the health and safety matters pertaining to their organization before and after privatization. One respondent from TANESCO, had this narration about the situation before privatization (stmt 4.6):

*“The period before privatization was surrounded by sheer negligence, working facilities and tools were not available protective gears of all sorts were missing, while safety precautions were insufficient. We subordinates were exposed to several risks which could cause one to lose life at any time as it was the case with .our colleagues who were electrocuted because of lack of safety gears (own translation)*

The researcher complemented the interview responses with a questionnaire instrument responses using Likert’s scale 1 – 5. The respondents reported the following situation in the two PPE’s before privatization. A small proportion of respondents totaling 27 or (11 %) and 62 or (25.2 %), indicated to have quite high and moderate satisfaction, respectively, with the status of safety and health in their work places pre privatization. The rest 86 (35 %), 55 (22.4 %), and 16 (6.5 %), indicated their level of satisfaction with health and safety situation at the work place pre privatization, as being less satisfied, dissatisfied and quite dissatisfied, respectively. Over all the level of satisfaction was found to be below average. These results were not seen as a surprise, given the actual prevailing situation in PE’s before privatization. Surprisingly, those who responded to the questionnaire had

contrasting views compared to those whom I interviewed face to face, as one FGD interviewee reported (stmt 4.7a):

*“Our work is so risky that, it would require one to be insured as he or she gets involved in the works we are engaged in, which are so vulnerable to all forms of life dangers. Yet we work without being insured, and if one gets involved in an accident, the family only benefits from the work man’s compensation policy which contributes only a small amount for the damages an individual suffers (own translation)].”*

When they were asked why they thought that the health and safety status of their companies were not satisfactory, one of them explained that (stmt 4.7b):

*“Except for the Health and Safety Act, which after all was observed minimally, there were no company health policy, there were no practices for risk assessment, occupational health programmes, stress management or safety and health audits, which are important indicators for a well caring company ( own translation)].”*

These findings may reflect the general trend of the situation that prevailed in the PE’s before they were privatized. In some situations, it was not possible to meet the requirements of the Health and Safety nature, as such what was provided in terms of Safety and Health, were the minimal requirements according to the law. The findings from the field data are summarized in Figure 4.1:



**Figure 4.1: Health and Safety of Work Place before Privatization**

Source: Field Data, 2009

On the other hand, respondents to the tune of 87 (35.4 %) and 66 (26.8 %), were for Quite satisfactory and moderately satisfactory respectively. So over all, the respondents were more satisfied by the safety and health situation at the work organizations post privatization. These findings were in contrast with what the researcher had expected. The rest of the respondents indicated that, they were less satisfied 57 or 23.2 %, dissatisfied 36 or 14.6 % and quite dissatisfied 36 or 14.6 %, respectively. Over all, the Safety and Health situation at these companies had improved substantially, post privatization, compared to the situation before privatization. Responding to the same question, interviewees had the following views, with regard to measure towards improved safety post privatization (stmt 4.8):

*“Working tools and facilities had improved substantially and there fore risks were as well reduced. New machines had been installed some of them were automated such that once an unusual situation was experienced, it either stopped immediately or it raised an alarm to indicate that there was something wrong some where (own translation)”.*

The situation which has been described by this interviewee could be seen very vividly during the time of industrial visits and in fact, it was quite representative of the statement of this respondent. But when the researcher inquired from a female respondent, she said that (stmt 4.9):

*“the investors had not done any thing so strange, but have just come and enforced the existing safety and health rules and regulations, they have been very strict with some regulations example no smoking rule while at the work premises, no drinking during working hours for the case of TBL, or coming to work while drunk is serious offence, no conversation while operating a machine (more over,no time for loitering and moving to your colleagues place of work) etc. In fact investors have just come to implement what the pre privatization management failed to implement”(own translation).*

The other respondent was so candid and pointed out clearly, that (stmt 4.10):

*“There were several issues which operated under what they call ”zero tolerance” parameters, implying that there is no excuse what so ever in violating some rules which are meant for enhancing safety and reducing risks for example, leaving a machine running and moving away even within a very short distance, that would attract heavy penalties and sanctions (own translation).”*

The documentary evidence available attested to the statement narrated by respondent (stmt 4.10) above, because in TBL all its plants participated in National Occupational and Safety Audit (NOSA) grading programme in nterms of health and safety at the

work place in 2010. The results were that all TBL plants achieved a five star rating. It was also reported that TBL won the Occupational Safety and Health Authority (OSHA) award in 2011 (TBL, 2011). In 2012 again TBL was awarded and recognized as as one of the safest place to work by National Occupational Safety Audit (NOSA) and the National Occupational Safety and Health Authority (OSHA) (TBL, 2012). Turning to TANESCO, it was revealed by one interviewee that (stmt 4.11):

*“In TANESCO for example, there was a safety promotion programme, which was conducted from time to time to help employees cope with safety precautions with a bid to reduce vulnerability to hazards. It had gone to the extent of having competition between regions by assessing how far a particular region had been able to reduce or eliminate accidents, and those who emerged winners were given prizes (own translation).”*

For example, TANESCO seemed to be more concerned with safety issues due to the nature of their activities which to a large extent were vulnerable to accidents if enough precaution was not taken to prevent such accidents. TBL on the other hand had a holistic concern with the safety and health of its people, in view of risks associated with their jobs and even safety and health issues of general nature, example HIV/AIDS prevention within the workforce. It was also revealed by another respondent, who was a line manager that (stmt 4.12):

*“TBL had introduced a Human Resources Operations Model (HROM), which aimed at upgrading the Human Resources Management capability to ensure a true partnership approach with line managers to drive competency development and improved performance. It also involved recruiting HIV/AIDS Peer Educators which aimed at reducing HIV risk and contamination (own translation).”*

**Table 4.6: Respondents' Report on Health and Safety Practice after Privatization**

Health and Privatization Safety post		Company Name		
		TBL	TANESCO	Total
Quite satisfied	Count	50	37	87
	% within Company	40.0%	30.6%	35.4%
Moderately satisfied	Count	37	29	66
	% within Company	29.6%	24.0%	26.8%
Less Satisfied	Count	32	25	57
	% within Company	25.6%	20.7%	23.2%
Dissatisfied	Count	6	30	36
	% within Company	4.8%	24.8%	14.6%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

#### 4.1.5.4 Respondents' Revelations on the Stress at the Work place pre- and Post Privatization

The question was interested in eliciting information from respondents with regard to whether they experienced job related stress in their activities or not. Stress was one attribute among many others which were related to QWL, and which contributed immensely to better conditions of work and therefore one's well being. Stressful situation was interpreted as one which was engulfed with heavy work load, long working hours, shift or night duties, tight schedules and sporadic deadlines, lack of work – family life balance and generally lacking flexibility. Absence of stress in the individual, the better the performance and the higher the QWL. When a job becomes stressful one can not perform his/her normal duties effectively, and in fact when stress is excessive it results into illness or poor health (Armstrong, 2008). Respondents were required to indicate by using Likert's scale 1 – 5 how stressful



their work was, before and after privatization. There were 246 respondents to this question, with 18 cases or 7.3 % indicating highly stressful, 59 or 24 %, indicating moderately stressful. The rest 90 or 36.6 % and 79 or 32.1 % reported stressful and less stressful, respectively. There was no response in the category of least stressful. Over all, it seemed the work related stress was on the average, not very high not very low. This was expected since most of the organizations were operating below capacity and therefore, it was not possible to experience work related stress. However, there was stressful situation which resulted from social life experiences, for example delayed salary payments or other benefits due to unmet expectations. Normally, employees came into the work place with certain expectations or interests to be fulfilled; when these interests were not fulfilled one was likely to experience frustrations and therefore stressful situation. For example, a poorly designed job would result into boredom, lack of challenge and interest on the side of job doer, which as a result would cause a stressful situation.

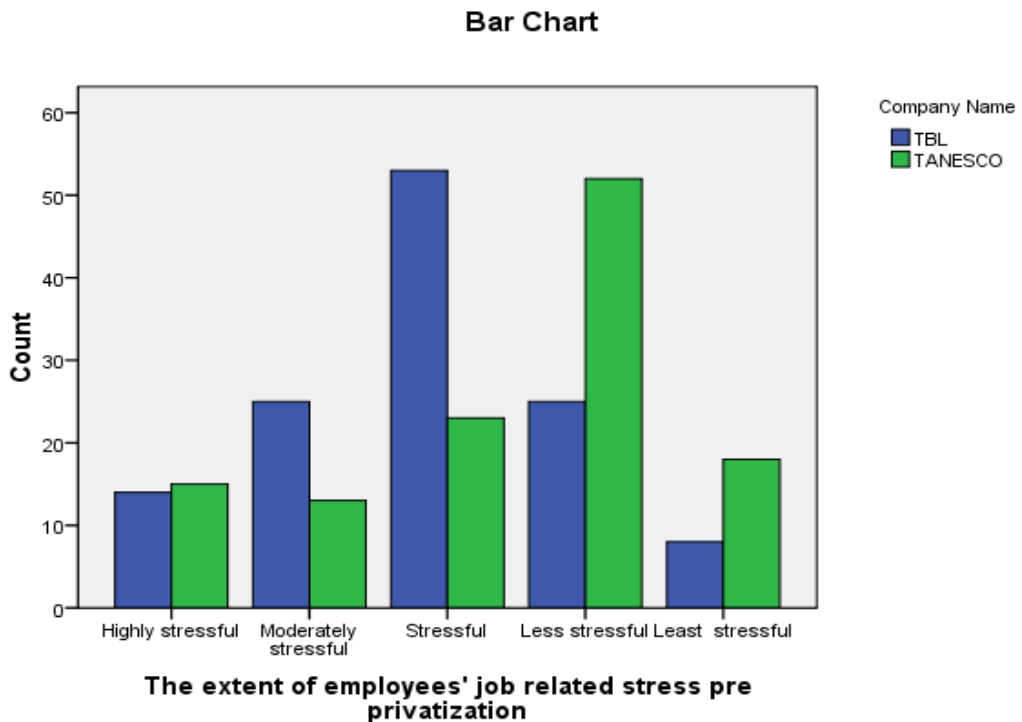
From a Focus Group Discussion (FGD), some of the issues raised hinged on the following aspects (4.13):

*“When you work under a manager or supervisor who does not support your initiatives for career growth you will definitely see no worth of the job you are doing, and this creates stressful situation. Some of us have stayed for more than ten years without attending any training programme or attend a seminar, some thing which really demoralizes (own translation)”*

Such social life experiences had a lot to contribute towards ones welfare and job satisfaction, as this FGD participant observed (stmt 4.14):

*“Subordinates – superior relationships are important recipes for one’s satisfaction. But in some situations you find that the superiors do not take you serious as people who matter in the organizational health. Under such a situation you are not involved in any decisions, nor are you informed of any important decisions about an organization, but you see things just happening and in most cases you are not consulted nor given information about the actual condition of work (my translation).”*

In view of the situation that has been described above, management has the responsibility of ensuring that they have developed strategies for managing stress at the work place, because persistent stressful environment hinders productivity, effectiveness and efficiency. For a better QWL the organization through its management try to understand the causes for stress and measures to reduce it or eliminate it be taken. The findings of this question are summarized in Figure 4.2.



**Source: Field Data 2009**

On the other hand, of the 246 respondents to this question, 58 (46.4%) and 47 (38.8%), respectively, for TBL and TANESCO, indicated that the situation post privatization was quite stressful. Other respondents to the tune of 44 (35.2%) and 39 (32.2%) for TBL and TANESCO respectively, indicated moderately stressful. The rest 25 or 10.2 % and 18 or 7.5 % and 15 or 6.1%, reported stressful, less stressful, and least stressful, respectively.. Over all, it seemed the work related stress was relatively high post privatization. The results seemed to be evenly distributed across case studies, indicating that almost all the cases experienced a similar situation. When the researcher cross checked the information obtained with interview response, he got the following revelations (stmt 4.15):

*“Investors were making maximum utilization of the available labour force, by ensuring that they occupy us through out with tight schedules, heavy work load, and in most cases jobs were now assigned to people with requisite skills, unlike the pre privatization when people were assigned duties without much thought to their skills and competence. On the other hand working tools and facilities have improved substantially, as it featured out clearly from their responses (own translation)”*.

The findings as collected from the respondents’ questionnaire are summarized in Table 4.7.

**Table 4.7: Respondents' Perception on Employees' job Related Stress Post Privatization**

The extent of Stress job related		Company Name		Total
		TBL	TANESCO	
Highly stressful	Count	58	47	105
	% within Company	46.4%	38.8%	42.7%
Moderately stressful	Count	44	39	83
	% within Company	35.2%	32.2%	33.7%
Stressful	Count	7	18	25
	% within Company	5.6%	14.9%	10.2%
Less stressful	Count	12	6	18
	% within Company	9.6%	5.0%	7.3%
Least stressful	Count	4	11	15
	% within Company	3.2%	9.1%	6.1%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

#### **4.1.5.5 Respondents' Feeling about Employees – Supervisor Relationships pre and Post privatization**

This aspect was considered in view of the relationships which develop between the employees and their supervisors which are more informal in nature. These are the type of relationships which take place when ever a line manager or supervisor is handling the day to day activities and the resultant grievance handling arising out of such relationships. Such issues may involve methods of work, allocation of overtime and work, working conditions, health and safety, discipline, attaining standard quality etc. Supervisors are supposed to handle these issues at shop floor without necessarily resorting to formal grievance or complain procedure, by involving shop steward and individual employee in resolving them amicably, to the satisfaction of each party. Employees were required to assess their level of satisfaction with the informal employee relationships and degree of support they received from their

supervisors, during the period before and after privatization. The survey involved 246 respondents, and indicated that, over all 29.7% with a split percentage of 28.8% and 30.6% for TBL and TANESCO respectively, were quite satisfied with their informal relationships with their supervisors and the support they received from them on the day to day basis. Sixty three (63) counts or 25.6% with a split count of 21 or 16.8% and 42 or 34.7% perceived their relationships with their supervisors as being moderately satisfactory for the case of TBL and TANESCO respectively. A small percentage 13.4% with a split percentage of 26.4% and 0% for TBL and TANESCO respectively, indicated their level as being satisfactory. The rest i.e. 20.3% and 11% registered their level of satisfaction as being dissatisfactory and quite dissatisfactory respectively. Over all, respondents registered cumulative satisfaction with supervisors by 68.7% with split cumulative percentage of 72% and 68.7% respectively, for TBL and TANESCO, respectively. Over all, there were no significant disparities between the two different modes of privatization with regard to this variable. Table 4.8 summarizes the findings:

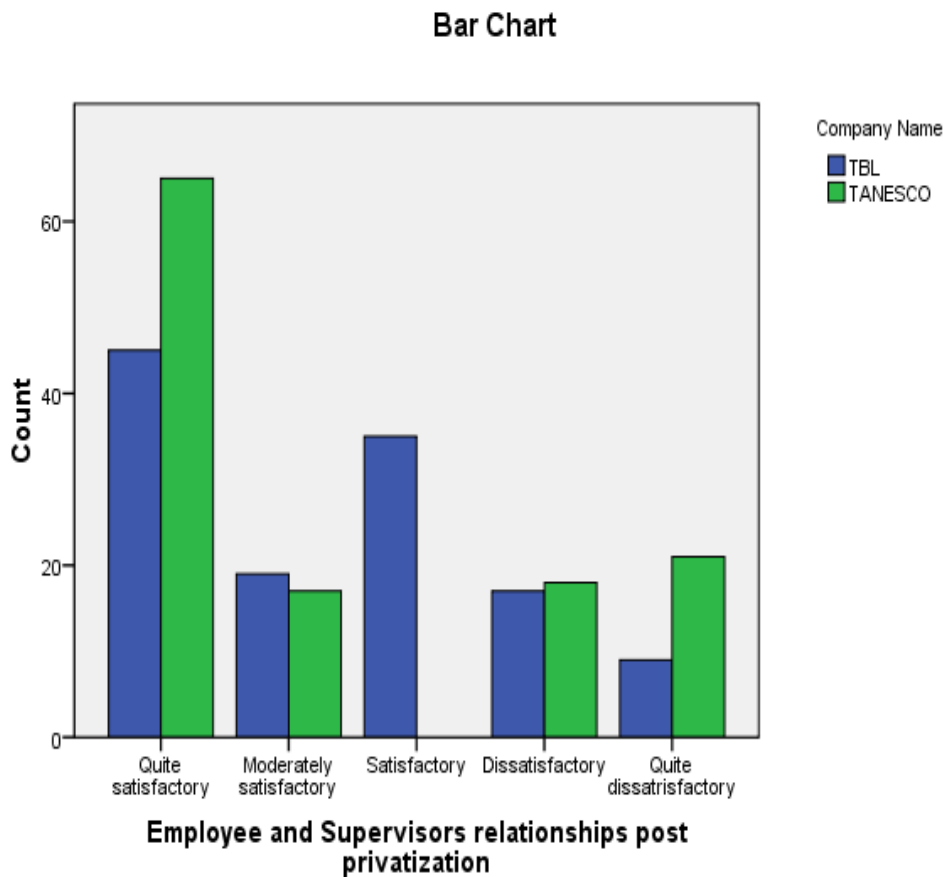
**Table 4.8: Employee and Supervisors Relationships before Privatization**

		Company Name		Total
		TBL	TANESCO	
Quite satisfactory	Count	36	37	73
	% within Company	28.8%	30.6%	29.7%
Moderately satisfactory	Count	21	42	63
	% within Company	16.8%	34.7%	25.6%
Satisfactory	Count	33	0	33
	% within Company	26.4%	.0%	13.4%
Dissatisfactory	Count	19	31	50
	% within Company	15.2%	25.6%	20.3%
Quite dissatisfactory	Count	16	11	27
	% within Company	12.8%	9.1%	11.0%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

A similar questionnaire was answered by employees who had survived the privatization exercise. Of the 246 respondents who were surveyed, 110 counts or 44.7% indicated that their relationships with their supervisors were quite satisfactory, with split counts of 45 or 36% and 65 or 53.7%, for TBL and TANESCO, respectively. Moderately satisfactory category attracted 36 counts over all, equivalent to 14.6%, while satisfactory category attracted 35 counts (mainly from TBL), and equivalent to 14.2%. The rest, 26.4% over all, indicated their informal relationships with their supervisors as being dissatisfactory and quite dissatisfactory, with a split percentage of 20.8% and 32.3% for TBL and TANESCO, respectively. Over all, those who approved the relationships as being between satisfactory and quite satisfactory accounted for 73.5%, with a split percentage of the same being 79.2% and 67.7% for TBL and TANESCO respectively. This again implies that there were no significant disparities between the two modes of privatization. Again, with these

findings, one could not also establish a significant difference in perception between respondents during the period before privatization and the period after privatization. The findings collected from the questionnaire are summarized in Figure 4.3.



**Figure 4.3: Employees - Supervisors' Relationships post Privatization**

#### **4.2.1 The Implications of Privatization on Employees' QWL in Relation to Conditions of Work II (CONDWRK II) pre and post Privatization**

The study also sought information on Conditions of Work II proxied as (CONDWRK II), which were covered by second Research Question, and explored the perceptual views with regard to Conditions of Work II. These were covered by Research Question 2:

What are the QWL implications of privatization on employees' Conditions of Work II (CONDWRK II) dimension, in relation to commitment to the organization, participation, information sharing and communication, and employer of choice view, before and after privatization? The section that follows reports on findings in the four aspects of CONDWRK II.

#### **4.2.1.1 Respondents' Level of Commitment with the Organization's Vision and Mission, pre and Post Privatization.**

Organizational commitment is the relative strength of the individual's identification with, and the involvement in, a particular organization. It consists of three main things namely: (Armstrong, 2008; Guest, 1987; Salancik, 1977):

- A strong desire to remain a member of the organization;
- A strong belief in, and acceptance of, the values and goals of the organization;
- A readiness to exert considerable effort on behalf of the organization.

Salancik, (1977) cited in Armstrong, (2008), further points out that "commitment is a state of being, in which an individual becomes bound by his actions to beliefs that suit his activities and his own involvement". According to this view, commitment can be increased and harnessed to obtain support for organizational ends and interests. In the current study, the researcher wanted to elicit information from employees' feelings on their commitment to the vision and mission of their organizations, pre privatization. The study involved 246 respondents who gave their views with regard to the aspect of commitment to the organization's vision and mission. Over all, 41 respondents or 16.7% had feelings that they had very high commitments to the organization interests, while another 92 representing 37.4%



were moderately committed, with a split percentage of 27.2% and 47.9%, respectively for TBL and TANESCO indicated that they were lowly and very lowly committed to the organization vision and mission. This was in conformity with the interview response I received from one interviewee (stmt 4.16):

*“Despite our organization being a public corporation, we could not put our full trust and commitment to the organization whose future was not known. The lack of continuity in production, and an insecure pay and benefit system was one of the reasons for lacking confidence and trust with the organization (own translation).”*

The responses from the questionnaire for this particular attribute are summarized in Table 4.9.

**Table 4.9: Respondents' Feelings on Employees' Commitment to Organization's Vision during pre Privatization**

The extent of Commitment to employees' the organization	Company Name		Total
	TBL	TANESCO	
Very high Commitment Count within Company	8 6.4%	33 27.3%	41 16.7%
Moderately high Commitment Count within Company	34 27.2%	58 47.9%	92 37.4%
Low Commitment Count within Company	48 38.4%	23 19.0%	71 28.9%
Very low Commitment Count within Company	35 28.0%	7 5.8%	42 17.1%
Total Count within Company	125 100.0%	121 100.0%	246 100.0%

Source: Field Data, 2009

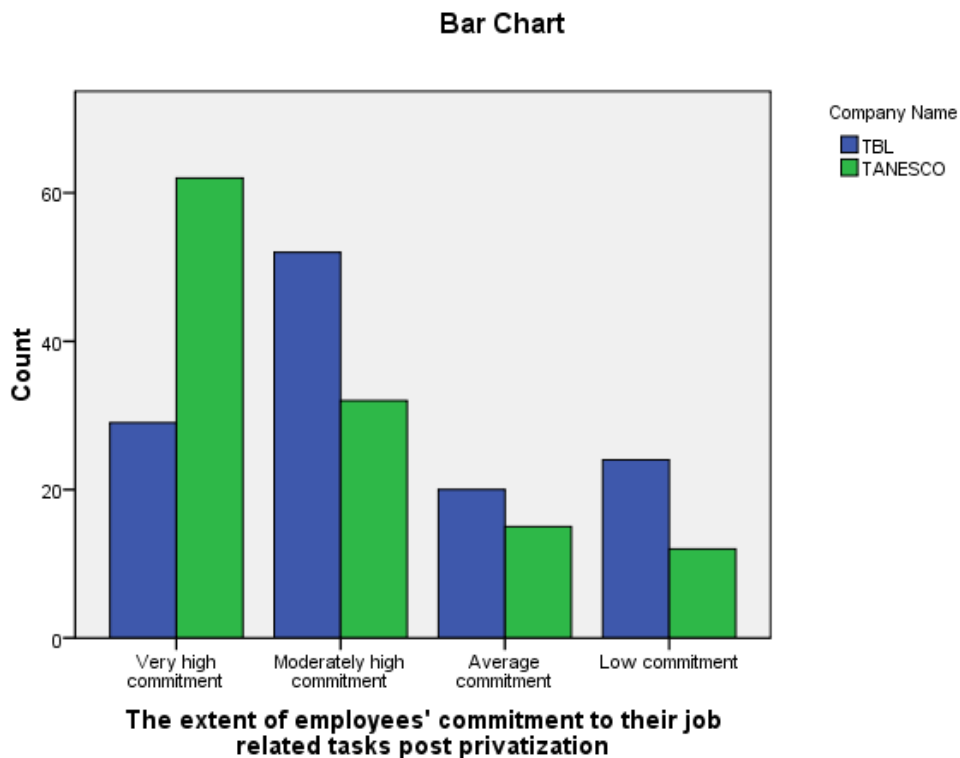
The researcher also wanted to assess the employees' reactions to the aspect of commitment to the organization's vision and mission post privatization. Using Likert's scale of 1-5 to assess their level of commitment, Over a the researcher obtained the following results: Over all, 37% of the respondents, with a split percentage of 23.2% and 51.2% for TBL and TANESCO, respectively, indicated to have very high commitment, while 34.1% with a split percentage of 41.6% and 26.4%, for TBL and TANESCO, respectively showed that they had moderately high commitment to the organization's vision and mission. This implied that over all, they had moderate commitment to the organization's interests. Fourteen (14.2%), indicated that they had average commitment to the organization's vision and mission,

again with a split percentage within company of 16 % and 12.4% for TBL and TANESCO respectively. The rest i.e. 14.6% with a split percentage of 19.2% and 9.9% for TBL and TANESCO, respectively, indicated that they had low commitment to the organization's vision and mission. There were no responses for very low commitment. Comparatively, there seemed to be no significant differences from the two categories of respondents between the pre privatization period and post privatization period. For cumulative response for average to very high commitment, 83% of the respondents registered for the three scales, while the cumulative response for average to very high commitment post privatization was 85.3%. However, there seemed to exist sharp differences within companies; for example, while a high percentage of 41.6% for TANESCO, had moderately high commitment, TBL had 26.4% in the same response. Also, while TANESCO had 51.2% responses for very high commitment, TBL had 23.2% on the same variable. Again, while TANESCO had low percentage of 9.9% for those who indicated low commitment, TBL had 19.2% for the same variable. But, again, over all, employees showed to have commitment to their organization's vision and mission.

The researcher also wanted to complement the views contained in the questionnaire with interview responses and one of the respondents had this to say (stmt 4.17):

*“Personally, I am more committed to the organization's vision and mission, because, as an employee my future with the organization is more guaranteed than it was before privatization. Currently, one can take a loan and be able to repay while working with the organization, as such this gives me an inspiration to commit myself fully to the goals and objectives of the organization (own translation).”*

The above situation reflects the widely held views that employees are more committed to organization's goals if the organization guarantees the employees their livelihood and welfare. Purcell, (2003), cited in Armstrong (2008), has identified factors affecting the level of commitment at functional (HR policy level), include staffing based on employment stabilization; investment in training and development and contingent compensation that reinforces cooperation, participation and contribution. So there was close relationship between employees' future expectations and his/her commitment to the organization. The summary for the data collected from the questionnaire is presented in Figure 4.6.



**Figure 4.4: Employees' Commitment to their Organization post Privatization**

#### **4.2.1.2 Respondents' Perceptions on their Organization as an 'Employer of Choice' pre and post Privatization**

The study also wanted to test the employees' regard for their organization as an 'employer of choice' in the period before privatization. The concept of 'employer of choice' was literally defined as a place of work where employees felt comfortable to work as the first preference. It was contrasted with 'alternative employer' i.e. a place where one would work only as an alternative to other places, and where he or she would vacate immediately as another more attractive employer was available. For example, no one would say that a mortuary attendant, chose the profession as his/her first preference, but would go for it when there was no any other alternative. Sears (2001:396), described it as a "place where people prefer to work, by developing a value proposition which communicates what the organization can offer its employees as a 'great place to work'". It is a place with the following attributes (Sears, op. cit.):

- Interesting and rewarding work;
- Opportunities for learning, development and career progression;
- Enhanced future employability because of the company's reputation;
- Better facilities and scope for knowledge workers
- Employment conditions that satisfy work life balance; and
- Reward system that recognizes and values one's contribution

The aims, according to Scarborough, et.al. (2001) are to establish brand images of the organization – how others perceive it, to become employer of choice and to target recruitment and selection to obtain the type of people the organization needs. Responses for this variable were tested on 1-5 point intervals showing the level of agreement with regard to their organizations as 'employer of choice' or employer of

first preference. All the respondents 246 responded to this question. A small percentage of 11% over all, indicated that they regarded their organization as an employer of choice. The responses were split between 12.8% and 9.1% for TBL and TANESCO, respectively, making a cumulative response of 11%. Those who stood for moderately agree, consisted of 26.4% over all, with a split percentage of 24.8% and 28.1% for TBL and TANESCO, respectively. A simple majority of 35.4% with a split percentage of 38.4% and 32.2% for TBL and TANESCO, respectively, indicated that they agreed. The perception of respondents was almost similar in this variable. Another small percentage of respondents accounting for 22% and 5.3%, indicated their responses as disagree and strongly disagree, respectively. There was a percentage split of 16.4% and 25.6% Disagree, with respect to TBL and TANESCO, respectively, while strongly disagree, accounted for 5.5% and 5% for TBL and TANESCO respectively.

One interviewee had the following statement with regard to his organization being regarded as 'employer of choice' (stmt 4.18):

*“This company was not an attractive employer to work for, only that we who are lowly educated have narrow chances of being employed somewhere else, unlike our colleagues who are relatively more educated. Otherwise there was no reason continuing to work for this employer for all this long (own translation).”*

The results were quite representative of the actual situation in the organizations, as one would not expect the majority to be in favour of the situation by then. The summary of the findings is presented in Table 4.10.

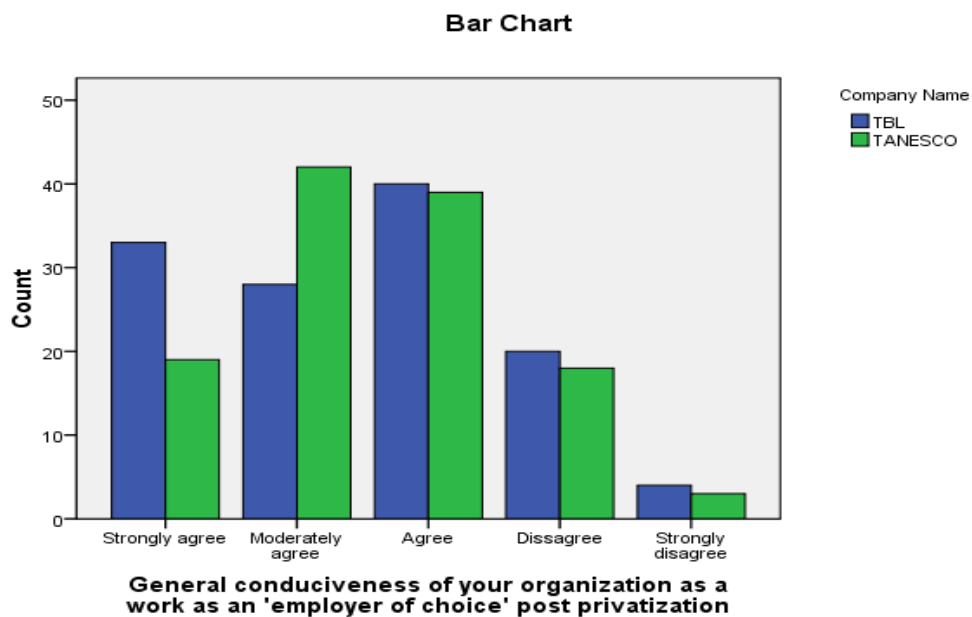
**Table 4.10: Respondents' satisfaction with their organization as an 'employer of choice' pre privatization**

Status of Choice' 'employer of		Company Name		Total
		TBL	TANESCO	
<b>Strongly agree</b>	Count % within Company	33 26.4%	19 15.7%	52 21.1%
<b>Moderately agree</b>	Count % within Company	28 22.4%	42 34.7%	70 28.5%
<b>Agree</b>	Count % within Company	40 32.0%	39 32.2%	79 32.1%
<b>Disagree</b>	Count % within Company	20 16.0%	18 14.9%	38 15.4%
<b>Strongly disagree</b>	Count % within Company	4 3.2%	3 2.5%	7 2.8%
<b>Total</b>	Count % within Company	125 100.0%	121 100.0%	246 100.0%

Source: Field Data, 2009

The study also intended to explore the perceptions of employees during post privatization, with regard to this variable. Again, all 246 respondents responded to this question. Over all 11% of the respondents indicated that they were strongly in agreement with the statement, implying that they considered their organization as possible 'employer of choice'. This represented a split percentage of 12.8% and 9.1% for TBL and TANESCO, respectively. On the other hand, 65 respondents representing 26.4% opined that they moderately agreed, with a split count of 31 (24.8%) and 34 (28.1%), with respect to TBL and TANESCO. The majority of the respondents, 87 or 35.4% indicated that they agreed, with split count of 48 or 38.4%

and 39 or 32.2%, for TBL and TANESCO, respectively. This category seemed to draw more respondents. Cumulatively, those who responded for agree to strongly agree, accounted for 72% over all, indicating that the situation post privatization was more suitable for the status of 'employer of choice'. Fifty four (54) or 22% of the respondents were in disagreement with their organizations qualifying to be 'employer of choice'. They had a split percentage of 23 or 16.4% and 31 or 25.6%, with respect to TBL and TANESCO. This was seen as a counterfeit of the earlier assumption that with some improvements which had been brought by privatization, the percentage of those with disagreement would have declined. Finally, there was a small percentage of 5.3% over all, with a split percentage of 5.6% and 5% representing TBL and TANESCO, respectively, who indicated that they were strongly in disagreement for their organizations to be regarded as 'employer of choice'. The findings are summarized in Figure 4.5.



**Figure 4.5: Employees' Perceptions of their Organization as Employer of Choice' post Privatization**



#### **4.1.2.3: Respondents' Satisfaction with Level of Employees' Voice pre and Post Privatization**

Employee participation or employee voice is the whole range of processes and structures which enable and sometimes empower employees, directly or indirectly, to contribute to decision making in the firm (Boxall and Purcell, (2003). It is further emphasized that, employees' voice can be seen as "the ability of employees to influence the actions of the management (Millward, 2000). The concept covers the provision of the employees to register discontent and modify the power of the management. It entails involvement and more importantly, participation. Participation is about employees playing a greater part in the decision making process, by making sure that employees are given opportunities to influence management decisions and to contribute to the improvement of the organizational performance. Ideally, two forms of employee participation exist namely: Representative participation and upward problem solving (Marchington, et. al. (2001) which involves electronic media e.g. intranet, face to face briefing meetings, attitude survey, suggestion scheme and project teams (op. cit.).

The study had the intention of eliciting information with regard to respondents' perception of employees' participation in decision making in terms of representation by unions or through in house arrangements of providing opportunities to influence decisions. A scale of 1- 5 points intervals was used to assess respondents' perception of participation in decision making during the period before privatization. Two hundred and forty six respondents (246), who were involved in this study responded to this question. Over all, 45 (18.3%), of the respondents indicated their participation

as being Quite frequent, with the split percentage of 26.4% and 9.9% for TBL and TANESCO respectively. Eighty four (84) cases representing 34.1%, with split percentage of 38.4% and 29.8% for TBL and TANESCO, respectively, indicated the level of participation as being moderately frequent. On the other hand, 19 counts or 15.2% within TBL and 31 counts or 25.6% within TANESCO, indicated their level of participation as being marginally frequent. On the whole, respondents indicated the level of participation with cumulative percentage of 72.7% as being quite frequently and moderately frequently. The rest i.e. 18.3% with a split percentage 12% and 24.8% for TBL and TANESCO, respectively, perceived their level of participation as being infrequent, while another 8% and 9.9% for TBL and TANESCO, respectively, assessed their participation as being Quite infrequent. Over all, 27.2% judged their participation as being infrequent. Table 4.11 summarizes the findings.

**Table 4.11: Employees' participation in decision making pre privatization**

Level of participation			Company Name		Total
			TBL	TANESCO	
Quite frequently	Count		33	12	45
	% within Company		26.4%	9.9%	18.3%
Moderately frequently	Count		48	36	84
	% within Company		38.4%	29.8%	34.1%
Marginally frequently	Count		19	31	50
	% within Company		15.2%	25.6%	20.3%
Infrequently	Count		15	30	45
	% within Company		12.0%	24.8%	18.3%
Quite infrequently	Count		10	12	22
	% within Company		8.0%	9.9%	8.9%
<b>Total</b>	Count		125	121	246
	% within Company		100.0%	100.0%	100.0%

**Source: Field Data, 2009**

The study also wanted to assess the level of employees' participation in decision making during post privatization. The underlying assumption was that the level of participation in decision making was likely to be compromised under private ownership, as when compared to public ownership. Over all, 246 respondents responded to this question. Using the 1 – 5 points intervals, respondents were supposed to assess the level of participation during the period after privatization. Respondents accounting for 41.9% over all, indicated that their level of participation in decision making was Quite frequent, with a percentage split of 60.8% and 22.3% for TBL and TANESCO respectively. Indeed this was a surprise because the results do not represent the initial thinking of what could have happened after privatization. Forty eight (48) cases or 19.5%, with a split count of 23 or 18.4% and 25 or 20.7%, representing TBL and TANESCO, respectively, indicated that they participated moderately frequently. Those who said they participated in decision making marginally frequently, accounted for 11.2% and 17.4% with respect to TBL and TANESCO.

A relatively small percentage of 14.2%, over all, indicated that their participation was infrequent, while 10.2% with a split percentage of 8.8% and 11.6% for TBL and TANESCO respectively, indicated their participation to be quite infrequent, which could also be interpreted as no participation at all. Over all, the level of participation in decision making had increased substantially after privatization compared to the period before privatization. The general picture one gets is that when the two companies were compared across the board, it seemed that TBL was more democratic than TANESCO, which might not be the case under normal

circumstances. There were also efforts to complement the views gathered through questionnaire by interview responses as one of the interviewee reacted (stmt 4.16):

*“Employees were involved in decision making as a way to endorse decisions already taken by higher authorities, because even if they would want some changes they could not effect much changes (own translation)”.*

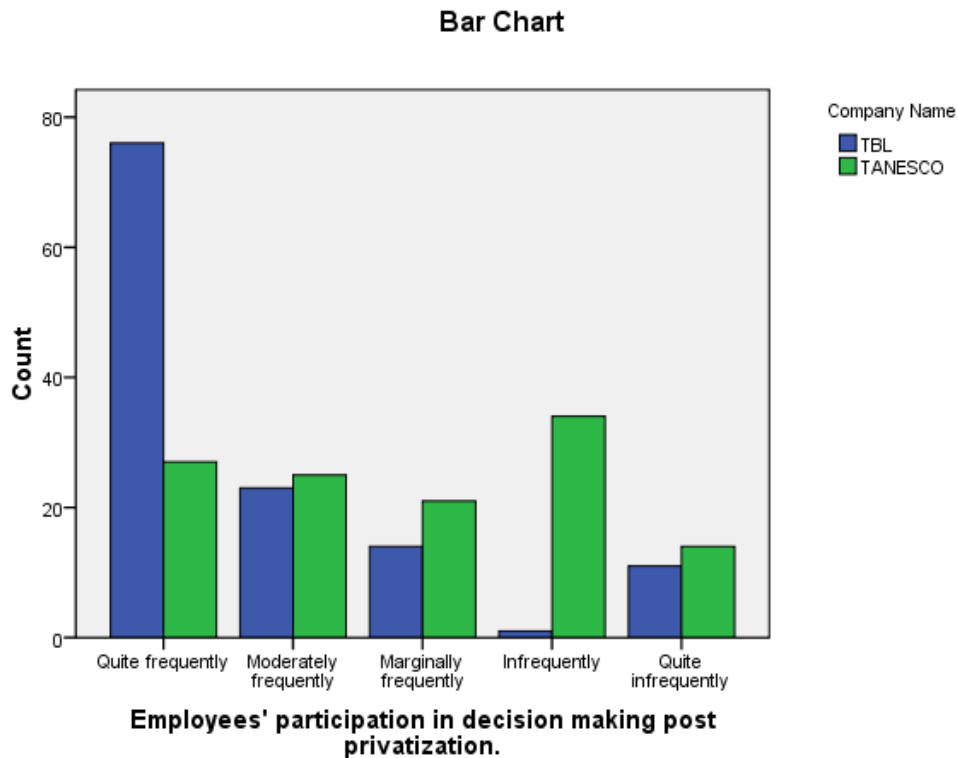
An inquiry from members of FGD in their perception, they more or less made similar allegations to those of the interviewee and commented as follows (stmt 4.17):

*“Major policy decisions are made by the company Board of Directors, while those related to procedures of executing the day to day activities are made by management team. As such when they are brought to the employees, it is only a way of convincing them to adapt and endorse those decisions (own translation).”*

This situation may in certain situation differ from organization to another as Boxall and Purcell, (2003:12) put it:

*“The degree to which employees have voice will differ considerably; at one end of the scale there is unilateral management, where employees have no voice at all. At the other end, employees might have complete self management and control as in cooperatives, although this is rare”.*

The views collected from questionnaire in the field work were summarized in Figure 4.6.



**Figure 4.6: Employees' Voice post privatization**

**Source: Field Data 2010**

#### **4.2.1.4 Respondents' Revelations on Information sharing and Communication pre and post Privatization**

Communication in organizations has been analogous to blood stream in the human being's body. When the veins fail to supply blood to all parts of the body, the human body gets weakened and as a result one may die. Similarly, the organization which does not communicate effectively is likely to be suffocated and at the end it will fail to function. This is the essence of communication. Employees are motivated and energized by getting information promptly and by being consulted on matters which the company wants to undertake. This is always so because, employees have their hidden agenda as they join the organization in terms of expectations. Regular

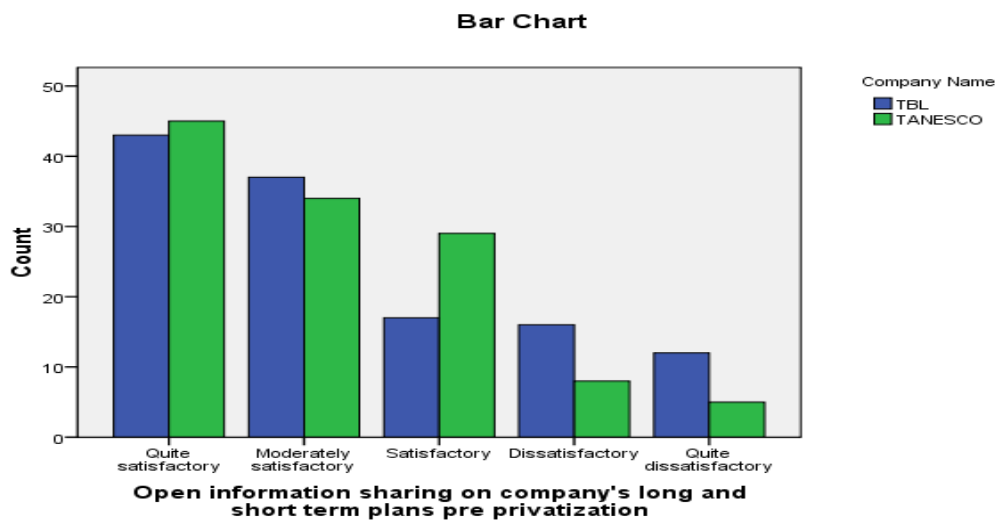
communication and feed back will make employees foresee how closer the company programmes and policies are likely to meet their expectations as well. The respondents were required to indicate their feelings and level of satisfaction, with regard to the adequacy or inadequacy of the flow of information in the organization, with regard to conditions of production, future short term and long terms plans of the organization, level of productivity and successes or failures that the company was going through. Likert's scale of 1 – 5 was used to assess respondents' level of satisfaction with regard to communication and information sharing between management and subordinates before and after privatization. All 246 respondents participated in indicating their level of satisfaction with adequacy or inadequacy of the flow of information and communication between management and subordinates. Data in this question were disaggregated between companies.

Forty three (43) respondents or 34.5% from TBL and 45 or 35% from TANESCO indicated that their level as being quite satisfactory, while 29.6% and 38.1% from TBL and TANESCO respectively indicated to be moderately satisfactory. On the other hand, 13.6% and 24% for TBL and TANESCO respectively, indicated to be satisfactory. The rest (12.8:6.6%); and (9.6:4.1)% for TBL and TANESCO indicated dissatisfactory and quite dissatisfactory, respectively. Over all, 16.7% indicated to be dissatisfied with the adequacy of information sharing and communication in the organizations. Surprisingly, employees' perception on this aspect was more or less similar in both organizations. This implied that communication was the main instrument which was used to settle down the crises which organizations faced pre privatization. On the other hand, it could be argued that, the post TANU Guidelines

(Mwongozo) policy prescriptions were the main driving force towards high level of communication as it was emphasized. This is supported by response from one interviewee that (stmt 4.19):

*“The pre privatization era was surrounded with all forms of crises, ranging from lack of raw materials, spare parts, delayed payments and many others. As such it was necessary to communicate with employees so as to keep the crisis under control, lest they would take industrial action, which involved among others, strikes, lock outs, picketing and demonstrations”*

During the FGD, group members attributed the adequacy of communication to the thrust of TANU Guidelines (Mwongozo), which seemed to empower employees more than the management. The presence of Party secretaries at the company level was another reason for the strength of employees and unions at the company levels. Information gathered through interview and FGD has supported the information collected through questionnaire. The findings are presented in figure 4.7:



**Figure 4.7: Open Information Sharing and Communication pre Privatization**

Source: Field Data, 2009

The study also wanted to establish how employees responded to the aspect of information sharing and communication, during post privatization. The assumption was that the new employers would put much emphasis on open information sharing and communication, because of the necessity to boost the morale of employees. It has been argued that, individuals are motivated by the extrinsic and the intrinsic rewards associated with the work they do in the organization. Communication is one of the extrinsic rewards, as they do not normally add something tangible to the employees, but the fact that they are informed of what the organization intends to do and how such decisions will affect them. One of communication theories assumes that communication strategy is based on analyses of the following (Armstrong, 2008):

- What the management wants to say
- What the employees want to hear;
- The problems being met in conveying or receiving the information.

These provide guidelines on how communication should be managed and timed. This would in turn influence the level of satisfaction or dissatisfaction that is perceived by the employees. Respondents in this aspect had the following reactions to the question of satisfaction post privatization. Over all, level of satisfaction in the range of quite satisfactory was 7.3% with a percentage split of 11.2% and 3.3% for TBL and TANESCO, respectively. This implied that they disapproved level of satisfaction as being not 100% in this case. It would seem that those who indicated that they were quite satisfied, were either employees in the management team or those in the ICT team where because of network; they were able to access almost each type of



information that was communicated in the organization. The majority of the respondents, were moderately satisfied with the flow of information and communication by 103 counts in total or (41.9%), with a split count of 62 or (49.6%) and 41 or (33.9%) for TBL and TANESCO respectively. Those who felt the level of information sharing and communication was Satisfactory, were 84 or (34.1%) with a split count of 23 or (18.4%) and 61 or (50.4%) respectively, for TBL and TANESCO. Over all, the level of satisfaction with information sharing and communication was satisfactory to the tune of 83.3% with a split percentage of 79.2% and 87.6% for TBL and TANESCO, respectively. It could be said that there were no significant differences of perception between the two different modes of privatization with regard to this particular variable. Finally, those who were not satisfied with the flow of information and communication stood at 19 counts or 7.7% and 22 counts or 8.9% for dissatisfactory and quite dissatisfactory, respectively. Again, their distribution between the modes had no significant difference, and could thus be said to form a normal distribution statistically. The findings in this aspect were summarized in Table 4.12:

**Table 4.12: Respondents' Level of Satisfaction on Information Sharing and Communication Post Privatization**

Level of Inf Sharing and Communication		Company Name		
		TBL	TANESCO	Total
Quite satisfactory	Count	14	4	18
	% within Company	11.2%	3.3%	7.3%
Moderately satisfactory	Count	62	41	103
	% within Company	49.6%	33.9%	41.9%
Satisfactory	Count	23	61	84
	% within Company	18.4%	50.4%	34.1%
Dissatisfactory	Count	9	10	19
	% within Company	7.2%	8.3%	7.7%
Quite dissatisfactory	Count	17	5	22
	% within Company	13.6%	4.1%	8.9%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

### 4.3 Chapter Summary and Conclusions

This chapter addressed research questions one and two on the impact of privatization on employees' QWL, in relation to Conditions of Work, I & II, proxied as I (CONDWRK I & II), before and after privatization. There were five variables to be tested on Condition of Work I, which included: organization of work, the relative intensity of work, work related stress, health and safety and employees' – supervisors' relationships. Conditions of Work II (CONDWRK II), addressed the perceptual views of the respondents, with regard to commitment with the organization, organization as 'employer of choice', participation, and information sharing and communication. The Chapter has presented data characteristics and their distribution from the areas they were collected. Brief presentation of company profiles was made for TBL and TANESCO, covering the historical background, line

of production and the terrain towards their privatizations as clearly covered in sections 4.1.3.1 and 4.1.3.1. The chapter further presented findings from first research question, which required respondents to express their experiences with regard to Quality of work Life (QWL), before and after privatization, taking queue of the five attributes of QWL. Under this dimension the following variables were tested: organization of work, work intensity, health and safety issues, work related stress and employees' – supervisors' relationship, before and after privatization. The main thrust was to understand the implications of privatization to employees' QWL, taking into account the items listed above.

The study finding was so robust with regard to organization of work, pre privatization in that, it was clear that organization of work was less elaborate, but was found to be more elaborate post privatization. This implied that work schedules, arrangements and work assignments were more clear post privatization, than the situation before privatization. When I compared the situation across organizations, it was found that work arrangements and schedules were more elaborate in TANESCO than the TBL. The explanation one could give was that work activities at TANESCO were more technical in nature, than they were at TBL. In this regard one could safely conclude that, there is positive relationship between privatization and employees' QWL, in view of the organization of work dimension. The study also investigated the impact of privatization on employees' QWL with respect to the nature of work before and after privatization. The study intended to investigate the degree of work intensity before and after privatization, and between PPP mode of privatization and management contract mode. The study found out that the nature of the job pre privatization was less intense; but was found to be quite intensive post privatization.

The intensity of work was due to multitasks, overload and tight work schedules, coupled with tight deadlines. On the other hand, due to reduced number of employees, the remaining staff were supposed to handle extra duties of the missing staff. This added to the heavy work loads and long working hours, the employees were complaining of. The researcher also tried to compare the findings across organizations, and the picture was that the situation was more or less the same in the two modes of privatization. So it is plausible to conclude that the privatization process had negative impact on employees' QWL, taking queue of work intensity dimension.

The study further examined the status of health and safety at the work places before and after privatization, on the one hand and between joint venture mode of privatization and management contract mode on the other. The findings in this aspect had varying degrees of disparity between the pre and post privatization periods, and between PPP mode of privatization and management contract mode on the other. Generally the issues of health and safety were taken seriously by all modes during these different periods. However it seemed that health and safety issues were taken with greater effort post privatization than the period before. It has been pointed out by some respondents that, the difference was the level of enforcement of existing laws and regulations on health and safety, rather than an aspect of privatization per se. It was argued by some employees that the difference between pre privatization was surrounded by laxity and lack of enforcement of laws and regulations, unlike the post privatization when they were seriously enforced and supervised. On the other hand, it was also observed that the adherence and enforcement of health and safety matters had stronger vigour of implementation and supervision at TANESCO than it

was the case at TBL. This could be due to the nature of activities at TANESCO, which is more vulnerable to accidents than TBL. This warrants for a safe conclusion that privatization of PE's is negatively associated with employees' QWL, with respect to work intensity dimension post privatization. The study further found out that there was close relationship between privatization and employees' QWL, with respect to level of work stress. The study findings confirmed that privatization was associated with work stress, fatigue and exhaustion. The aspects which contributed to stress included heavy work loads, long working hours, tight schedules and lack of time for leisure. All these made work life unbearable leading to frustrations and stress. This warrants a robust conclusion that there is negative correlation between privatization and employees' QWL, in relation to work related stress dimension post privatization.

The researcher also presented information pertaining to employees' – supervisors' relationships, during and after privatization. Findings indicated that in general, there were varying degrees of perception between the period before privatization and after privatization on the one hand, and between the Public Private Partnership (PPP) mode of privatization and the Management Contract mode of privatization, on the other. It was also observed that while it was expected to have varying degrees of perception between one mode of privatization and the other, such disparity was not observed in the cases under consideration. However there was general and significant difference between the period before privatization and the period after privatization. In certain situations, it was possible to observe contrasting views between those obtained through questionnaire and those which were gathered through interview schedules or Focus Group Discussion (FGD). This led to the

general conclusion that, results are mixed as far as the study sample is concerned. However, this could be a result of the nature of the organization under consideration and the style of individual supervisor. The study also investigated the employees' perceptual views with regard to condition of work II, proxied as (CONDWRK II). This dimension had four main items namely: employees' commitment with the organization, organization as employer of choice, employees' voice and information sharing and communication. The study findings indicated that employees' perceptual views on how committed they were to their organizations, pre and post privatization, had great disparity between the period post privatization as compared to privatization era. Among the explanations they gave, the organizations post privatization, had been a more reliable place of work. This implied that they saw their organizations as having continuity and therefore employees' life was more guaranteed post privatization, than the period prior to it. The fact that employees' needs and expectations post privatization could be met better, assured them of sustainable income and better life. It could thus be concluded that, employees had positive commitment with their organization post privatization and better QWL, in that regard.

The study further explored the perceptions of employees on how they judged their organizations as 'employer of choice'. The study had mixed results with employees' disapproval of their organizations as 'employer of choice' pre privatization. However, there were varying degrees of approval post privatization of the same organizations being considered as 'employer of choice'. This resulted from the fact that employees' welfare post privatization were more guaranteed and sustainable.

This implied that the notion of employer of choice was associated with the changes which were brought by privatization and not a result of privatization per se. At another level, the researcher intended to explore the perception of employees with regard to how they felt they had 'voice' in their organization pre and post privatization. This was the most contestable variable, because, while some respondents felt that the pre privatization period was more participative, others felt that the post privatization had been more democratic. On the other hand, there was also contestation with regard to genuineness of the purported participation in the decision making process post privatization. Respondents felt that the level of participation was disguised in that employees were called in to approve decisions which had already been taken at other levels of decision making. As such they felt that the participatory rhetoric was used to endorse or rubber stamp decisions already taken by management. It could thus be concluded that there were varying degrees of disparity of views with regard to this variable. It could be concluded that the variation was a result of the nature of the organization and also the management style.

The final variable that this study investigated was related to employees' views on the flow of information and communication pre and post privatization. Respondents were asked to express how they felt about the adequacy or inadequacy of the flow of information before and post privatization, on the one hand, and between the two modes of privatization. The study findings were mixed showing that the situation before privatization had higher degree of information flow and communication. This was attributed to the fact that since the organizations pre privatization were surrounded with different forms of crises, the flow of information and

communication was meant to fight down those crises. On the other hand, it was observed that the sharing of information and communication was enhanced post privatization, as a way of mobilizing the work force to rally behind the management so that organizational goals could be realized. The chapter that follows will address research questions three and four, which explore respondents' views with regard to the Impact of privatization on employees' QWL, taking queue of the dimension of the total reward system proxied as (TORWST I & II) or Pay and Benefits system. The fourth research question explored the perceptual views with regard to equity and fairness of the Pay and Benefit System.



## **CHAPTER FIVE**

### **5.0 FINDINGS AND PRESENTATION**

#### **5.1 The Implications of Privatization on Employees' QWL: The Total Reward System Dimension**

##### **5.1.1 Introduction**

This chapter presents findings collected from the field survey in the form of statistics and narrations obtained from questionnaire, Interview and Focus Group Discussion (FGD) instruments for the third and fourth research questions. Research Question three was investigating the practices or experiences of the respondents with the pay and benefit system, before and after privatization in the two case studies. Research Question Four investigated the perceptual views of the employees with regard to total reward system II. The data was collected from the two case studies, whose profiles, data characteristics and nature of respondents have already been presented in Chapter Four Section 4.1.2. This chapter presents descriptive statistics and narration or field stories which were collected in relation to Research Questions three and four.

#### **5.2 Implications of Total Reward System I on Employees' pre and Post Privatization**

Total Reward System is a complex and broad concept, there fore the researcher divided them into sub themes which were proxied by Total Reward System I (TORWST I) and Total Reward System II (TORWST II). Total Reward System I (TORWST I) addressed the experiences and practices in the reward system pre and post privatization, including: pay structures, (forms, levels, scales etc); statutory payments, negotiations on pay packages and access to other services other than the

pay. This brings us to Research Question 3. What are the existing practices on employees' QWL in relation to levels, scales and components of compensation and benefits in the period before and after privatization?

### **5.2.1 Respondents' Expressions on the Nature of pay Structures pre**

#### **Privatization**

Employees' Total Reward system is a combination of financial and non financial rewards available to employees, which is in turn governed by a philosophy of reward management. The reward management philosophy includes the beliefs in the need to achieve fairness, equity, consistency and transparency, in operating the reward system. Reward management adopts a 'total reward' approach which emphasizes the importance of considering all aspects of reward as a coherent whole that is integrated with other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees (Brown, 2001).

A Reward system consists of policies, practices, processes and procedures that provide guidelines on approaches to managing rewards (Armstrong, 2008). It has been argued that the aims of reward management include (Armstrong, *op. cit.*):

- Rewarding people according to what the organization values and wants to pay for;
- Reward people for the value they create;
- Reward the right things to convey the right message about what is important in terms of behaviour and outcomes;
- Reward people to create performance culture;
- Motivate people and obtain their commitment and engagement;
- Reward people to help attract and retain the high quality people the organization needs.

In view of the above aims, it is pertinent to argue that rewarding people sufficiently, equitably and fairly, is tantamount to investing in human capital from which reasonable return on investment is required. The study had thus set out to investigate the impact of privatization on the reward system by comparing the levels, scales and components before and after privatization, on the one hand, and between one mode of privatization and another, on the other.

### **5.2.2 Respondents' Experiences of the Reward System pre Privatization**

The researcher approached the sampled respondents to elicit information from the respondents with regard to their experience with the reward system in their organization pre privatization. The informants were picked from different categories in the hierarchy of the organization. Respondents through interview reported that (stmt 5.1):

*“There was uniform remuneration system in the public enterprise sector which was quite lucrative compared to the ‘local private sector’ and the civil service before privatization took place. Public Enterprise sector had better pay and benefit packages than their counter parts in the two other sectors. In fact it was normal for employees to cross from civil service to public enterprise sector because of better terms and conditions of employment and not vice versa, unless one was appointed to leadership positions in the civil service, like sector director, commissioner or principal secretary for that matter.*

This was the case in spite of the fact that majority of PE's were not operating profitably, nor were they able to submit the dividends to the Treasury Registrar who was the over all controller of financial matters in the PE's, through Standing

Committee for Parastatal Organizations (SCOPO). With regard to levels of pay and scales, one of the respondents from FGD, had this to report (stmt 5.2):

*“In spite of better terms and conditions of employment, it was a normal practice to have employees of same category being subjected to uniform remuneration packages, without due regard of the level of productivity, profit or performance. It was not unusual to have employees from two different companies enjoying similar packages, while one company operated profitably and the other one was operating in total loss.”*

The management of PE's was placed in the hands of the Standing Committee for Parastatal Organization (SCOPO), which had the overall mandate over the activities of PE's on behalf of the government. SCOPO had overall supervisory and control powers of the PE's, in matters related to human resources, pay and benefit system, discipline, transfers and pension schemes among others. It is from these supervisory and control powers that SCOPO had set a uniform scheme of service and employment for all the parastatal employees, country wide. As pointed out earlier, the remuneration packages for PE's employees were relatively better than those of local private enterprises and the civil service. Therefore the movement of employees from the other two sectors to parastatal sector was the norm but not vice versa.

### **5.2. 3 Respondents' Experiences of the Reward System after Privatization**

A questionnaire was administered to 340 respondents in total from the two companies, from which 246 responded. The researcher needed to investigate the status of pay and benefits system by comparing the situation before and after privatization, on the one hand, and between one mode of privatization and another,

on the other. In the reward dimension of QWL, (TORWST I) there were five variables upon which respondents were tested. Respondents, who reported that remunerations had increased substantially, accounted for 15.4 percent over all, with a split percentage of 20% and 10.7%, for TBL and TANESCO, respectively. Majority of respondents representing 110 counts or 44.7%, with a split count of 55 or 44% and 55 or 45.5% for TBL and TANESCO, respectively, indicated that remunerations had increased moderately. This was besides 24.4% of the respondents over all, who reported that the remunerations had insignificantly increased, with a split percentage of 24.8% and 24% for TBL and TANESCO, respectively; while another 15.4% with split percentage of 11.2% and 19.8% for TBL and TANESCO, respectively, reported that remunerations had increased unsatisfactorily.

Over all, 60.1% of the respondents acknowledged that remunerations had substantially and moderately increased. On the other hand, those who perceived the remuneration to have increased insignificantly and unsatisfactorily, constituted 39.8% with a split percentage of 36% and 43.8% for TBL and TANESCO, respectively. In this sense, it could be argued that employees had mixed feelings with regard to the increase of rewards post privatization. This was clearly shown between the incentive packages adopted for TBL and TANESCO, which took into consideration the level of performance in the organization. The findings are summarized in Table 5.1.

**Table 5.1: Respondents' experiences on employees' Reward system after Privatization**

		Company Name		Total
		TBL	TANESCO	
Remuneration increased substantially	Count	25	13	38
	% within Company	20.0%	10.7%	15.4%
Moderately increased	Count	55	55	110
	% within Company	44.0%	45.5%	44.7%
Insignificantly increased	Count	31	29	60
	% within Company	24.8%	24.0%	24.4%
Never Increased	Count	14	24	38
	% within Company	11.2%	19.8%	15.4%
<b>Total</b>	<b>Count</b>	<b>125</b>	<b>121</b>	<b>246</b>
	<b>% within Company</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Field Data, 2009

*“the situation has changed since each organization can now negotiate internally for a remuneration package which is different from other companies, taking into account .*

In comparing the questionnaire responses with the interview responses, the researcher got varied information as reported here under (stmt 5. 3):

*The existing conditions, level of performance and productivity. During the PE era we were subjected to uniform package under the mandate of the Standing Committee for Parastatal Organizatio (SCOPO), even if one company had operated profitably and the other was in total loss – my emphasis” (own translation).*

This meant that, even the employees were not comfortable with the uniform system of payment, which did not take considerations of the actual situation prevailing in one organization and differentiating it from another. This in my view suggests that when a uniform system of determining pay is applied, there seems to be any sort of

motivation to employees. This is clearly reflected in the observation made by another interviewee with regard to levels and scales of pay package (stmt 5.4)

*“ The situation under privatization motivates employees to spend more effort in improving performance, because when targets are reached or surpassed, we are guaranteed extra income in form of bonus payment, long service payment or any other form of payment as agreed in the Collective Bargaining Agreement (CBA) or contract, without necessarily having to seek clearance from treasury or SCOPO as it were under public enterprise era. For example TBL pays annual Bonus when production has been met or exceeded and also employees were allowed to purchase company shares through Initial Public Offer (IPO), implying that every time the dividends are paid to share owners, we also get some dividends (own translation)”].*

The above narration was some how contested when we interviewed those who worked in the service sector, for example those who worked with TANESCO, as one of the interviewee reported (stmt 5. 5):

*“It is quite reasonable to have flexible remuneration packages arranged internally in the company concerned, but this system works better in companies which produce and sell commercially, and whose level of profitability can be easily established. This is not so easy with service giving organizations like TANESCO, because we offer services not on commercial basis. This creates the whole difference between commercially run organizations and service giving organizations. Despite our company being a service company, we have managed to sign a CBA with management such that when we reach the set targets of service delivery, we also qualify for an annual Bonuss (own translation)”.*

Further investigation as to why there were varying experiences with levels of pay, it was discovered that, variations in pay and benefit was common for employees working in different departments or sections. This depended on what they had agreed

with management and what had been agreed in the performance contract for the particular period of production. Probing further those who were not satisfied with pay and benefit package post privatization, a member of FGD, reported as follows (stmt 5.6).

*“Investors from outside normally come with remuneration package which is slightly higher than that which was being paid to the employees before privatization, but when compared to packages payable in their countries of origin, it is much far lower. This explains why a local expert might be paid quite less compared with an expatriate, who might have the same qualifications or lower with a local staff (own translation).”*

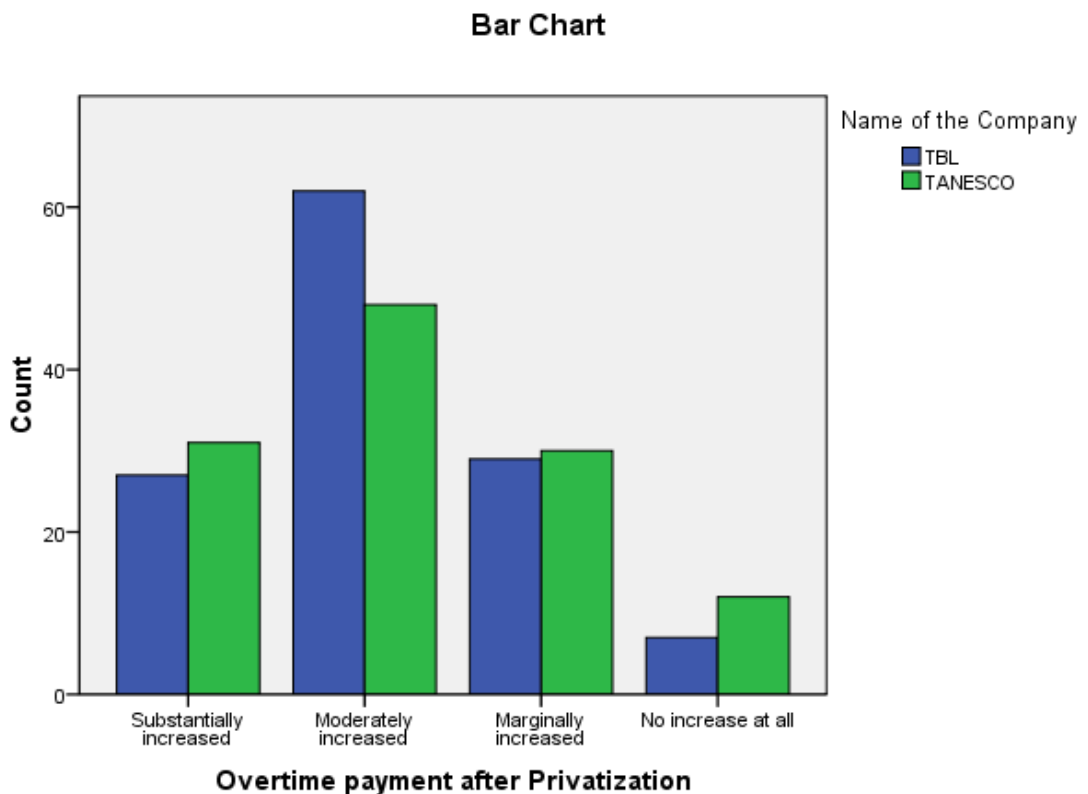
#### **5.2.4 Respondents’ Revelations on Statutory Payments post - Privatization**

The study aimed at investigating the relative provision of the statutory payments defined as all those payments which are provided for by law, and whether they were being honoured by the new investors. Such payments would include, but not limited to, bonus, overtime, gain sharing, social security, workers’ compensation etc. The items in the instrument were ranked on a four point Likert scale (with “substantially increased” at the top level of the scale, and “no increase at all”, in the lowest level of the scale). The respondents were expected to indicate their level of approval for each attribute e.g. base pay, overtime, bonus payment etc.

Over all, 40 of the respondents or 16.3% indicated that such statutory payments were available and in some situations they had increased. This drew a split percentage of 15.2% and 17.4% for TBL and TANESCO, respectively. Another percentage of 36.6 with a split of 40.8% and 32.2% for TBL and TANESCO, respectively, said the payments were moderately increased, while 33.3% with a split percentage of 33.6%



and 33.1% for TBL and TANESCO, respectively, indicated that the payments had marginally increased. Finally a small percentage of 13.8% over all indicated that there had been no increase at all. The over all picture one gets was that the statutory payments which had hither to been paid to employees before privatization, were still paid by new investors. However, the rates had changed slightly upwards, but because they were now guaranteed, the employees could see the value of such payments. More over, there were new types of packages which had been introduce post privatization, although there were others which had been abandoned by the new investors. The findings are summarized in Figure 5.1:



**Figure 5.1: Payment of Statutory Payments after Privatization**

Source: Field Data, 2009

In order to gain an in-depth understanding of this phenomenon, the researcher complemented the responses with interview information. One interviewee commenting on annual leave payments and maternity leave, as some of the statutory payments she had this to report (stmt 5.7):

*“Most statutory payments are honoured by investors, but always there was discrepancy between timing. For example, an employee who would want to take his/her annual leave so that he/she can go and attend a sick parent, if the leave is not granted when mostly needed by the worker it will not have same effect. More over when such leave is granted in piece meal, to avoid lowering productivity, it will not have the intrinsic value that is expected by the employee (own translation)”.*

Some members of FGD had this to report (stmt 5. 8):

*“There have been changes in the modality of payments such that, while some previous statutory payments are still paid by the new investors, some have been abandoned and instead there are other forms of payments. For example in our company, overtime payments, are not entertained any longer, instead we have bonus scheme which is paid upon the realization of the envisaged production or service delivery targets. These may go up to 60% of employees’ monthly salary (own translation).”*

The picture one gets from the findings suggest that, while employees were satisfied with the changes that had been brought by privatization in terms of their QWL, there were some limitations associated with the new system. On the other side, there were specific packages associated with new system for example bonus payment, long service awards or complementary offers for company products, which were however, attached to a particular criterion either of productivity, profitability or services pre and post privatization.

### **5.2.5 Services Accessible to Employees, pre and Post Privatization**

Total compensation refers to all forms of financial returns and tangible benefits that employees receive as part of employment relationship. These may include: housing or rent assistance, health facility, transport to and fro work, meals, children centers, clubs etc. The research had set out to investigate the situation pertaining to these services pre and post privatization.

#### **5.2.5.1 Respondents' Revelations on Services Accessible to Employees pre Privatization**

During the pre - privatization era, it was uniformly determined what services would be accessible to employees. In this case, it was normal to have services such as medical services, housing, transport to and fro work, meals and children centers, and electricity, among others. The study obtained information from selected informants about these services. In TANESCO for example, one respondent narrated as follows (stmt 5.9):

*“In our company medical services were provided for to the employee and their families through a contract with medical services providers, where the company had to pay the bills for the employees, their spouses and children. In the case of the former, the employee and his/her family were treated in a particular hospital, after which the bill would be paid by the employer. This applied also to transport facility to and from work by using company buses, which also served those who were on shift duties.”*

From the observation we discovered that there were specific services which were directed to employees, based on their status in the organization structure, while some attended a particular hospital, the management team and their families were treated in different hospital.

Another respondent narrated to us that (stmt 5.10):

*“There were company buses which ferried employees to and from work. In the case of housing, company houses were available for employees, a situation which also applied to all those who could access company quarters, were availed to them and paid just some amount as it was determined by the company from time to time. However there was no compensation for those who did not get company houses, in terms of rent assistance (own translation).”*

The findings with respect to services which were accessible to employees pre privatization, were inclined towards the uniform system that was applicable to employees, because they constituted the conditions of employment which had been stipulated for public employees in the parastatal sector. Therefore, because they were determined centrally, there were no variations except for very few issues, as discussed in the housing aspect.

#### **5.2.5.2 Respondents’ Revelations on Services not Accessible Post Privatization**

The question required respondents to indicate their order of preference with regard to how they experienced the services which were earlier on available, but which were not available after privatization. It was clear that certain services (as part of indirect compensation) were accessible to employees before privatization. Such services included housing, water, electricity, children’s centers, clubs and transport to and from work place. However, this varied from employer to employer, but taking queue from the two companies, it was clear that, certain issues needed concerted efforts to accomplish them. Respondents had varied experiences with regard to the order of preference of the services which were not accessible after privatization. The services

which ranked highest were transport by 62% with a split percentage of 56.8% and 67.5% for TBL and TANESCO respectively. Water and electricity ranked second with 16.1% split into 16.0% and 16.2% for TBL and TANESCO respectively. Third rank was for children's centers which had 10.7% with split percentage of 10.4% and 11.1% for TBL and TANESCO respectively. There were those who ranked all of the above services as being important, and these had 9.1% over all, with split of 16.8% and 0.9% for TBL and TANESCO respectively. And a small percentage of 2.1% had company house as their order of preference. Over all it seemed that, most of the services they enjoyed before privatization had ceased as a result of privatization, or were being provided on the basis of case to case arrangements. The findings related to this attribute are summarized in Table 5.4.

**Table 5.2: Respondents' Revelations on Services not Accessible post - Privatization**

Services accessible to Employees	Name of the Company		Total	
	TBL	TANESCO		
Children's centers	Count	13	13	26
	% within Company	10.4%	11.1%	10.7%
Water and electricity	Count	20	19	39
	% within Company	16.0%	16.2%	16.1%
Company house or rent assistance	Count	0	5	5
	% within Company	.0%	4.3%	2.1%
Transport to and fro work	Count	71	79	150
	% within Company	56.8%	67.5%	62.0%
All of the above	Count	21	1	22
	% within Company	16.8%	.9%	9.1%
<b>Total</b>	<b>Count</b>	<b>125</b>	<b>117</b>	<b>242</b>
	<b>% within Company</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Field Data, 2009

It was thought imperative to complement the findings from the questionnaire with the narrations from the interviewees from the two cases as captured in (statements 5.11a 5.11b):

*“ Our company provides each employee with 750 units of electricity free per month as part of an incentive package, although those who consume more than the set units, pays for them, although it is quite unlikely to have one consume more than 750 units for domestic purposes(own translation).”*

Another employee had this to report (stmt 5.11b):

*In our company there are levels of performance which if reached warrant employees to access company products freely on weekly basis. The distribution of the products depended on one’s position and rank in the organization. The actual volume of products differed from one cadre to another (own translation).*

On health facility related matters, a respondent revealed that, in TANESCO things changed under Management Contract (stmt 5.12):

*“After the entry of the Management Company (The Netgroup Solutions), things changed immediately, as they started paying each employee an amount of Tsh 100,000/- per month for medical services and care. The amount was found to be quite insufficient for the entire family, and this created some tension between the employees and the management. This grievance was later resolved after the signing of the collective agreement which provided for health service facility through insurance scheme. From then onwards the company entered into contract with Health Insurance Scheme for all of its workers and their families; and by now we are insured by AAR Health Insurance Scheme (own translation).”*

The researcher also wanted to explore the situation prevailing at TBL during post privatization and a respondent had this to report (stmt 5.13):

*“Tanzania Breweries Limited (TBL) provides for medical insurance for all employees and their spouses and their children up to the age of twenty one years (21 years). TBL had signed contract with Imara Health Plan (own translation).”*

In this case the scheme was a more reliable system guaranteeing workers and their families of reliable health facility. It is obvious that employees enjoyed a better service than was the case before privatization, one may argue, because the contract was concluded with very credible insurance companies. However, the difference between the period post privatization had more focused bases of getting the company products than before because all the benefits had been tied to Collective Bargaining Agreement (CBA), which meant more guarantee to get such services, than before privatization when there was no agreement signed.

Another employee from TBL had this to report (stmt 5.14):

*“while it is true that there have been improvements in terms of incentive packages across organizations, departments and sections, it is important also to realize that not do levels and scales differ between one company and another, but also within departments and sections in the same company. This in a way is determined by the position an individual holds in the organization at a particular point in time (own translation)”.*

This implies that the situation varies not only from organization to organization, but also from department to department. This depends on several factors, including the strategic nature of the department or section, and its contribution to overall business success for the company. This suggests that, except for few companies where a given

package might be evenly distributed across the entire work force, in others there were great variations, based on different criteria used in the company. So what can be discerned from these findings is that the inferences one can make relate to case to case and can not be predicted a priori.

These observations were in line with the revelations by one informant from a FGD that (stmt 5.15):

*“Each organization had a written legally binding CBA between the employees represented by the TUICO on the one hand, and the employer on the other. In such contracts all forms of compensation and incentive package agreeable to all parties, are written and collectively signed by the contracting parties. These are the instruments which determine what package is available for employees. The provisions for one organization will definitely differ from one company to another (own translation).”*

### **5.3 Implications of Total Reward System II (TORWST II) on Employees’ QWL pre and post Privatization**

There was another sub theme of reward system which was proxied as Total Reward System II (TORWST II). Total Reward System II addressed the perceptual views of the respondents in relation to the following items: equity and fairness, areas of inequity, open negotiations on pay and benefits, and justifications for pay differentials. This brings us to **Research Question 4**: How and to what extent did the prevailing Reward System influence employees’ QWL before and after privatization?

#### **5.3.1 Employees’ Perceptions on Fairness and Equity pre Privatization**

Equity theory deals with perceptions that employees have about how they are being treated in comparison to others. It sees things in terms of distributional and



procedural arrangements (Adams, 1965). To be dealt with equitably is to be handled fairly in comparison to others in the same environment. Respondents were required to express their perceptual views with regard to how they felt on the equity and fairness of the pay and benefit system pre privatization. The researcher identified some interviewees from different categories in the hierarchy of their organizations. There was a general consensus that the level of equity and fairness in pay and benefit system was commensurate with acceptable reasons. In other words they were all satisfied with the degree of equity and fairness prevailing in their organizations by that time. One of the respondents had this to say (stmt 5.16):

*“The pay and benefit system pre privatization, had been set to reflect equity and fairness between different categories of employees. This was also seen to be equal and fairly distributed between different PE’s. The employees were satisfied with the level of equity and fairness prevailing between same categories in one organization and between same categories in different organizations (own translation).”*

The pay was seen to be equitable and fair across employees of the same cadre and category in the organization and across organizations. The pay had no particular formulae except that each employee qualified for a given pay package by virtue of him/her membership in the organization family. The payments were determined centrally by SCOPO, which prescribed modality of payment to all parastatal organizations in Tanzania. During a focused group discussion (FGD) session, it was revealed that the pay package was decided by SCOPO without necessarily having to consult with trade union leadership or holding dialogue with the union representatives. This led to a situation where it was believed that the role of reviewing salaries was the responsibility of the government. It had become

fashionable to use May Day celebrations (International Workers' Day) to announce salary reviews, and where that was not possible, it would be announced during the budget session, especially by the Minister of Finance. The tradition has continued within the public sector to date, although in the private sector they may announce the changes any time after reaching agreement with the Union representatives.

### **5.3.2 Employees' Perceptions on Fairness and Equity post Privatization**

The study intended to elicit respondents' perceptions with regard to how they felt about the fairness of the payments and benefits. This was important because if a reward package was not administered in a system that would be seen to be equitable and fair, it could result in serious de-motivation of employees, instead of motivation (Armstrong, 2008). Benefits which were offered by the organization were intended to reward the efforts and behaviours that the organization intended to encourage and sustain. This was because it would not only motivate the recipients, but would also enhance organizational effectiveness and productivity. Respondents were required to indicate their views with regard to areas they considered the distribution of payments and benefits were not fair and equitable. Four main areas were identified namely between management and operational staff; between permanent staff and contract staff; between professionals and non professionals and between nationals and expatriate staff.

All 246 respondents responded to this question, since all had indicated in the preceding question that they considered the distribution of payments and benefits between different categories of employees in the organization, as being fair or unfair. All indicated that the distribution was not equitable and fair. A follow up question

then required them to indicate which categories were more favoured than others. Sixty three (63) respondents or 25.6% indicated that the distribution was unfair between management staff and operatives, with a split count of 28 or 22.4% and 35 or 26.9%, for TBL and TANESCO, respectively; while 8.5% felt that the unfair distribution was between permanent staff and contract staff. Another category of respondents felt that the unfair distribution was between professionals and non professionals, which accounted for cumulative percentage of 19.1% split between TBL and TANESCO, by 31.2% and 6.6%, respectively. The majority of the respondents 115 or 46.7%, indicated that the worst form of unfair distribution was between nationals and expatriate staff, with a split percentage of 36.8% and 57% for TBL and TANESCO, respectively.

Respondents for the interview had the following reservations (stmt 5.17):

*“There has been great disparity, not only between one organization and another, but even between one department or section and another within the same organization. There is a general tendency of inequity and lack of fairness between privatized companies. The biggest form of inequity is between expatriate staff and local staff even if they have same grade level or same educational level (own translation).”*

When asked how they felt about the existing differences between one company and another, a respondent had the following explanations (stmt 5: 18):

*“It is quite appropriate to have different pay packages between one company and another, because of varying situations across companies and even the varying nature of the jobs. Some companies like TBL generate profits to the tune of more than two hundred billion shillings annually, why shouldn't the employees be part of that success (own translation)?”*

The response from the service sector TANESCO, was in sharp contrast with the narration above (stmt 5.19):

*“The respondent argued that it is a good thing to have varying packages between companies, should the companies be operating from the same leveled ground. But here is a situation where you compare two companies operating from quite different grounds, one being commercially based and another service based. We may achieve all set targets of power generation and distribution and yet we get no profit and the government does not contribute its subsidy. Does it mean we have not achieved targets (own translation?)”*

The summary for findings from field data, are presented in Table 5.3:

**Table 5.3: Areas of unfair Distribution of Benefits**

Areas of unfair distribution	Name of the Company		Total
	TBL	TANESCO	
Between management and Operational staff	Count 28	Count 35	Count 63
	% within Company 22.4%	% within Company 28.9%	% within Company 25.6%
Between Permanent and labourers	Count 12	Count 9	Count 21
	% within Company 9.6%	% within Company 7.4%	% within Company 8.5%
Between professionals and non professionals	Count 39	Count 8	Count 47
	% within Company 31.2%	% within Company 6.6%	% within Company 19.1%
Between nationals and expatriates	Count 46	Count 69	Count 115
	% within Company 36.8%	% within Company 57.0%	% within Company 46.7%
Total	Count 125	Count 121	Count 246
	% within Company 100.0%	% within Company 100.0%	% within Company 100.0%

Source: Field Data, 2009

### 5. 3. 3: Respondents’ Views on the Justification of such differences

There was a variable within the reward dimension of QWL which wanted to assess the respondents’ views with regard to whether they viewed the big differences between categories of employees as being justified or not. All the 246 respondents responded to this question. Likert’s 5 point scale was used to test the responses

ranging from “Quite justified” (1) and “Quite unjustified” as (5). Responses for Quite justified, moderately justified and justified (1-3), had zero responses for each scale. Responses accounting for 92 cases or 37.4%, indicated that such big differences were unjustified, with a split count of 44 or 35.2% and 48 or 39.7% for TBL and TANESCO, respectively. Majority of respondents totaling 154 or 62.6%, indicated that such big difference was quite unjustified, with split count of 61 or 64.8% and 73 or 60.3%, for TBL and TANESCO, respectively. When the responses were compared across the board, it seemed that there were similar responses for Unjustified and Quite unjustified for the two modes of privatization, indicating that they had the same level of disapproval of such anomalies. The findings for this variable are summarized in Table 5.4 below:

**Table 5.4 Respondents’ views on justification of such big differences**

		Name of the Company		Total
		TBL	TANESCO	
Unjustified	Count	44	48	92
	% within Company	35.2%	39.7%	37.4%
Quite unjustified	Count	81	73	154
	% within Company	64.8%	60.3%	62.6%
Total	Count	125	121	246
	% within Company	100.0%	100.0%	100.0%

Source: Field Data, 2009

The researcher intended to complement the views presented from questionnaire with the interviewee’s responses, as one of the interviewees reacted to a follow up question that (stmt 5.20):

*“Don’t you think the expatriates deserve such big payments because they are expatriates, serving in a foreign country, and that the contract allows for 50% expatriate allowance and such other payments as school fees, medical facilities, housing etc?” Responding to this comment the interviewee had this to report (own translation):*

*‘we do not think that the big difference is a result of the expatriate allowance of 50% alone, but the fact that their salaries have been set by using appropriate criterion which take into account the standard of living, inflation etc. This makes them to get living wages based on the correct wage determinant. This is different from we employees with salaries that have been ad hocly determined (own translation)’.*

The views expressed by the respondents do not deviate from the propositions held by Equity theory which states that people will be better motivated if they are treated fairly and equitably, and they will be demotivated if they are treated inequitably (Armstrong, 2009). This implied that the whole process of pay system was apprehensively reacted to by the employees, in spite of the fact that they could do little to militate against such a situation.

Another respondent from FGD intervened and said (stmt 5. 21):

*“We are informed that at times the investors have shown intentions to pay higher salaries than the scales which are normally set by the government, but unconfirmed source report that the government has always intervened and set a limit. But much more serious is the fact that there is no known formulae and criterion for setting wages in line with the changes in an economy.”*

#### **5.3.4: Respondents Perceptions on open Negotiations pre and post Privatization**

Negotiation is a process which according to Armstrong, (2008) brings a ‘willing - buyer’ and a willing - seller’ situation, in which both parties anticipate to reach a

‘win – win’ situation. It means the more the process is conducted with good will and trust, the more the situation will be seen to be harmonious and acceptable. The study intended to explore the perceptions of the respondents on how the process of negotiation for pay and benefits system had been handled pre and post privatization.

#### **5.3.4.1 Respondents’ Perceptions on open Negotiations for Pay and Benefits**

##### **Before Privatization**

To investigate how the employees perceived their role in the negotiations for pay and benefit pre privatization, a five point Likert scale was used to test this variable which ranged from (5) “quite openly discussed”, to (1) “situation not clear”. Respondents totaling 42 or 17.1% over all indicated that there were open and transparent discussion for payments and benefits pre privatization. Other respondents to the tune of 72 counts or 29.3% indicated that the pay and benefits issues were moderately openly discussed. There was a split percentage of 54.4% and 25.6% for TBL and TANESCO respectively. On the other hand, respondents to the tune of 32.9% over all, with a split percentage of 32.8%% and 33.1% for TBL and TANESCO, respectively, indicated that the degree of openness and transparency was marginal. The rest 32 counts or 13% and 19 or 7.7% stood for “no open discussion at all” and “situation not clear”, respectively. Of all the respondents, 32 or 13.0% indicated that there were “no open discussion at all” for the payments and benefits of employees. This had a split percentage of 7.2% and 19% for TBL and TANESCO, respectively. Still a small percentage of 7.7% over all, with split percentage of 12.8% and 2.5% for TBL and TANESCO, respectively, viewed the situation to be unclear to them. It seemed that although there was insignificant level of percentage for no open discussion at all, there was not an equally high response that the degree of open

discussion and transparency was quite high, either. The findings are summarized in Table 5.5.

**Table 5. 5: Respondents' Perception on openness and Transparency in the Negotiation of pay and benefits pre Privatization**

		Name of the Company		Total
		TBL	TANESCO	
Quite openly discussed	Count % within Company	18 14.4%	24 19.8%	42 17.1%
Moderately openly discussed	Count % within Company	41 54.8%	31 25.6%	72 29.3%
Marginally openly discussed	Count % within Company	41 32.8%	40 33.1%	81 32.9%
No open discussion at all	Count % within Company	9 7.2%	23 19.0%	32 13.0%
Situation not clear	Count % within Company	16 12.8%	3 2.5%	19 7.7%
<b>Total</b>	<b>Count</b> <b>% within Company</b>	<b>125</b> <b>100.0%</b>	<b>121</b> <b>100.0%</b>	<b>246</b> <b>100.0%</b>

Source: Field Data, 2009

The policies of remuneration and benefits in Tanzania have had no consistent approach. At the time before privatization, there was a single authority i.e. SCOPO that determined the level of remuneration, which used to prescribe the same level of pay and remuneration for all (similar category) employees in the Public Enterprises in Tanzania. Still there was no clear understanding of the criterion that was used - whether cost/standard of living, market rates in comparison to other organizations, or the employers' abilities to pay or any other formulae. Hence when there have been wrangles over the pay structure as it happened with TUCTA in 2009 – 2010; Doctors' Association in 2011/2012 and Teachers Union (CWT) 2012/2013, the



government has always made reference to inability to pay. Because of this ambivalence, even the Employment and Labour Relations Act 2004, does not give guide to the approach and basis of designing a payment and benefit strategy. The act only prescribes the modality of payment of what ever rate that has been decided by the employer. This makes the wage designing and its implementation quite a complex issue. More over, there have been rare situations where employees through their representatives have been fully involved in the negotiations seriously, except when the employers find that a crisis is mounting. Armstrong, (2008) defines Reward strategy as “a declaration of intent that defines what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the need of its stake holders. Brown, (2001) on his side, has suggested that an effective reward strategy has three components namely:

- Have clearly defined goals and a well defined link to business objective;
- Well designed pay and reward programmes, tailored to the needs of the organization and its people, and consistent and integrated with one another;
- Need to have an effective supportive HR and reward processes in place.

It is an undeniable fact that such a package will necessarily be achieved by having all key stakeholders participate in designing and implementing such a programme. It is believed that when employees or their representatives have been involved in the negotiation and bargaining processes the level of pay and benefits reached is much more likely to be accepted as fair remuneration package. When the researcher wanted to compare these responses with those of the interviewees, the following are some of the responses (stmt 5. 22):

*“ Public Enterprises were surrounded by numerous instruments of supervision and control, which included the enterprise management, enterprise BoD’s, ruling party organ (called party commissar), BoD’s of the parent corporation, parent ministry, Treasury commissioner and SCOPO. All these organs suffocated the management and almost lost autonomy to perform their duties with full authority (own translation)].*

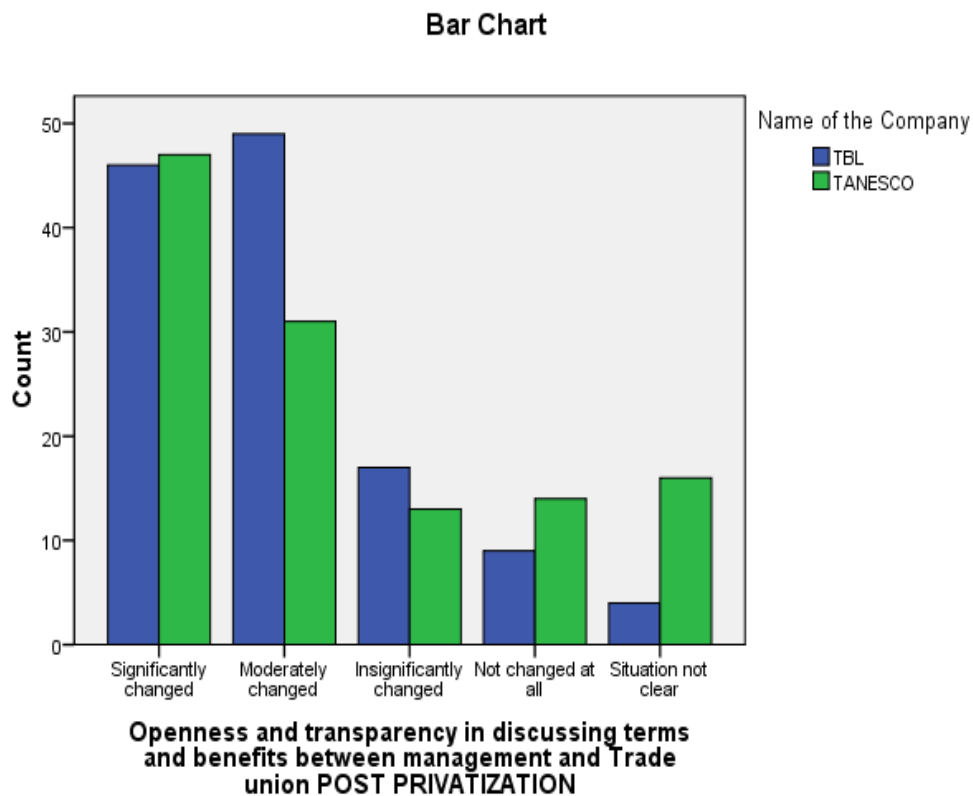
#### **5.3.4.2 Respondents’ Perceptions on open Negotiations for Pay and Benefits**

##### **after Privatization**

On the other hand, there was need to investigate the same from the respondents for the period post privatization. The assumption was that with the new investors, the situation was likely to change given the nature of their culture which is more prone to transparency and open discussion phenomenon. Again, the same 5 point scale was used to test this variable with (5) standing for “quite openly discussed” and (1) for “situation not clear”.

Over all, 93 counts representing 37.8% with a split percentage of 36.8% and 38.8% for TBL and TANESCO respectively, indicated that there was significant change towards more openness and transparency, in negotiating pay and benefits. The situation was more open and transparent at TBL than it was in TANESCO when I compare the responses. Those who viewed the situation as having changed moderately accounted for 80% over all, with a split percentage of 41% and 25% for TBL and TANESCO, respectively. Those who indicated that there had been insignificant changes, accounted for 13% with a split percentage for 16% and 10.7% for TBL and TANESCO, respectively. The rest indicated that there had not been any changes at all, registering percentage of 8.5% and that the situation was not clear, who registered 7.7%. In the last two categories of responses, it seems TANESCO

had more responses who registered for no changes at all and the situation was not clear. This could be because of the nature of the changes which took place there, taking into account that the approach for TANESCO privatization was different from that of TBL. The responses from the field data were summarized in Figure 5.2.



**Figure 5.2: Openness and transparency in Pay negotiations post privatization**

**Source: Field Data 2009**

From interviews conducted, the respondents had the following remarks (stmt 5.23):

*“We have had strong participation of Union leaders in the negotiations for pay and benefit system post privatization until consensus is reached and CBA signed. Of course the Union leaders have had the courage to continue pressurizing for better terms, given the fact that they have the full support of all workers, both operational and managerial cadre”*

The fact that the negotiations for better package are mainly pursued by the Union leaders, they also have intrinsic support from the local management, because at the end of the day, all employees will benefit. The aspects of pay are crucial in any organization because they are directly linked to employees' better QWL. In a study by Igalens and Rousseau (1999), they showed that there was positive relationship between compensation and job satisfaction. In spite of their study having a different orientation, yet the conclusions were the same as this study conclusions where they related the participation in negotiation for pay with better QWL.

The management support is implicitly reflected in the negotiation practices because, in the case of TANESCO, before the entry of Netgroup Solutions Management Company, the substantive Union leaders were replaced by an ad hoc Negotiation Committee (Kamati ya Majadiliano) which was fully supported by management, and when they accomplished the negotiating task and a CBA signed they relinquished powers, leaving the substantive union leaders to continue with their routine union matters.

#### **5.4 Chapter Summary and Conclusions**

This section addressed research questions three and four on the impact of privatization on QWL, with reference to the Pay and Benefit system; which were proxied as (TORWST I & II), before and after privatization. There were seven variables to be tested under the reward or pay system namely: employees' experiences with the reward system before and after privatization, pay structures, (forms, levels, scales etc); statutory payments, negotiations on pay packages and access to services other than the pay. Total Reward System II (TORWST II)

addressed the perceptual views of the respondents in relation to the following items: equity and fairness, areas of inequity, open negotiations on pay and benefits, and justifications for pay differentials. We also intended to cover respondents' views on areas considered unfairly compensated. Again, we also explored the views of respondents with regard to open and transparency in the negotiations for pay and benefits and finally, whether there were services which were not accessed post privatization. We have presented results of data gathered through questionnaire from field survey; and in some situations we have supplemented the data with information gathered from another source of data e.g. stories from interview schedules or FGD. Over all, there were mixed perceptions representing the situation before and after privatization on the one hand, and between one mode of privatization and another, on the other.

On pay and reward system before privatization, it featured out quite clearly that, there was more or less a uniform pay and benefit system before privatization. In terms of its comparison across organizations it was observed that in a majority of cases, the pay and benefit system was better in the PE's sector, as compared to 'local private sector' and the civil service. The research found that the situation changed drastically post privatization. There was a shift away from uniform pay towards varied payment structures which were based on a variety of criteria: some based on performance and productivity, some based on organizational context, some based on individual positions in the organization. There was also indication that the managerial philosophy and the individual manager in office influenced decisions on pay. For example it was revealed at TANESCO that, during the term of office of the CEO from Netgroup Solutions, that the long contested Collective Bargaining

Agreement (CBA) was signed, and this was in favour of the workers. It also featured that in another CEO's term of office, on leave package (travelling assistance) was converted to one's monthly salary (in case of those whose place of domiciles were nearer to the work station) or actual travel costs in case of those who came from far distant places. With regard to scales, there were mixed results, with some getting better terms and conditions of remuneration packages, others getting more or less a similar level of pay and some getting a bit lower.

The study also established that, almost all statutory payments were honoured by new employers, except in some few cases where some different forms of pay were introduced, while an old one was eliminated. This was clearly observed in TANESCO, where overtime payments were no longer entertained post privatization, but paid through performance based mode. It was also observed that different modes of incentive packages were introduced based on the prevailing conditions in the organizations, and these seemed to be on the better side compared to the situation pre privatization. But something which was not quite clear, was the emerging variations in different modes of privatization. It was not possible to establish the correlation between the mode of payment and the mode of privatization. It was suggested that there were several services which were available pre privatization, which were not availed to the employees post privatization. Except for electricity subsidy which was available to TANESCO, and was still available to employees even after the change of management agency of Net group Solutions. It can be argued that privatization had a negative effect to employees' QWL, with respect to subsidized services which were hither to available to the employees pre privatization, but were no longer available post privatization.

With regard to employees' perceptual views on equity and fairness in the pay and benefit system, there was a robust consensus that privatization had negative impact to employees' QWL as it increased the level of inequity and fairness. This was due to discretionary powers the investors had in setting wages, which was not interfered by government as was the case pre privatization. This was associated with the disapproval of such big pay differentials which featured between different organizations, or even departments and sections, on the one hand and between local staff and expatriate staff on the other.

The study also investigated the implications of privatization on employees' participation in the open and transparent negotiations for pay and benefits before and after privatization. This variable attracted varying levels of positive responses. Although the results indicated that the situation was better off post privatization, still there were disagreements in certain respects. This could be seen as a problem arising from the nature of organizations that were involved in the study. When the results were compared across the board, it seemed that there was no disparity between the two organizations.

Chapter six will center on discussions and interpretation of findings presented in chapters four and five, and their implications to employees' QWL.

## **CHAPTER SIX**

### **6.0 DISCUSSION OF THE FINDINGS**

#### **6.1 Introduction**

This chapter discusses the study findings which were presented in chapters four and five. The discussion tries to compare the findings of this study with similar studies and empirical literature from other authoritative sources. The discussion looks at the evidence that has been gathered from this study, and whether such evidence can be used to possible to fill the research gap that had been identified at the beginning, and whether the findings have practical significances which were envisaged in Chapter One section 1.6

A second issuethat is discussed in this chapter relates to the research issues that add to the existing body of knowledge on the management issues related to the privatization of PE's and QWL.The third part will be a discussion on the implications of the findings of this research, whether it has implied policy prerogatives and to which professional body will this be addressed.

#### **6.2 Discussion of the Research Findings**

The discussion of the findings followed the framework of the research setting, which were guided by the research questions set at the outset in chapter one. The study was designed to explore the implications of privatization on employees' QWL, with reference to conditions of work and reward system or pay and benefit system. Condition of work was seen to be a broad concept which covered a broad spectrum of issues, and therefore to avoid any sort of ambiguity and confusion, the researcher delineated some items to be covered under condition of work I (CONDWRK I) and



others to be covered under condition of work II (CONDWRK II). Condition of work I (CONDWRK I) explored the experiences of the respondents with regard to: organization of work, work intensity, work related stress at work, safety and health and information sharing and communication; and they were covered by Research Question One. The section that follows addresses five items under Condition of Work I.

Specifically the research sought answers to the following five research questions:

1. What have been the employees' QWL experiences with respect to organization of work, work intensity, work stress, safety and health; and employees /supervisors' relationships (CONDWRK I)?
2. How do employees perceive their QWL in relation to commitment, organization as 'empolyer of choice', participation, information sharing and communication, before and after privatization (CONDWRK II)?
3. What are the existing practices on employees' QWL in relation to levels, scales and components of compensation and benefits in the period before and after privatization (TORWST I)?
4. How and to what extent did the prevailing Reward System influence employees' QWL before and after privatization (TORWST II)?
5. What are the policy implications of the research findings on improving QWL in public and private institutions?

### **6. 2. 1 Discussion on “Hard” and “Soft” HRM Practices**

The main objective to be addressed by this section is to explore the nature of HRM practices under privatization, and to determine which HRM practices (whether

“Hard” or “Soft”) were more dominant under privatization. On the other hand the study at this level intended to establish whether “Soft” HRM practices were necessarily aligned to better QWL of employees whether working with Public and Private Companies. The other issue that was to be explored was whether the adoption of ‘soft’ or ‘hard’ HRM practices contributed to better QWL or not. This will be tested against each research objective and research question.

A distinction has been made between “hard” and “soft” versions of HRM practices (Storey 1989; Hogkinson, 2002). According to Legge (1998), “Hard” model of HRM is seen as a process that emphasizes “the close integration of human resources policies and practices with business strategy which regards employees as a resource to be managed in the same rational way as any other resources being exploited for maximum return’. The approach emphasizes that people are important resources through which organizations achieve competitive advantage. The resources have thus to be acquired, developed, and deployed in the ways that will benefit the organization. The focus is on the quantitative, calculative and business – strategic aspects of managing human resources in as ‘rational’ a way as for any other resource (Guest, 1999a). It also implies controlling the human resources just as would control the other resources like finance, raw materials and other inputs.

In contrast, the “soft” version of HRM practices traces its background to the human relations school; and it emphasizes humanistic approach to the management of people (Storey, 1989 in Armstrong, 2008). It implies treating employees as valued assets, and a source of competitive advantage through their commitment, adaptability, and high quality (of skills, performance and competences). This study

had a supposition that under privatization, the “hard” approach which reflects the long standing features of capitalistic traditions in which the workers are regarded as a ‘commodity’ would be the dominant model. In the study, the findings could not establish that the HRM practices were purely “hard” or purely “soft”. What seemed to be the tendency was to have both versions being practiced in the organizations. This conclusion does not deviate from the findings in a study which was conducted in eight organizations, where a mixture of ‘hard’ and ‘soft’ HRM approaches were identified (Gratton, et. al. 1999). This suggested to the researchers that the distinction between hard and soft HRM practices was not as precise as some commentators have implied.

Through the literature that was cited there was no evidence that there was any country that operated along ‘hard’ or “soft” HRM practices alone. In any given situation there would necessarily be the overlapping of soft and hard HRM practices in any one organization. This study established that there was no any possibility of any organization to operate along soft or hard approach to HRM alone, this implied that there necessarily arose the use of both soft and hard HRM practices and policies. This is in line with a study which was conducted in UK to find out how the two variants were applied in the sampled organizations.

Further to that, a research which was conducted in Japanese industries indicated that personnel practices accommodated both hard and soft variants of HRM practices (Morris, Wilkinson and Munday, 2000). It has also been observed that even if the rhetoric of HRM was soft, the reality was often hard, with the business interests of the organization prevailing over those of the individual. The implications of the

conclusions were that, the HRM practices, whether hard or soft could have impacted differently on employees' behavior either positively or negatively. Therefore the distinction between hard and soft HRM practices was not quite precise and could not be taken as an explanation to variations which we observed in the field. The study under discussion also portrayed similar features of a mixture of hard and soft human resources practices and policies in the studied organizations. However in our the cases under study, it featured out quite clearly that "soft" human resources practices were more dominant under public enterprises era; while the "hard" human resources practices were more prevalent under public private organizations.

The conclusions reached further conform to the Tanzanian organizational behaviour pre privatization, which because of Socialistic ideology, tended to treat people on equality unlike the hard approach which are based on capitalistic individuality behaviours. A research seemingly intended to understand the Tanzanian organizational culture under socialism was conducted by Wahlberg (2003), and covered Twiga Cement Company. The conclusions reached revealed that the employee culture that prevailed in Tanzania work organization was based on loyalty and collectivism. Indeed these ideals were the very basis of the ideology of Socialism which was highly cherished by the ruling party, and in fact was practiced in almost all work organizations in Tanzania. What are the implications of these conclusions, in terms of the type of HRM practices and employees' QWL? The implications are that under soft HRM practices employees are more likely to realize better QWL in terms of conditions of work and pay and benefit system. The contrast might also be the case, in that under hard HRM practices, employees' QWL will be more constrained. But since there is no situation for purely hard and purely soft HRM

practices, the resultant effect is that what will be expected is a mixture of both hard and soft variants in the employees' QWL. With this observation in mind, we now turn to the discussion of findings from the two dimensions of QWL namely: conditions of work and Total Reward System management.

### **6.2.2 Discussion on Employees' QWL as reflected in Conditions of work I (CONDWRK I)**

As discussed above in condition of work the researcher delineated some items to be covered under condition of work I (CONDWRK I) and others to be covered under condition of work II (CONDWRK II). Condition of work I (CONDWRK I) dimension was covered by Research QuestionOne. "What have been the employees' QWL experiences with respect to organization of work, work intensity, work stress, safety and health; and employees /supervisors' relationships before and after privatization (CONDWRK I)?"

The section that follows addresses five items under Condition of Work I.

#### **6.2.2.1 Discussion on Implications of Organization of Work to Employees' QWL**

The findings with regard to this item indicated that there were varying degrees of work organization before and after privatization. Before privatization, there was a tendency to have an unspecified roles and responsibilities for employees, but after privatization there was more elaborate work arrangements, and clearly identified roles and responsibilities. This included the contractual arrangements which tended to shift from permanent contracts to specified (non permanent) contract, but also with an increase of part time employees in TANESCO, although it was not practised at

TBL. The findings are seemingly in agreement with the findings from a study conducted by Ricardo Foglia and Tomada (1999) who in their study found that, before privatization, a limited number of specific tasks were assigned to each worker, who performed those tasks on regular basis and as a permanent part of their job. On the other hand, there was more flexibility in job assignments after privatization, while in this study it was found more clearly assigned tasks to a specific group of individuals after privatization. However, as found in this study, there was more work stability in TANESCO than it was in TBL. This variation could be explained by the fact that, tasks performed at TANESCO were more technical in nature, and therefore, it was not possible to practice flexibility as the one reported in the study above.

This conclusion was in agreement also, with the findings in the study by Foglia and Tomado (op.cit.), which indicated that flexibility was not practiced within the pilot, flight engineers and cabin staff whose duties could not be altered, without affecting the flight safety. Likewise, as was found in this study, TANESCO employees could not be shifted and changed suddenly, for what ever reason without causing serious concern on safety and service delivery. However, it was possible to engage part time staff to perform non technical duties like meter reading, clearing bush along the high tension lines and working with technical people to dig holes for poles and erection of the same.

In another study by Flecker, et.al (2008) on the liberalization of public services in Sweden, Germany, Austria, UK and Belgium, the study established that changes in work organization took different directions, with some becoming more specialized and others becoming more generalized. The study pointed to the electricity industry

where prior to privatization, specialists were sent in to carry out different jobs, but later, maintenance workers in the Austrian case had become generalists and carried out 95 per cent of the tasks. In the UK case, in contrast, management increased the degree of specialization, leaving workers with little understanding of areas outside their immediate tasks.

From the above discussion the experience of organization of work under privatization, tended to adapt most of Taylorism features, in that work schedules and procedures were tightly controlled so that the individual worker was maximally exploited. That did not fit with the soft approach to managing human resources where maximum flexibility was exercised and team work spirit inculcated among work groups for maximum efficiency and productivity. However, this could not be determined by the human resource approach alone, but the nature of the job characteristic influenced the degree to which flexibility could be exercised. In this case, even if one would wish to practice tight human resource controls, yet by the very fact that certain functions required flexibility, such flexibility could not be denied. It can thus be concluded that there were varying degrees of work organization in the period before and after privatization. However it was not possible to generalize that the work organization took a particular form under privatization and another form pre privatization.

What seemed to determine the nature of the work organization was the nature of the job and the degree of the speciality. As such private or public nature of the enterprise was not the only determinants of work organization. More over, it was possible to observe differences within the two modes of privatization, with much flexibility

exercised at TBL and not equally practiced at TANESCO. Indeed this could be explained by the nature of the jobs in the two organizations, with one requiring specialized technical knowledge (in the case of TANESCO), and the other one requiring mostly general operational knowledge, in the case of TBL. But even with non specialized jobs like meter reading in TANESCO, it was possible to outsource such services to part time employees, while the real technical tasks remained to be performed by experts in those areas.

On the other hand, the study findings indicated that employment contracts had changed from permanent full time to contract employment of three years renewable at TANESCO and TBL. This implied that with contract form of employment, there were increased employment risks with increased job insecurity. This situation also affected survivors in the EU countries which were involved in the WORKS research project (Valenduc, Vendramin, Krings and Nierling, 2008). However, in the EU project certain sectors like clothing and food industries, employment contract was of long term nature, full time and standardized.

It is therefore imperative to conclude that organization of work takes diverse forms across organizations. In some organizations work becomes less complex and more repetitive due to automation. In certain sectors, it became more specialized and less autonomous. However, the variations were based on the nature of the job, organization, profession and position occupied in the value chain of the organization. Basically, employees at the upper echelons (say) middle and higher management levels, had different experiences compared to the blue collar at the lower levels of the value chain.



### **6.2.2.2 Discussion on the Intensity of Work before and after Privatization**

Work Intensity refers to the activity in relation to the capacity of that work, which may include multitasking, time poverty, health implications and policy considerations (Jackson and Jones (1998). The findings in this study revealed that in general, the picture I got was that job intensity was generally low pre privatization. Employees reported that there was very much time free for various reasons, as discussed in Chapter Four. The fact that there were moderate levels of work intensity and intensity at the same time was explained by the fact that when inputs had been secured after a given period of stoppage, intensive efforts were directed towards meeting dead lines and meeting work orders which had not been submitted to the clients. This did not preclude the fact that at times, production was affected by worker/ management confrontations due to unpaid/ delayed salaries or any other benefits; and these again, resulted into work stoppage, or low morale and hence low motivation towards the job.

With regard to the situation after privatization, the findings of this study also revealed high degree of work intensification. Respondents to the tune of 75% indicated the degree of work intensity as being very high and moderately high. Impliedly, the data portrays a picture which has been frequently heard about the intensity of jobs, heavy work loads and tight schedules and longer working hours, from private companies (Flecker, et.al 2008). Our experiences suggest that there were tight work schedules, as it also affected us (researcher and assistants), during the time to collect data. It was so difficult to get questionnaire respondents for this study in the two companies, because supervisors preferred questionnaires to be

distributed to respondents after their work schedules, so that they could be filled at their own spare time, but not during working hours, as it would interfere with production targets. More over, all interview schedules with some respondents were to be conducted during employees' spare times, mainly, during the week ends and public holidays. This tight control was testimony of how tight work schedules and intensity had been in the current study.

At another, level it was important to observe the emerging variations between cases. It was quite clear that the level of intensity differed even between companies, showing that work schedules at TBL differed substantially from those of TANESCO. The explanation one gets from this variation can be associated with the nature and mode of divestiture used. TANESCO was having a Management Contract, implying that the Network Solutions group owned the management related tasks, while those of production per se more or less were conducted as a public company, and mostly retained features of public company when compared to TBL.

The findings above are corroborated by a study which was carried out by Flecker, et.al., (2008) on the impact of privatization on Quality, Employment and Productivity (PIQUE), which had conclusions similar to the findings of our study. In that study, it was revealed by managers that pre privatization period was surrounded by underperformance and laxity in the working conditions. But after privatization, the study revealed that, there was work intensity which was associated with "time poverty" defined as 'the lack of time for leisure and rest activities after time spent working (Bardasi, Elena and Wodon, Quentin (2010). According to these authors, women were more likely to be time poor than men due to serving multiple roles i.e.

productive, reproductive, and managing roles in their communities (Flecker, et.al., 2008). A study within the WORKS project in the EU also revealed that work was becoming more intensive especially in the high skill blue collar workers (Greenan, Kalugan and Walkowiak, 2007). Intensity of work was caused by higher demands by customers, resulting in longer working hours to some workers or shorter working hours to some.

The situation above is further reported by Flecker's study (Flecker, et.al. 2008) who revealed that, privatization had mounted work intensity to lower level employees as a consequence of reduction of employment levels. The study also indicated that another source of work intensification resulted from benchmarking, that is, comparison with similar units or competitors. It was further reported by workers and council representatives who argued that work intensity had increased as a result of flexible working hours and innovations which rarely released workers from growing work loads and increased pressure (op.cit.).

In Flecker's study (Flecker et.al. 2008), drawing from the postal case study indicated that, there was increased work intensity approaching physical limits and to shifts exceeding eight hours. The same study established that, in the Polish case too, delivery workers in many districts had problems to finish the job within the eight-hour-day. There, the incidence of sick leave was on the increase. In spite of deteriorating working conditions at the incumbent monopolies, case-study evidence from Austria, Germany and Sweden suggested that working conditions were even worse at the new competitors. This related to the pace of work, unpaid overtime, night work and flexible working hours (op.cit.). In this study it featured quite clearly

that because of the fact that bonus payment had been attached to productivity, it was obvious that employees succumbed to long hours of work, without overtime and without the usual rest hours. TANESCO's intensity of work could also result from the connection targets which they had set on annual basis, because of the pressure from parliamentarians to have services connected in their Constituencies. As such while the pressure of work in TANESCO resulted partly from political pressure, that for TBL resulted from the market demands. These were inescapable since the performance targets were attached to bonus payment as a form of incentive package, which the employees had to sacrifice in order not to miss the bonus.

More over, there were reports from employees from both TANESCO and TBL who reported that work intensification was a result of reduced number of employees, following redundancy that preceded privatization, while survivors had to perform same level of duties which were performed by those who had been removed. As a result they had to work for longer hours, shouldering multiple roles and attending to pressures from customers. This was most critical on the side of TANESCO where the employees had to respond to customer pressure as well as pressure from key stakeholders like government authorities who passed down pressure through the company management, which in turn was passed down to lower level employees, the industrialists and other consumers. The study by Flecker had similar reports that understaffing was the main cause of work loads in the *electricity industries* in Austria, UK and Polish case studies, which specifically stressed the increased work intensity (Flecker et.al. 2008). There was a link between work intensity and employees' poor health due to fatigue, stress and lack of recreation and

sleep (Jackson, Cecile and Jones, 1998; Floro, et.al. 2010). While these health patterns occur in the developing and developed worlds, they manifest differently.

The conclusion that can be reached is that there is positive relationship between privatization and increased intensity of work, which by implication will affect the employees' QWL negatively. However in trying to compare the variation of work intensity between the two different modes which were under investigation, it seemed that work intensity under joint venture mode was more severe than it was under management contract mode. The explanation that we suggested was that there were variations of work behavior in organizations which were more private oriented than where, features of public company were more dominant.

In these case studies, the difference that prevailed between TANESCO and TBL was from the fact that the former had more features of a public company, and therefore accommodated more features of 'soft' HRM policies and practices than the latter, which contained more features of 'hard' HRM policies and practices. Moreover, taking queue from Flecker and Holtgrewe (2008) findings, work intensification differed according to organization and one's position in the value chain. In their study they found that in the clothing industry, designers, managers and manufacturing occupations experienced intensification of work and increased flexibility (op.cit.). This implied that the variation of responses that the researcher received from the respondents, were representative of the varying nature of the organizations, as well as varying positions within the organizational value chain. Therefore results differed according to country, organization, profession and position one occupied in the organization.

### **6.2.2.3 Discussion on the Status of Safety and Health at the work Place during pre and post Privatization**

The study found that, over all, the level of satisfaction with safety and health issues in the two organizations was below average, before privatization. These results were not seen as a surprise, given the actual prevailing situation in PEs before privatization. Surprisingly, those who responded to the questionnaire had contrasting views compared to those whom we interviewed face to face as one of the interviewee reported (stmt 6.1):

*“The period before privatization was surrounded by sheer negligence, working facilities and tools were not available, protective gears of all sorts were missing, while safety precautions were not seriously observed. We subordinates were exposed to several risks which could cause one to lose life at any time as it was the case with our colleagues who were electrocuted because of lack of safety gears” (own translation).*

The findings before privatization have not been supported by any similar evidence from other studies. However, studies on similar issues have acknowledged the vulnerability of risks associated with globalization, which in effect breeds policies for liberalization and privatization. These findings were in contrast with what the researcher had expected. Over all, the Safety and Health situation at these companies had improved substantially, post privatization, compared to the situation before privatization. For example TANESCO had a well articulated safety programme as one respondent reports here (stmt 6.2):

*“At TANESCO, there is a safety promotion programme, which is conducted from time to time to help employees cope with safety procedures and programmes with a bid to reduce vulnerability to hazards. It has gone to the extent of having competition between regions by assessing how far a particular region has been able to reduce or eliminate accidents, and those who emerge winners are given prizes (my translation).”*

This practice showed that the health and safety issues were taken quite seriously by company management and supervisors were obliged to observe them and report on continuous basis. The the status of safety and health in terms of availability of Worker Protective Equipments (WPE) was highly emphasized. This implies that as far as this variable was concerned, employees had positive attitudes with the changes which had taken place and were quite supportive. The findings are consistent with the findings from a study by Cheng, (2010) which indicated that organizational restructuring of which privatization was among several forms, had negative effects on employees' level of job security and psychological well being.

At TBL there was a Safety and Health programme which was designed along with the ministry of Labour, which implied strict observation of the safety and health regulations as clearly stipulated by the Ministry of Labour. From the documentary review, my recollection indicated that, TBL had also participated in the safety and health programmes prepared by the National Occupational Health Audit (NOHA) and Occupational Safety and Health Authority (OSHA). In all the cases the company was the overall winner in 2010, 2011 and 2012 in terms of meeting all the criteria of safety and health programmes. In that case, TBL was declared the safest place to work by the two organs above (TBL, 2010; 2011, 2012). More over one would

appreciate the level of cleanliness around the factory premises, within the factory and in the production lines; including lighting, clinical and food services. This observation is also in line with the findings by Due, et.al (2000) who found that working environment had improved substantially, with cleaner working environment including lighting and food services. More over, in all the cases there were sign boards for security precautions. It was not immediately known how the employees were rewarded resulting from the winning of the company.

Loewenson, (1998b) has remarked that the movement of capital and technology, and changes in work organization appear to have outpaced the systems for protecting workers' health. According to this author, work in agriculture, manufacturing, and mining sectors were already associated with high rates of injury from mechanical, electrical, and physical hazards. In African countries, for example, the injury rates in forestry, electricity production, mining, basic metal production, non-metallic mineral manufacturing, wood-product manufacturing, and transport were all greater than 30 injuries per 1000 workers (Loewenson, 1998a; 1998b). The results obtained by this study above are contrasted by findings in a study conducted by the Contractors' Registration Board (CRB) in Tanzania. The study indicated that Inspection of the construction sites for the past five years, and Base line study carried by the Contractors Registration Board (CRB) on conditions of Safety and Health in Tanzania, revealed that amongst other short falls noted, the situation on the provision and use of safety gears during construction works was appalling (Mwombeki, 2007). Further, key players that included clients, consultants and contractors ignored inclusion of safety provision during inception stage through tendering, in which all



elements connected to safety measures were disregarded on the grounds of cutting cost. In the process of carrying out its regulatory functions, the board has learnt that majority of local and few foreign contractors were not taking the issue of health and safety and provision of WPEs seriously. For instance, inspection of construction sites by CRB during year 2001 and 2002 revealed that, out of 83 sites inspected year 2001, 54 (66%) did not provide safety gears, while out of 308 sites inspected year 2002, 193 (63 %) sites did not provide safety gears to the workers. Either, the 3% range between the two years showed that despite the Board's efforts to enforce the provision and use of Worker Protection Equipments (WPE), the problem was still serious (op.cit.). The snag was even worse in some cases where contractors provided safety gears especially the helmets, but not all workers used them. Not only that, but also in a study conducted by CRB in collaboration with OSHA in 2001 revealed that at least about 50% of the company directors interviewed had knowledge of WPE in construction, while site supervisors, skilled, semi and unskilled workers had little knowledge and considered WPE issue less important (op.cit.).

This situation creates vacuum for the company directors to disregard the safety issue to workers all together, where by in some cases it has gone sour to the extent of not putting in place measures to prevent accidents, or reporting to relevant authorities in case of occurrence of fatal accidents. Indeed it could be argued as, one FGD respondent indicated that, the enforceability of the existing laws, rules, and industrial regulations lacked in the period before privatization. Therefore the difference was the ability to enforce the existing conventions rather than a result of privatization per se. This contention is further supported by conclusions reached by Hermann et.al.,

(2008) that, if new owners were not regulated by labour laws, they tended to rely on non – standard forms in employment. This might be one of the major constraints which post privatization organizations in Tanzania, including TANESCO, during the era of management contract were facing. Despite the seriousness with which safety issues were undertaken, there seemed to be a variation between one company and another. For example, TANESCO seemed to be more concerned with safety issues due to the nature of their activities which to a large extent were more vulnerable to accidents, compared to TBL, if enough precaution was not taken to prevent such accidents. The conclusion that can be drawn on this variable is that the situation depends on the level of enforceability. It is clearly known that the issue of health and safety and related risks, is an aspect of law on the one hand, and also an economic liability or financial cost on the other.

Therefore, it seems that private owners were more cautious of those risks and as a result stricter measures were taken to ensure a healthier and secure working environment. This allows us to conclude that safety and health issues were implemented with the seriousness they deserved during the post privatization period. This, it could be argued, could not be a function of privatization alone, but also involving the nature of management philosophy on HRs and the nature of existing country laws and regulations; including the level of enforceability.

#### **6.2.2.4 Discussion on Stress at the Work place pre and post Privatization**

The findings of this study indicated that there was significant difference between the period before privatization and post privatization in terms of level of work related

stress. While the period before privatization was judged to be less stressful, the post privatization period was by far more stressful. Statistically, the distribution of respondents between stressful and Quite stressful was 85.5%. Findings indicated that there was slight variation between respondents from TBL and TANESCO, by the fact that TANESCO seemed to have very big percentage of quite stressful compared to TBL. This could be explained by the fact that, TANESCO was having specialized technical roles which could not be shared easily as was the case with TBL, where the work organization was more flexible. It could be argued that, stress within TANESCO was associated with high risks the employees experienced during the implementation of their activities. Further to that, the stressful situation could also be associated with reduced number of employees, leading to more work load to remaining staff, long working hours, less control on one's job and increased automation. More over, it was reported by one respondent that (stmt 6.3):

*“The services offered by TANESCO are sensitive ones, which touch the lives of almost all citizens; and have political interests in them. A black out is something unacceptable to certain sensitive areas like state house, senior government offices and residences, and Diplomats' premises etc. It happens that when power goes out even if it were odd hours, the service people have to come out in a bid to solve the crisis, something which causes pressure to the employees and their families alike and therefore work related stress (my translation)”.*

On the other hand, there was stressful situation as clearly reported in this study, which resulted from social life experiences, for example delayed salary payments or other benefits due to unmet expectations, pre privatization. Studies on stress resulting from financial cutbacks have been described as the highest top ranking job stressor for employees (Lason, 2004). This was further supported by another study

by Shariff (2000) that the changes that are brought by privatization tend to increase health problems among employees. Normally, employees come into the work place with certain expectations or interests to be fulfilled; when these interests are not fulfilled one is likely to experience frustrations and therefore stressful situation. For example, a poorly designed job will result into boredom, lack of challenge and interest on the side of job doer, which as a result will cause a stressful situation. These findings were consistent with other studies world wide which had come to similar conclusions.

A study by King, et.al., (2009) in the ex-Communist countries of the USSR, indicated that mass privatizations in those countries were associated with significant decline in life expectancy, alcohol related deaths, heart disease and suicide rates. This was interpreted as evidence that rapid organizational reforms created excessive psychological stress, which increased risk of death at individual level. Similarly in another study by ILO (ILO, 2002), it came to the same conclusions that, the restructuring of organizations, increased unemployment, stress, alcoholism, job insecurity and prolonged working hours, all of which lead to stress related diseases. Further more, most recent research on the same theme, by Aghael, et.al. (2010) studied the level of occupational stress and mental health in a petroleum industry, before and after privatization.

The study conclusions were that after three months after privatization, job related stress had increased significantly. Although the conclusions in this latter study are contestable due to time frame, yet there is robust evidence from similar studies which suggest the same as already cited in this section. The study further confirmed that

QWL affected employees' standards of working life regardless of gender, age, and educational background; but marital status had significant correlation with stress (op.cit.). This implied that QWL had no boundaries and thus could affect any person, except that it affected marital status due to family – work balance and fear of conflict. The organizational change should be seen as a process and even the outcome of the organizational changes might not appear so promptly, but rather as a gradual and continuous process. These views are also shared by Schalk (2008) who did a study in Thailand and concluded that organizational changes had a significant association with more psychological stress, which in turn lead to poor job performance.

The above findings were consistent with those of Ussahawanitchakit et.al. (2008), who found that the organizational restructuring in Thailand had negative effect on employees' level of stress and in turn, affected the job performance of accountants. This warrants the researcher to draw a robust conclusion that, conditions of work, with reference to work related stress under privatization have negative effects on employees' QWL. However, they are bound to have varying level of stress across organizations, individual position in the organization and nature of professional responsibilities.

#### **6.2.2.5 Discussion on Employees – Supervisors' Relationships pre and post Privatization**

Employees were required to assess their level of satisfaction with the informal employee relationships and degree of support they received from their supervisors, before and after privatization. The findings of this study which involved 246

respondents indicated that, over all, respondents registered cumulative satisfaction with supervisors by 68.7% with split cumulative percentage of 72% and 68.7% respectively, for TBL and TANESCO, pre privatization. Again, a similar over all score of 73.5%, with a split percentage of 79.2% and 67.7% for TBL and TANESCO respectively, was realized during post privatization. Over all, there were no significant disparities between the two different modes of privatization with regard to this variable. Again, with these findings, one could not also establish a significant difference in perception between respondents during the period before and after privatization. Studies which had researched on this particular variable had varied findings related to this item. For example a study which was conducted in UK by Kirkpatrick (2005) revealed contrasting conclusions that, relations with supervisors were often strained. Many participants viewed supervisors as unsympathetic, ill informed, powerless, and unlikely to help with problem solving. A respondent in this study had the following narration to make (stmt 6.4):

*“Most supervisors worked according to instructions dictated to them by their superiors e.g. line managers; and therefore do not have decisions of their own. This implies that the behavior of the supervisor would very much depend on the behavior and style of their line manager (own translation).”*

It could be argued that, supervisors’ behavior may be affected by the over all management style of the company, the nature of the organization culture and position of the individual employee in the organization. Where the management advocates for employee friendly policies and programmes, the supervisors can not deviate from such culture. More over in Tanzania prior to privatization programmes, the dominant ideology was that of socialism, which advocated for brother hood, egalitarian and

humanistic practices. Further, there were certain guidelines which prohibited managers and supervisors alike from being arrogant, extravagant and bully (TANU Guidelines, Clause 15, 1970). So there was a particular culture that had developed in Tanzania along side with the ideology of the ruling party, which suppressed all symptoms of arrogance and mistreatment between supervisors and their subordinates. This culture was definitely easily transferrable to the new organizations, at least during the early days of privatization, after which the new market culture took root. It can thus be concluded that, the privatization of State Owned Enterprises (SOE's) though typically having implications for supervisory and managerial practices, yet the nature of the jobs to be supervised and the over all managerial culture will dictate the employees' – supervisors' relationships, and also determine the implications of the same to employees' QWL.

### **6.2.3 Implications of Findings on Condition of work I and QWL**

These study findings suggest that the HRM practices pertaining to organization of work may be a contributing factor towards employees' better QWL or poor QWL. The practices tend to vary across countries and organizations, and sometimes even across departments within the same organization. Steijn (2004) has argued that, there are three variables related to job satisfaction, which include individual job characteristics, the job organization characteristics and the HRM practices. The same line of thinking can be extended to QWL, which also relates to all the three aspects above, implying that the organization of work may be a contributory factor to QWL. This is further supported by the study findings which suggest that the way jobs are designed, may lead to employee motivation, job satisfaction and worker productivity (Tivendelli & Bourbonnais, 2000; Pollock, whitbred & Contractor, 2000). This point

to the need to management practices to be cautious on how they organize work so that the work becomes both attractive and interesting. It could be argued that in spite of the fact that, in PPE's, the application of hard approach to the organization of work, job structure and HRM practices, is more dominant, yet management should seek to balance the degree to which it applies 'soft' and 'hard' HRM practices. With regard to organization of work practiced along the hard ideology, it will target to have maximum exploitation of labour, through job restructuring (by enlargement or enrichment) to involve more varieties of activities to be performed by one individual. But it also involves the type of HRM practices which may be hard or soft. In this case there were more characteristics of hard approach to HRM practices with regard to conditions of work dimension post privatization. This implies that employees' conditions of work dimension may experience negative QWL under privatized companies.

#### **6.2.4 Discussion on Employees' QWL as reflected in Conditions of work II (CONDWRK II)**

The study we proxied condition of work II (CONDWRK II) to cover the employees' perceptual views on: level of information sharing and communication, commitment with the organization, organization as an employer of choice, participation and involvement in decision making. These were covered in research question two:

“How do employees perceive their QWL in relation to commitment to the organization, organization as ‘employer of choice’, participation, information sharing and communication, before and after privatization (CONDWRK II)?”



#### **6.2.4.1 Discussion on Level of information Sharing and Communication during the pre - and post Privatization**

The respondents were required to indicate their feelings and level of satisfaction, with regard to the adequacy or inadequacy of the flow of information in the organization, with regard to conditions of production, future short and long term plans of the organization, level of productivity and successes or failures that the company was going through. The findings of this study indicated that there was significant similarity between the period before privatization and post privatization in terms of level of information sharing and communication. The period before privatization was judged to be open, the period post privatization was by far more open. Statistically, respondents revealed that the situation post privatization was quite satisfactory as compared to the period before privatization. Data indicated the over all distribution as being Quite satisfactory 44.5%, moderately satisfactory 33.1% and 7.9% satisfactory. Communication as an important aspect of industrial democracy, over all, 16.7% indicated to be dissatisfied with the adequacy of information sharing and communication in the organizations.

Surprisingly, employees' perceptions on this aspect were more or less similar in both organizations. This implied that communication was the main instrument which was used to settle down the crises which organizations faced pre privatization. On the other hand side it could be argued that, the post TANU Guidelines 1970 (Mwongozo), policy prescriptions were the main driving force towards high level of communication as it was emphasized. However, these findings were in sharp contrast with the views collected from interview respondents as one reports (stmt 6.5):

*“The flow of information and Communication from management to employees was satisfactory, especially with regard to information destined for employees’ attention e.g. production targets, financial situation of the company etc. However employees felt that not all information was shared equally, implying that some information was withheld or distorted may be (own translation).”*

The findings from the interview were consistent with the findings by Mattoka (2009) who found that communication in an organization like TANESCO, was comprehensively handled through e mails, telephone, letters, team briefing and through Trade Union Representatives (TUICO). While workers approved of the level of information sharing and communication, there were apprehensions from some respondents that some information which was thought to be unattractive to the workers was withheld or distorted.

The study findings were also in sharp contrast with the findings by Bennington, (2005) who studied the employees’ involvement through information sharing and communication in the change initiative project. The study found out that one group indicated that there lacked proper communication between the management and the employees, while another group showed that it had been involved fully. The involved group indicated that their involvement experience had been positive. They attributed the positive attitude to the fact that, they felt they had been listened to, and that they could improve workplace and the job and that they had been empowered to change some things they did not like (op.cit.). Similarly, Batt and Valcour (2003) examined employees’ involvement and integration with management, which resulted in higher work force support for the firm; greater employee autonomy, leading to process

efficiencies, lower intention to leave (turn over), fewer health problems, lower absenteeism, high job satisfaction, higher employee motivation and lower stress. Bowen and Ostroff, (2004) further observed that, involvement programmes were more effective when they were visible, relevant to employees, understandable, legitimate, unambiguous, consistent, valid, and fair and sought consensus between all members of the organization. Over all, the level of satisfaction with information sharing and communication was satisfactory to the tune of 83.3% with a split percentage of 79.2% and 87.6% for TBL and TANESCO, respectively. It could be said that there were no significant differences of perception between the two different modes of privatization with regard to this particular variable. Finally, those who were not satisfied with the flow of information and communication stood at 19 counts or 7.7% and 22 counts or 8.9% for dissatisfactory and quite dissatisfactory, respectively.

Again, their distribution between the models had no significant difference, and could thus be said to form a normal distribution statistically. The conclusion that can be drawn with regard to this variable, is that the level of information sharing and communication takes various forms in different organizations, and depending on the nature of information to be shared, and the position of the employee within the organization structure. Therefore the results were mixed between the degree of openness and the degree of restriction. In this sense, it is safe to point out that privatization breeds mixed results to employees' QWL, especially at the level of information sharing and communication.

#### **6.2.4.2 Discussion on Level of Commitment with the Organization's Vision and Mission pre and post Privatization**

The study findings with respect to this variable had cumulative response for average to very high commitment, 83% of the respondents registered for the three scales, while the cumulative response for average to very high commitment post privatization was 85.3%. However, there seemed to exist sharp differences within companies; for example, while a high percentage of 41.6% for TANESCO, had moderately high commitment, TBL had 26.4% in the same scale. Also, while TANESCO had 51.2% responses for very high commitment, TBL had 23.2% on the same variable. Again, while TANESCO had low percentage of 9.9% for those who indicated low commitment, TBL had 19.2% for the same variable. But, again, overall, employees showed to have higher commitment to their organization's vision and mission post privatization.

Responses from the interview narrations indicated that, employees were more committed to the organizational vision and mission, because their future in the organization was more guaranteed, than the previous time when the organization could collapse any time. This is supported by findings in a study by Bender and Heywood (2002) which found that higher earnings, pensions and profit sharing, had positive relationship with job satisfaction. This may also be taken as an indicator for better QWL, which results into more commitment to organization's goals. A respondent from the FGD also reiterated the same point that, in view of the performance based pay that was introduced after privatization; they were more guaranteed of extra income if they realized the productivity targets that had been set. Members of FGD had the following conclusions (stmt 6.6):

*“ We are more committed to the goals of the organization, because we are assured that once we reach the productivity targets which were set, we are of getting annual bonus and this adds to our annual earnings, such that we can accomplish our personal targets also for school fees for our children, building our own small houses and for paying rent, which in some situation is required to be paid in lump sum (own translation)”*

The findings above are corroborated by a study by Dzakpasu (2003) who found that employees' attitudes had changed after positive measures which were taken, by new owners post privatization, which have restored confidence of the employees after realizing that the new owners cared about their welfare and after assuring the employees of attractive remunerations and benefits. The literature further indicates that the employees' commitment has resulted into higher accountability and improved performance.

The findings are further supported by the report of the study by Xiao – yuan Dong, et.al. (2002) who reported the impacts of share ownership on employee attitudes in China's privatized rural industries. The study found out that in general, employee shareholders had higher levels of job satisfaction, perceived greater degrees of participation in enterprise decision-making, displayed stronger organizational commitment, and had more positive attitudes towards the privatization process than non-shareholders in privatized firms. In this sense the level of commitment that was displayed by the employees was a function of participation in ownership, rather than a result of privatization per se. In other words, it could be argued that a similar level of commitment to the organization could not be displayed, had it been not because of participation in ownership. As they noted: employee ownership may have positive effects if employees value ownership in itself or perceive that it brings greater

income, job security, or control over jobs and the workplace (op.cit.). On the other hand, it may have negligible or even negative effects if employees perceive no difference in their work lives. These ownership effects are an important, but relatively neglected, area of study. Added to this, previous work by Bowles and Dong (1999) indicated that employees in rural private firms showed significantly lower levels of organizational commitment than workers in enterprises owned by local governments. Certainly, there were grounds for thinking that privatization would be unlikely to have positive effects on employee attitudes.

To investigate the level of commitment, the researcher also used turn over experiences or intention to leave the organization as a “proxy” to the item of commitment. There have been limited number of studies with regard to factors contributing to higher commitment, among them: Demographic factors, job characteristics on commitment (Cohen, 1992). Abraham et.al., (2001) have conducted research on managerial competence and commitment as related to employee satisfaction. While Meyer has argued that older workers were more committed to an organization, on the other hand, De Lange, De Witte and Notelaers (2008) have argued that highly committed employees tend to have difficulties in detaching themselves from the organization due to perceived investment they feel they have made in the organization and high identification they have made with the job. In this respect, one could safely conclude that employees’ commitment to the organization’s objectives was a function of multiple factors, as the study evidence has shown and that the situation differs from one organization to another; from one individual to another and from one age group to another. Of course the study was not

able to compare findings across different age groups or between individuals based on their positions in the organization. But this is quite possible that perceptions between individuals would differ depending on what individual employees considered more valuable than others. This would therefore tally with the findings above that those who valued economic security most, would differ from those who valued employment security most. It can thus be concluded that the results were mixed with indications pointing to multivariate of factors that influence perceptions on commitment. More over the limited literature on this item limits the researcher's conclusions that can be drawn from this study.

#### **6.2.4.3 Discussion on Level of Participation in Decision Making pre and Post Privatization**

The findings of the study portray a some what mixed picture with regard to level of participation in decision making before and after privatization. On the whole, respondents indicated the level of participation with cumulative percentage of 72.7%, pre privatization and cumulative percentage of 61.1% post privatization. How ever there seemed to be great disparity between the observable level of participation between cases, with TBL having higher percentage of participation and TANESCO, having lower percentage of participation. The picture that can gathered here especially with respect to TANESCO, is almost in agreement with the findings of a study by Mattoka (2008) who found that during Management Contract of Netgroup Solutions at TANESCO, management had less power of participation in decision making as the MD reports in the following statement (quoted in Mattoka, 2008) {stmt 6.7}:

*“As management we do not have any powers and authority on any decision within the company, every thing emanates from the Board of Directors. We are given work to do but we are tied up our hands and mouth, how can we work and deliver?”*

There were also efforts to supplement the views gathered through questionnaire by interview responses as one of the interviewee reacted (6.8):

*“That employees were involved in decision making as a way to endorse decisions already taken by higher authorities, because even if they would want some changes they could not effect much changes [my translation]”.*

The above remarks were further corroborated by employees in TANESCO, as quoted in Mattoka (2008):

*“We are employees who wait for guidelines from management, and management receives guidelines from Board of Directors, which represents the government. Therefore we hardly have any autonomous control”. This implies that even if the decisions are presented to employees’ representatives, it is for the purposes of endorsement or “rubber stamping” the decisions”.*

But a different situation is reported in Mattoka’s study (Mattoka, 2008) which indicates that, while the management in atTANESCO complained to have been sidelined in the decisional process, in TTCL, the HR Director reported that, it was only “higher level management who were involved in the decision on change process in the organization (op. cit. pg 167)”. So while the study acknowledged the higher participation by senior managers, the lower employees were not involved in the decision making process. This situation might have affected the responses received from respondents in this study. This observation may in certain situation differ from one organization to another as Boxall and Purcell, (2003 p.23) put it:



*“The degree to which employees have voice will differ considerably; at one end of the scale there is unilateral management, where employees have no voice at all. At the other end, employees might have complete self management and control as in cooperatives, although this is rare”.*

It was further reported in a study by Onimode (2001) that in Nigeria, privatization had affected employees in several ways including, lower labour participation in decision-making process. Onimode contended further that, those had all become fairly common in Nigeria since the recession started in the mid of 1981. Obadan (2003) had also reported on the diminishing power relationships between employees and management in Nigeria, and concluded that as management sidelined employees; it resorted to consultations with consultants (experts) from outside, while management portrayed more features of authoritarian, in the course of managing relations.

It can thus be concluded that the level of employee participation would differ from one country to another, and from one organization to another. For example, a study in Iran (which was considered a high power distance society), suggested the less powerful members of society expected and accepted that power was unequally distributed. In that sense the less powerful had to accept obedience towards superiors without question (Javadian and Dasmalchian, 2009). The same observation was confirmed by An et.al. (2011) that QWL was potentially affected by culture. The study also found that the level of participation differed between organizations, pointing to the difference between clothing and food industries in European Union. In my view, it was bound to differ according to the style of management in office by that particular time, and according to individual's position in the organization. In this

sense then privatization had mixed results with regard to employees' QWL as reflected in the the level of participation in decisional process after privatization.

#### **6.2.4.4 Discussion on Employees' Perception of their Organization as an 'Employer of choice' pre and post Privatization**

The study also wanted to test the employees' regard of their organization as an 'employer of choice' in the period before and after privatization. The concept of 'employer of choice' was literally defined as 'a great place of work'; a place where employees felt comfortable to work as the first preference. It was contrasted with 'alternative employer' i.e. a place where one would work only as an alternative to other places, and where he or she would vacate immediately as another more attractive employer was available. For example, no one would say that a mortuary attendant, chose the profession as his/her first preference, but would go for it when there was no any other alternative. Responses for this variable were tested on 1-5 point intervals showing the level of agreement with regard to their organizations as 'employer of choice' or employer of first preference pre privatization. The perception of respondents was almost similar in this variable. Over all 39.3% of the respondents stood for agree to strongly agree, while the majority i.e. 60.3% had a disapproval of the same. The results were quite representative of the actual situation in the organizations, as one of the respondents narrated (stmt 6.8):

*“We went to work place for mere ‘moonlighting’ not actually for productive work worth the name, because of production inhibitions like lack of spare parts, connection meters, or poles. It was implicitly a way of justifying that we had reported at the work place. This situation was no longer an incentive to remain working with the organization, but we were limited by lack of an alternative (my translation).”*

The situation above is in line with the findings from a study in Kazakstan, where a similar situation of going without wages for months was prevailing pre privatization due to failure by the government to release subsidies. In Russia pre privatized Russian companies experienced machine obsolescence to the tune of 88% (ILO,2000). Unfortunately, no research had been undertaken to test this item. Since main attributes for employer of choice include: desire to remain with the organization, then I took 'Turn over' as a 'proxy' for 'employer of choice'. Cumulatively, those who responded for agree to strongly agree, accounted for 72% over all, indicating that the situation post privatization was more suitable for the status of 'employer of choice'.

This was seen as a counterfeit of the earlier assumption that with some improvements which had been brought by privatization, the percentage of those with disagreement would have declined. The disparity that the researcher encountered was a result of differences within organizations, individual perceptions and management styles. This implies that employees were attracted by different things and even the retention strategy would differ from individual to individual, and from organization to organization. For example, CIPD (2000) has commented that "Turnover may be a function of negative job attitudes, low job satisfaction, combined with the ability to secure employment elsewhere, i.e. state of labour market." This is why each organization should focus on those aspects which add to employees' job satisfaction and which contribute to better QWL.

### **6.2.5 Implications of Employees' QWL as reflected in Conditions of work II (CONDWRK II)**

Conditions of Work II (CONDWRK II) dimension addressed the four attributes related to employees' commitment to the organization goals, their perception of their

employers as ‘employer of choice’, their involvement in decision making and information sharing and communication. The findings in these four attributes reflect varying levels of employees’ perception with regard to their satisfaction, which also implies their approval of being either positive or negative contribution to their QWL. The four attributes do not contribute any tangible aspects like monetary or material gain but are all related to value adding aspects. The employees feel that they are valued as important members of the organization in as much as they get involved in making decisions or they receive important information about an organization which they feel they are a part.

This has important implications for their judgement on whether their organizations qualify as ‘great places of work’ and also to their commitment to their organization. This implies that managers should devise policies and practices which address such intangible issues like industrial democracy, communication for enhanced organizational effectiveness and productivity. Hofstede (2001) posit that lack of participation was correlated to employees’ job stress. The same views are shared by Olomayo, 2007; Colligan and Higgins (2005). In a study by the WORKS project, it was established that participation was linked to one’s position in the organization, implying that it was mainly a prerogative of the workers in the higher echelons within the organization.

#### **6. 2. 6 Discussion on Employees’ QWL as reflected in Total Reward System I (TORWST I) post Privatization**

The study again proxied Total Reward System I (TORWST I) for Pay aspects related to the levels and modalities of payment structures, scales, negotiation process for

pay, statutory payments and services not accessible after privatization. These were covered by Research Question Three: “What are the existing practices on employees’ QWL in relation to levels, scales and components of compensation and benefits in the period before and after privatization (TORWST I)?”

#### **6.2.6.1: Discussion on the Reward System Structure pre and Post Privatization**

This study investigated the HRM experiences of the reward system as practiced by work organizations pre and post privatization. With regard to levels, there were mixed results, some showing that the reward system had increased substantially, while others indicated the remunerations to have increased insignificantly and unsatisfactorily. In this sense, it could be argued that employees had mixed experiences with regard to the increase of rewards post privatization. This was likely to have been caused by the fact that, under liberalized economic system, each company had its own remuneration package, which might not be the same as the package for another company. And even within a company you could find different packages for different categories of employees.

Most often than not, you will find certain sections within the company have attractive package, due to their role and position in the production line. This was clearly shown between the incentive package adopted for TBL and TANESCO, which took into consideration the prevailing conditions and performance in the organization. The above observation is in line with the findings by Salky and Brannen, (2000) who also, have argued that HRM Practices can differ across countries and I may add that, they may differ across continents, based on culture,

government policies and regulations. The findings above were in conformity with the findings in a study by Corradetti (1999) who also found that the salary structure in the public companies, was based on occupational category, working time and length of service in the post, without any reference to company productivity. Remuneration consisted of a basic contractual salary plus supplements for such things as good attendance record and length of service. For managerial staff and flight crews, the daily expenses component was a form of indirect salary, with some items being considered as remunerative and others given in kind. The same study also established that, with privatization, the salary structure began to change radically as new criteria and parameters were established. For example in the rail sector, a system of variable pay with per diem allowances and food vouchers (the latter with a reduced tax rating), were adopted, while in the air transport sector preference was given to daily allowances given in kind (accommodation and meals).

At the same time, as profitability criteria were introduced, there was a trend towards reducing indirect salary in the form of free services or preferential rates for employees' benefits which were laid down in collective agreements before the time of privatization. Also in another study in 2001 by Kubi (2001) who reviewed 212 Privatizations in Ghana, found that privatization had the effect of easing pressure on balance of payments, increasing efficiency, stimulating local capital markets, enhancing the inflow of FDI, creating quality gains for consumers and increasing employment and remuneration post-privatization. The results were further supported by another study in Brazil, by Forguel et, al. (2000) who indicated that public sector wages excelled those of similar companies in private sector. This conclusion in my

view is likely to mislead in drawing conclusions because; the situation is only tolerable when the public companies enjoy government subsidies, but under conditions of perfect competition this might not be practical. The levels of remuneration according to ILO studies, are less clear, as in some organizations they may increase and in others decline (ILO, 2003). The ILO findings were in my view more realistic when compared to findings of the study by Brown, et.al. (2008) who in their study in 30000 manufacturing firms in Hungary, Romania, Russia and Ukraine, found the impact of privatization on employment and wages to be wholly positive.

Ghani (2008) whose study also reported that over all, wage/salary structure and incentive plans had relatively improved in large numbers of companies, while another study by Plane indicated that in UK the British privatized utilities had sharp increases for directors' pays, while in some companies there were pay rises for all; in others there were pay declines for all and others there were no changes (op.cit). But the study could not show the degree to which remunerations changed. When this researcher tried to compare the interview responses with the questionnaire responses he got varied information as reported here under (stmt 6.9):

*“ The situation has changed since each organization can now negotiate internally for a remuneration package which is different from other companies, taking into account the existing conditions, level of performance and productivity, unlike the PE era when PE's were subjected to uniform package even if one company had operated profitably and the other was in total loss (own translation)”.*

Brown (2007) has argued that, Physical capital that is internationally mobile has the opportunity to seek out low cost, high quality labor with which to work. The well-

articulated fear of labor advocates is that internationally mobile capital will be attracted to labor markets with low wages and poorly protected labor rights. Further, national governments may erode labor protections in order to attract capital. Similarly, Feenstra and Hanson (2003) argue that out-sourcing accounts for half of the decline in wages of unskilled relative to skilled workers in the United States between 1979 and 1990.

A report by UNCTAD also revealed that in almost all developing countries that had undertaken rapid trade liberalization, wage inequality had increased, most often in the context of declining industrial employment of unskilled workers and large absolute falls in their real wages, of the order of 20-30 percent in some Latin American countries (Robert, 2003). In the same vein, Griffith & Simpson (2003) Velde & Morrissey (2003); Lipsey & Sjöholm (2001) all contend that MNCs pay higher wages than local firms. In contrast Martin (2004) came up with a challenge to conventional view that MNCs pay higher wages, as he found out in his study that wages declined, following acquisition of companies by new owners. His findings are suggestive, though not conclusive in that his study was based on a single country and thus could not be generalized.

The above remarks were in contrast with the observation which was made by one interviewee in this study that (stmt 6.10):

*“ The situation under privatization motivates employees to spend more effort in improving performance, because when targets are reached or surpassed, we are guaranteed extra income in form of bonus payment, long service payment or any other form of payment as agreed in the Collective agreement or contract (own translation)].*



The aspect of varied compensation practices were also extended to other financial and non financial packages as found out in this study that TANESCO had compensation packages which kept changing from time to time (see box 1). For example, in TANESCO, there was consolidation of various types of benefits and these were attached to performance. In a study which was published in the London Economist (1996) it was revealed that in Zambia, Benin, and Ghana, there was move towards performance based pay schemes for managers, but salary rise was not there after privatization. This situation could also explain the nature of variations in opinion between the respondents of this study. It implies that while certain categories might have been given wage increases, in certain sections, they might go without salary increases and this might influence their responses during interview schedules. The scenario has been well captured by Cook and Kirkpatrick (2005, p 34) who commented as follows:

*“The privatization of SOE’s often involves changes in HRM practices and policies, of hiring, firing and conditions of work. The impact can be positive, or negative depending on situation of each case and the subjective view of each worker. Employees may have to adapt to changes in terms and conditions of services, including need for retraining, greater job mobility, less security and loss of certain benefits and perks”.*

Evidence gained from UK suggests that, privatization and Liberalization tended to reduce employment and lead to reduction of wages. The evidence therefore showed that there were both positive and negative effects of privatization on labour (op.cit.).

Still in other studies (ILO, 2000) for instance, indicated that in countries like Vietnam between 1985 and 1991, the wages of civil servants and state enterprise

employees had salary cuts by 60%, after which there was partial reversal of the trend. Like wise in a study in Poland, average wages decreased by 27 % between 1989 and 1992 and this increased inequality within the society. However it was revealed in the same studies that of the ten privatized companies in Poland, there was sharp increases of wages immediately after privatization, but soon stopped to do so in favour of performance based pay (op.cit).

The conclusion that can be reached is that the situation is likely to differ from case to case, from country to country and from continent to continent. More over, there were no suggestive conclusions that could be made between the variation from one mode of privatization to another. Therefore it is safe to conclude that there were varying levels of agreement and disagreement with regard to the aspect of reward system post privatization. Of course the situation was dictated by the nature of the organization, the level of productivity and the actual nature of business undertaking.

**BOX I: TANESCO's Collective Bargaining Agreement (CBA)**

NOTE: *The Agreement was signed in 2003 after a long constellation period of Delay. Surprisingly, it was during the management era of the CEO of Net Group Solutions that the contract was signed after the government's efforts to block it failed. The contract included the following:*

**Long Service Award consisting of:****Ten years of good service:**

- Tshs. 3,000,000/- cash

**Fifteen years of good service:**

– One's one year salary (example if monthly salary is 500,000/- then 500000/- x 12 = 6,000,000/-

**Twenty years of good service:**

- 200 bags of cement  
 - 50 (CIS) - 50 Corrugated Iron Sheets

**Twenty five years of service:**

– 1 piece of Refrigerator,  
 1 piece of Cooker and  
 1 piece of Television set

**Thirty years of service:**

– Power Tiller

Accessing company products at subsidized/freely (each employee gets paid for **750 units** of electricity) on monthly basis.

**Annual Leave:** Employee's Monthly Salary or Actual Travelling Costs

**Figure5.3: TANESCO Collective Bargaining Agreement**

Source: Field Data, 2010

### **6.2.6.2 Discussion on Statutory Payments (other than salary) post Privatization**

The study aimed at investigating the relative provision of the statutory payments defined as all those payments which were provided for by law, and whether they were being honoured by the new investors. Such payments would include, but not limited to, bonus, overtime, gain sharing, social security, gratuity, paid for annual leave/maternity leave etc. The study findings indicated that in both TBL and TANESCO, Bonus payments were included in their CBA's and once the targets had been reached employees were paid annual bonus, which had by then been attached to performance contract or profitability levels. On the other hand, while overtime payments ceased to be paid, the CBA had an element of bonus payment instead of overtime payments. There was contributory pension scheme instead of the earlier non contributory scheme in both TBL and TANESCO.

In order to gain an in-depth understanding of this phenomenon, the researcher complemented the responses with interview information. One interviewee commenting on annual leave payments and maternity leave, she had this to report (stmt 6.11):

*“ Most statutory payments were honoured by investors, but always there was discrepancy between timing. For example, an employee who would want to take his/her annual leave so that he/she can go and attend a sick parent, if the leave was not granted when mostly needed by the worker, it would not have same effect. More over when such leave was granted in piece meal, to avoid lowering employee productivity (own translation).*

It is imperative to conclude that in most cases the statutory payments were honoured by the new owners by maintaining the agreeable packages according to law; but in other situations new forms of payments were added while others were abandoned on

the basis of better terms enshrined in the CBA's. For example the payment of long service award at TANESCO was included in the CBA and as a matter of its legality; it was paid even if the company had not reached its targets for that particular year. Therefore it is safe to conclude that employees experienced better QWL in relation to payment of statutory payments post privatization. All in all, the situation was found to be better post privatization as compared to pre privatization period. On the other hand, while there were some variations with regard to what packages were available in one company, over all picture was that still the situation post privatization was more remunerative than the pre privatization era, while there seemed to be insignificant variations between modes of privatization.

#### **6.2.6.3 Discussion on open Negotiations for Pay and Benefits pre and post Privatization**

The findings in relation to the level of open and transparent negotiations for pay and benefits indicated that there was significant change towards more openness and transparency, in negotiating pay and benefits post privatization. Statistically, this was supported by 93 counts representing 37.8% with a split percentage of 36.8% and 38 % for TBL and TANESCO respectively. The situation was more open and transparent at TBL than it was in TANESCO when responses were compared. Those who viewed the situation as having changed moderately accounted for 80% over all, with a split percentage of 41% and 25% for TBL and TANESCO, respectively. Those who indicated that there had been insignificant changes, accounted for 13% with a split percentage of 16% and 10.7% for TBL and TANESCO, respectively. The rest indicated that there had not been any changes at all, registering percentage of 8.5% and that the situation was not clear, who registered 7.7%. In the last two

categories of responses, it seems TANESCO had more respondents who registered for no changes at all and the situation was not clear. This could be because of the nature of the changes which took place there, taking into account that the approach for TANESCO privatization, was different from that of TBL.

The study findings further indicated that in almost every organization, the Trade Union was instrumental for the negotiation of pay and benefits for the company's work force. But there were reservations that unions got weakened in the wake of privatization and this was the fact which featured through out in this study. At TANESCO, it was not immediately known why the employees had to side line the substantive negotiating organ i.e. TUICO, and instead bestowed the powers on a Negotiating Committee (Kamati ya Majadiliano). The concept of Open Negotiations assumes that the negotiations are conducted on the basis of mutual understanding and out of free will, from the management and employees alike. What transpired in the cases under study was a pressurized scenario.

What seemed to be the case in this study was that the negotiations were conducted under pressure from the employees through TUICO, using the principle of "Industrial Action", i.e. failure to accept to come to negotiation table would attract industrial action e.g. strike, laying down tools or lock out etc. Experienced negotiators posit that, negotiating takes place between two parties who converse so as to reach agreement, without resorting to hard words (which is inescapable), with a goal to achieving a 'win – win' situation between a 'willing buyer' – and a 'willing seller' (Armstrong 2008). In the current study the scenario under which the negotiation took place was based on mutuality, but at times sanctions or threats for

sanction were used. Such incidences according to this author, are part of the negotiating process. Armstrong puts it clearly and succinctly as follows (Armstrong, 2008, p 797):

*“While it is preferable to conduct negotiations in a civilized and friendly manner, attacks, hard words, and (controlled) losses of temper are some times used by negotiators to underline determination to get their way and to shake their opponent’s confidence and self possession – but these should be treated by both parties as legitimate tactics and should not be allowed to shake the basic belief in each other’s integrity or desire to settle without taking drastic action.”*

However, one of the interesting scenario in one case under consideration was the willingness to allow a formation of negotiating team outside the normal machinery for negotiation (TUICO), but also participating to pressurize the government to agree to the terms of the Contract of Employments Conditions as it happened at TANESCO. What can be conclusive with this variable is that, there seems to be no any pattern for the negotiations, but the situation is more or less atypical of the industrial relations process. The situation does not present variations from one mode to another, but draws a clear distinction between the pre privatization and post privatization period.

#### **6. 2. 6. 4: Discussion on Services Accessible/not Accessible post Privatization**

Respondents had varied perceptions with regard to the order of preference of the services which were not accessible after privatization. The services which ranked highest were transport by 62% with a split percentage of 56.8% and 67.5% for TBL and TANESCO respectively. Water and electricity ranked second with 16.1% split

into 16.0% and 16.2% for TBL and TANESCO respectively. Third rank was for children's centers which had 10.7% with split percentage of 10.4% and 11.1% for TBL and TANESCO respectively. There are those who ranked all of the above services as being important, and these had 9.1% over all, with split of 16.8% and 0.9% for TBL and TANESCO respectively. And a small percentage of 2.1% had company house as their order of preference. Over all it seemed that, some of the services the employees enjoyed before privatization had ceased as a result of privatization. What was observed in these organizations was that medical services for employees were available in the two cases, where management had entered into contract with prominent health insurance companies of Imara Health Insurance and AAR Insurance Company, for TBL and TANESCO respectively.

Transport services to and from work had been abandoned, implying that employees had to meet the costs of transport to and from work from their pockets. Accommodation was available for selected senior managers only, otherwise most employees had to rent their own houses. The findings also indicated that there were different services accessible to employees post privatization, which depended on the agreed contract between the employees and the management. For example, TANESCO had up to 750 units of electricity given to employees on complementary basis, and these were given uniformly to all employees irrespective of one's position in the organization. When the regulator (Energy and Water Utility Regulatory Authority – EWURA), demanded that the employees had to pay electricity bills for the 750 units, the management had to shoulder the bill because it was already covered in the CBA, and registered with the Industrial Tribunal. TBL on the other



hand, had certain amount of beverage products given on complementary basis, to each employee on weekly or monthly basis, but this differed from individual to individual depending on the status of the individual in the organization. It was not possible in TBL to have the departmental managers receiving the same share with plant operators, as it was in TANESCO. What can be said about the distribution of industrial products was that there was inequity in the distribution of those products on the side of TANESCO. It is arguable that the distribution of 750 units of electricity to every employee amounted to inequitable distribution of the package, because it was not justifiable to treat all employees equally, while others deserved to be treated differently. Equity theory states that people will be better motivated if they are treated equitably and demotivated if they are treated inequitably (Adams 1965).

In this sense, while senior officers deserved to be treated differently from the operational staff, the distribution of the units equally, amounted to inequity and unfairness on the side of the managerial and other senior staff. Therefore it could be argued that there were different levels which could be judged as being inequitable and unfair distribution of reward system. The pay package difference between expatriate staff and (same category) local staff was one level with gross inequity and was seen to be quite unfair. The second level of inequity was the pay differential between one organization and the other, based on the fact that while one organization was paid on the basis of profitability of the company, those whose final output could not be judged on the basis of profitability should also be considered for reward since they had accomplished the goals of their organization, although their output could not be so tangibly evaluated. It is possible at this juncture to suggest as my conclusion that, the distribution of services post privatization took different

dimensions, with certain services which employees hitherto enjoyed, being provided differentially, on the basis of one's position in the organization, while other services completely abandoned. This is another level of pay differential related to provision of company services to its employees. The results were mixed with some employees viewing the privatization move positively with respect to this attribute while others judged the post privatization level of service provision to be negatively related to their QWL.

### **6.2.7 The Implications of Total Reward System II on Employees' pre and post Privatization**

Total Reward System II (TORWST II) addressed the perceptual views of the respondents on the following items: Equity and fairness, perceptions on the pay differentials, justification for such differences and areas considered unfair. This brings us to research question 4: "How and to what extent did the prevailing reward system influence employees' QWL before and after privatization (TORWST II)?"

#### **6.2.7.1 Discussion on Equity and Fairness of Payments and benefits pre and post Privatization**

It was clearly known that during public enterprise era, there was a uniform scheme of payments and benefits as prescribed by SCOPO, as such the issue of fairness and equity was not crucial. Therefore the study intended to elicit information with regard to equity and fairness as perceived by the recipients themselves, post privatization. This was important because in view of Equity theory provisions, if a reward package was not administered in a system that would be seen to be equitable and fair, it could result in serious de-motivation of employees, instead of motivation (Armstrong 2008). Benefits which were offered by the organization were intended to reward the

efforts and behaviours that the organization intended to encourage and sustain. This was because it would not only motivate the recipients, but would also enhance organizational effectiveness and productivity.

The findings of the study indicated that the distribution was not fair, between different categories post privatization. A follow up question then required them to indicate which categories were more favoured than others. Sixty three (63) respondents or 25.6% indicated that the distribution was unfair between management staff and operatives, with a split count of 28 or 22.4% and 35 or 26.9%, for TBL and TANESCO, respectively; while 8.5% felt that the unfair distribution was between permanent staff and contract staff. Another category of respondents felt that the unfair distribution was between professionals and non professionals, which accounted for cumulative percentage of 19.1% split between TBL and TANESCO, by 31.2% and 6.6%, respectively. The majority of the respondents, 115 or 46.7%, indicated that the worst form of unfair distribution was between expatriate staff and nationals, with a split percentage of 36.8% and 57% for TBL and TANESCO, respectively.

These findings are in line with the study conclusions by Robert (2003) which found that the administration of pay and benefits tended to favour certain groups while demotivating others. For example, it was quite clear that wage inequality had widened between skilled and unskilled workers. The same study also established that there was income differential based on the position one occupied in the organization and the nature of the organization's reward system. According to Adams (1965) equity may be distributive or procedural. Distributive equity relates to people's feelings

about how they feel they are being treated in relation to their contribution and in comparison to their colleagues. Procedural equity relates to the feelings people have about the fairness with which the procedures related to reward system, promotion, appraisal and discipline are operated (op.cit.). In this case employees in TANESCO were affected by distributive equity, which was likely to amount to demotivation.

#### **6.2.7.2 Discussion on Pay Differentials before and after Privatization**

The study findings indicated that employees experienced the worst forms of pay differentials after privatization. It was observed that before privatization, pay differential was not as high as the one experienced after privatization. Experience indicates that the ratio between the lowest and the highest paid was 9:1 (Mistry 1992) implying that if an expatriate staff was paid nine times the level of lowest paid employee, it was justified by all standards. But in some years immediately after privatization this ratio changed from 9:1 to 21:1 (Dzakpasu 2001); and it seems by the time of this study, it could be as high several hundreds if not thousands (my emphasis). The respondents pointed to the difference between the local staff (same qualifications) and a foreigner as the worst form of pay differential, which got a disapproval of 92 counts or 37.4% indicated that such big differences were unjustified, with a split count of 44 or 35.2% and 48 or 39.7% for TBL and TANESCO, respectively. Majority of respondents totaling 154 or 62.6%, indicated that such big difference was quite unjustified, with split count of 61 or 64.8% and 73 or 60.3%, for TBL and TANESCO, respectively. When the responses were compared across the board, it seemed that there were similar responses for Unjustified and Quite unjustified for the two modes of privatization, indicating that they had the

same level of disapproval of such anomalies. Respondents from the FGD had the following observation (stmt 6.12):

*“There is pay differential between one cadre of employees and another and sometimes between one department and another within the same organization. In spite of our realization that we are bound to differ based on the educational levels, qualifications and training, yet there is pay differential between one professional level and operational staff. This we feel is because the criterion used for setting pays is not transparent enough nor do we know the exact system of determining pay”].*

This observation is in line with the study findings by Kasavubu (2009) who found out that the government had no consistent mechanism of consultation leading to the establishment of different wage figures, which was transparent and wider enough to allow stakeholders participation. Igalens and Rousseau (1999) pointed out in their study that fixed pay which favoured internal equity attracted job satisfaction. This implies that management practices should ensure that the pay administration in any organization should be seen by the employees to be fair and equitable in order to attain better QWL. The contrast is also the case that when ever compensation package is considered to be unfair and inequitable, this will result in job dissatisfaction and therefore poor QWL as well.

### **6. 2. 7.3 Discussion on the Justification of such differences**

Majority of respondents totaling 154 or 62.6%, indicated that such big differences were quite unjustified, with split count of 61 or 64.8% and 73 or 60.3%, for TBL and TANESCO, respectively. When the responses were compared across the board, it seemed that there were similar responses for Unjustified and Quite unjustified for the

two modes of privatization, indicating that they had the same level of disapproval of such anomalies. The researcher intended to compare the views presented from questionnaire with the interviewee's responses, as one of the interviewee reacted to a follow up question that:

“Don't you think the expatriates deserve such big payments because they are expatriates, serving in a foreign country, and that the contract allows for 50% expatriate allowance and such other payments as school fees, medical facilities, housing etc? (stmt 6.12):

*‘It is not just the expatriate status that makes the whole big difference, but I think the foreigners receive salaries which have been determined on the basis of a correct criterion example, standard of living index, rate of inflation or price index etc. This makes foreigners receive wages which meet the basic necessities of employees, because the right criterion has been used to set the pay. In our case the wage rise is just a change of figures, yet the wages are not sufficient to meet the basic necessities (own translation).’*”

This concern is widespread among the Tanzanian workers, that they do not look at their wages in terms of figures only, but try to rationalize on the value of the money they are paid in terms of what it can buy. So in spite of the fact that the employees can not make the microeconomics calculations of what the value of the pay is, they know from practical experience of what the money they are paid can or can not buy. This has been the center of contestation between the Trade Union Confederation of Tanzania (TUCTA) and the government, whenever the issues of pay are raised. So far Tanzania has not agreed to approach wage policy from the cost of living or price index basis. Ideally, the pay should be judged to be adequate by ensuring that the

wages that are paid can allow employees sustain a decent livelihood by affording basic necessities like food, shelter and clothing. So while there has been a tradition to review salaries almost every year, there seems to be no willingness to gauge the pay to the cost of living index, but rather the wage setting has been given on the basis of “take it or leave it” attitude. The inadequacy of the pay structure in the Tanzanian economy is not only pathetic in the eyes of the employees, but also even some employers have felt uncomfortable with the pay as one interviewee reports here under (stmt 6.13)”

*“In certain situations, new owners have contemplated paying higher rate than those commonly applicable in Tanzanian labour market, but the government has always intervened and influenced on setting pay limit. But most crucial is the fact that there have not been clear and transparent systems of determining pay levels, nor is the actual criteria known to Tanzanian employees (own translation).”*

The remarks above are consistent with Hermann’s observation that, if foreign owners are not regulated by labour laws they tend to operate on the basis of non standard employment regulations (Hermann, et.al. 2008). In this case, one would expect to have a clearly set criterion of pay which the investors would be obliged to observe and review from time to time. In discussing the issue of inequality, Robert (2003) has consistently argued that the cause of inequality stems right from WB/IMF policies which advocate for “wage decompression” within the public sector. This in effect according to the author translates to widening the gap between low-paid and high-paid employees, on the grounds that higher level officials need to be paid more to retain talented and well-educated staff. The 2002 UNCTAD Trade and Development Report, indicates that as much as 70% of the population of labour force participating

in world trade, is low skilled, implying that this is the category experiencing worst forms of inequality. (UNCTAD, 2002). The fact that the issue of equity and fairness received higher disapprovals from the respondents is a clear testimony of ill feelings the employees had over the pay differentials between nationals and foreigners, and between local staff in one category and another. These ill feelings were necessarily linked to negative effect to employees' QWL. This proposition is in line with study findings by Bender and Heywood (2002) who found out that higher earnings and remunerations had positive relationship with employees' job satisfaction, implying that lower packages, would definitely result into employees' job dissatisfaction. These conclusions have inclination to this study findings also in that, with the feelings the employees had over the big difference in pay, they were more likely to be dissatisfied and therefore demotivated. This would by and large, affect the QWL negatively.

It is an imperative to point out that HRM policies and practices were likely to differ between one country and another or continent and another (Gooderham 1999) implying that what was being experienced in the work organizations was a reflection of the management culture within those organizations. Salky and Branmen (2000) have added that HRM practices may differ across countries and industries based on culture, government regulations and policies. This explains why in this study the researcher, experienced variations in pay structures, scales and the emerging pay differentials between organizations in this study. But the difference could be a function of the management practice that is dominant whether 'soft' or 'hard' version of HRM practice. In our case studies, what the researcher observed was that there were more elements of 'soft' approach to certain HR issues, while in others there



were more elements of 'hard' practice. It can thus be concluded that privatization may have positive or negative association with employees' QWL, in view of the reward system, where certain organizations may have higher remuneration packages while in others they may be low. There are situations also where certain packages may be available in one organization, but may not be available in another organization, while in others you might experience big gap between highly paid and lowly paid employees, on the other hand.

### **6.3 Chapter Summary and Conclusions**

The Chapter has discussed the findings of the study as present research question one in chapters four and five. Chapter four had presented findings from research questions one and two. Research question one related to employees' experiences with the conditions of work I (CONDWRK I), while research question two related to their perceptual views in relation to condition of Work II (CONDWRK II), with a view to determining their implications to QWL. Chapter five addressed research question three and four on the Implications of Privatization on Employees' QWL in regard to Total Reward System or Compensation I (TORWST I), and their perceptions on Total Reward System II (TORWST II), so as to determine their implications to QWL.

Conditions of Work I (CONDWRK I) addressed five attributes related to organization of work, intensification of work, work related stress, safety and Health and employees – supervisors relationships. The study findings have established that organization of work post privatization took different forms, with work becoming more organized, flexible and more focused. The contractual arrangements seemed to

change from the permanent based to specified contract or even part time basis. In certain aspects jobs seemed to be more specialized, while in others jobs seemed to be more broadened in the form of enlargement or enrichment. With regard to nature of work post privatization, it was clear that work became quite precarious characterized by intensity of work, multiple roles, tight schedules, stress and longer working hours, compared to the period pre privatization. This came as a result of having multi tasks, working for long hours and time pressure to fulfill certain assignments. However it seemed that work intensification was more severe in TBL than TANESCO and the explanation being that work at TANESCO was more technically based, as such flexibility in terms of job sharing was not as common as it was at TBL. Moreover, TANESCO given the nature of the privatization which involved Management Contract, seemed to have more features of Public Company than a private company per se. It could be said that management practices were “soft” and the way employees were handled was more humanistic than would be the case under a “hard” human resources approach.

The study findings further indicated that along side with work intensification, there was increase in work related stress post privatization. Again stress was a result of intensification of work, heavy work loads, tight schedules and time pressure, all of which resulted in stressful situation. However there were stressful situations which arose out of social situations due to unfulfilled life expectations; and these were mainly during the pre privatization period when employee expectations were generally not met. Concerning safety and health issues, the study findings indicated that the situation post privatization was better managed in terms of safety and health issues. It featured that in both TBL and TANESCO there were specific safety and

health programmes which were implemented in order to ensure that employees' safety and health were guaranteed. It also featured that TANESCO had a particular incentive programme which involved regional competition to identify the region which observed the safety and health regulations better and therefore reducing accidents. The overall winner among the regions was given prizes; and this encouraged regions to maintain a watchful eye on safety and health regulations. TBL on the other had participated in the National Occupational Health Audit (NOHA) and Occupational Safety and Health Authority (OSHA) in which case for the 2010, 2011 and 2012, TBL was the over all winner, implying that employees' QWL with regard to this attribute was positive. More over it was observed that in all the case studies, worker protective equipments (WPE) were available and they were used consistently. The employee who appeared without uniforms in TANESCO for example, was counted as being out of duty in that particular day; a situation which was also closely observed at TBL. What seemed to make a difference was that under privatization safety and health issues were observed with much vigour than it was pre privatization. The photograph below portrays TANESCO employees at work site.



Photo 6.1: TANESCO Emergency Team at site (2009)

Findings on employees – supervisors’ relationships were having mixed results, with no clear direction of the relationships. It was clear that the pre privatization era was dominated by the ideology of socialism, which cherished and urged the building of cordial and cooperative relations between the supervisors and employees. The situation post privatization was likely to adopt the ‘hard’ practice in the relationships. It was further observed that the nature of the relationships would by and large, be determined by the nature of the organization’s culture, the philosophy and style of management and the individual employee’s position in the organization. Research question two had addressed the perceptual views of respondents with regard to condition of work II, proxied as CONDWRK II. Four attributes related to, employees’ commitment to the organization’s vision and mission; their perceptions of their employer as an ‘employer of choice’; participation in decision making and the level of information sharing and communication were tested.

In the findings it featured that the employees’ commitment to the organization’s vision and mission was more solid post privatization than it was pre privatization. The explanation they gave was that it was not possible to place much confidence and trust in the organizations which were likely to collapse any time. In other words employees viewed their organizations as having no future and therefore they could not commit themselves fully to an institution whose fate was not known. On the other hand, it was clear that the situation post privatization was more assuring and they felt that putting trust in the organizations was more opportune and appropriate. They argued that the organizations post privatization presented a picture of more sustainability, in terms of employment security as well as the economic security.

The findings further indicated that employees valued their organizations as proper places to work or 'employer of choice'. Again the explanation was that with the new ownership sustainability was guaranteed and therefore they regarded the organizations as a great place of work. They saw their future as being inextricably intertwined with the organization and that their QWL was better post privatization than it was pre privatization. Findings indicated that employees had different perceptions with regard to participation in decision making and information sharing and communication. With regard to participation in decision making they felt that the situation pre privatization had much wider chances of participation in decision making than the situation post privatization. It was observed that the situation after privatization had narrower chances of participation and in most cases it depended on individual's position and proximity to the levels of decision making. More over, employees' participation in the process was more or less for rubber stamping the already made decisions at the appropriate center of power. There was also a phenomenon seemingly like that of decision making as reflected in information sharing and communication.

The findings indicated that the level of transparency and communication took different dimensions depending on the nature of information to be communicated and shared. Information related to productivity, work schedules, new regulations was communicated vigorously and through different channels e-mails, intranet, notice boards and through supervisors and worker representatives. However, there were some feelings among respondents that information which was thought to be unattractive to employees was either filtered or not disclosed properly. Nonetheless, the level of information sharing and communication had improved substantially post

privatization. One of the explanations was that the channels of communication had increased, given the wide usage of Information and Communications Technologies (ICT) and more people having access to ICT facilities. Research questions three and four had addressed Total Reward System I (TORWST I) and Total Reward System II (TORWST II) respectively. Total Reward System I (TORWST I) addressed the experiences and practices in the Reward system pre and post privatization, including: pay structures, (forms, levels, scales etc); statutory payments, negotiations on pay packages and access to other services other than the pay. The elements of TORWST II will be covered in the subsequent paragraphs.

Findings with regard to pay structures indicated that the pre privatization era was governed by uniform pay structures in terms of scale, levels and forms. However, the pay package was more lucrative when compared to government and private sector organizations by then. The situation post privatization has changed substantially, with pay structures becoming relatively more remunerative in terms of levels, scales and forms. Main features of pay post privatization included diversified pay systems, pay differentials and growing inequality and inequity in the pay system. Furthermore there was a tendency to have pay attached to performance, productivity or profitability. Compensation had become more individualized at personal and institutional levels. That is, there was wide variation between one organization and another and even between one department and another, within the same organization. Literature indicated that there was a general trend of pay varying across countries and continents. The findings suggested that it was rather difficult to have a generalized proposition concerning pay system and structure and this warranted concluding that the results were mixed across the board.

Findings also indicated that most statutory payments were being paid under the new ownership, although some had been abandoned on the explanation that such payments had been consolidated. Such payments as overtime had been consolidated and were paid under the annual bonus system, which was paid upon attaining the production targets set by the organization through Collective Bargaining Agreements (CBA). The study findings indicated that in the two cases under study, each had signed a CBA with its employees which was registered with the Tanzania Industrial Tribunal, so that it became legally binding. It featured in one of the cases that, an agreement that had been already signed was likely to be reversed, following the orders of the regulator (EWURA). But since the agreement had been signed with the Industrial and Labour Tribunal, it was not possible to reverse the agreed terms in the CBA.

Findings further indicated that, the level of participation in negotiating for pay was restrictive pre privatization, since the mode of compensation was governed by a uniform pay system, which was determined centrally by the Standing Committee for Parastatal Organizations (SCOPO). The situation post privatization changed with each organization having its system of reaching consensus with the employees. The role of unions was more pronounced post privatization and they had been quite instrumental in reaching agreement with employers with regard to pay packages. With regard to services accessible to employees pre privatization they included accommodation, transport to and from work, health facility and company products on complementary basis. The situation post privatization had varying trends in the provision of such services. Safety and Health provisions were available in all the cases, and more prominent Health Insurance companies had been outsourced to

provide such services with IMARA and AAR providing services for TBL and TANESCO respectively. Other services like transport, accommodation, and food vouchers had ceased on the explanation that they had been consolidated in the monthly salary. However it was found that in each case study, there were provisions for company products on complementary basis, with TANESCO availing each employee 750 units of electricity on complementary basis, while TBL gave certain amount of beverages to its employees on weekly/monthly basis as agreed for in the CBA. Research question four addressed the aspect of Total Reward System II proxied as TORWST II, which dealt with the aspects of equity and fairness, pay differentials as seen from the perspectives of the employees, the justification for such big differences and the areas considered most differentiated.

Findings indicated that pre privatization pay system was seen to be equitable and fair given the uniform nature of such payments in all the PE's. The situation post privatization has been characterized by diversified pay systems, each organization having its own structure and having varied forms of compensation. The situation from the perspectives of the employees was perceived to be inequitable and unfair, at the level of individuals and institutions alike. The pay structure had been furthermore differentiated allowing for very huge differences between organizations, individuals and even departments or sections within the same organization. Moreover, it has been argued that in spite of the autonomous environment surrounding pay negotiations, yet a system of regulation would be quite appropriate to allow for the required harmonization of pay system. From the perspectives of the respondents the big differences existing between the highest paid and lowest paid, on the one hand or between expatriate staff pay and local staff (same qualification), were quite



unjustified. The disapprovals resulted from the fact that no clear criterion had been identified which determined such big differences. As such the very fact of pay differential, in spite of how big the pay package might have been, yet that created sense of dissatisfaction and therefore poor QWL. It has been argued from the standpoint of the employees that even the higher pay rates that were paid post privatization, just represented change of figures because so far the pay in comparative terms was still very low. This was because the pay system had not been gauged against any realistic criterion e.g. cost of living or price index or any other criterion. As such, in spite of the face value of raised figures, still pay packages were considered very low in comparative terms.

## **CHAPTER SEVEN**

### **7.0 CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESEARCH IMPLICATIONS**

#### **7.1 Introduction**

This chapter concludes the research on the investigation on “The Impact of Privatization on Employees’ QWL with reference to Conditions of Work and Total Reward System in Tanzanian PE’s taking the case of Tanzania Breweries Limited (TBL) and TANESCO”. The selected cases represented respectively, manufacturing sector and service sector. The selected cases also represented Joint Venture mode of privatization or Public Private Partnership (PPP) and Management Contract mode of privatization respectively. The chapter presents the overview of the study, major conclusions, the contribution to knowledge, research implications to managers and policy makers, limitations and direction for future research.

#### **7.2 Study Overview**

The study began with the investigation of the major reform programmes which had characterized the economies of Sub Saharan Africa in the mid eighties (1980’s) towards the nineties (1990’s). One important land mark in the reforms was related to the privatization of State Owned Enterprises (SOE’s) or Public Enterprises (PE’s), as used interchangeably in the study. It featured in the literature review that except for an insignificant number of countries like Botswana and Swaziland, all the remaining SSA countries had adopted one form or another of privatization. Tanzania had lagged behind the privatization agenda during the era of the first president Mwalimu J.K Nyerere, who until the end of his term of office had declined to succumb to the

conditionalities of the Bretton Woods institutions (WB & IMF). The institutions are believed to be the main force behind the neo liberal economic measures, which to a large extent subjected the developing countries into serious economic mess. It was during the second and third phases leaderships of Ali Hassan Mwinyi (1985 – 1995) and Benjamin Mkapa (1995 – 2005) who implemented the privatization agenda forcefully, to gross disappointment of Mwalimu, in spite of open acknowledgement from the WB that Tanzania was a ‘model adjuster’ (World Bank, 2004).

The various forms of divestiture that had been adopted included (but not limited to): Share sale, which resulted into Joint venture between the government and foreign investors, asset sale which resulted in liquidation, Management and Employee Buy out (MEBO), outright sale which resulted into 100% private ownership, and few cases where the method of divestiture was by engaging Management Consultants under a contract of specific period (PSRC, 2004). The form of divestiture that was of interest to this study was the Joint Venture mode or Public Private Partnership (PPP) and Management Contract, which were applied to TBL and TANESCO, respectively, and which were picked as case studies. However, it featured that during and even after the process of divestiture the whole process was highly contested within the policy circles and within the work force. It will be recalled that the privatization of National Bank of Commerce was fiercely contested; and in fact the management was allowed to enter offices under the escort of police force, a situation which also affected the new management of TANESCO Net Group Solutions, who again were escorted by police to enter offices. A similar situation affected the Tanzania Railway Corporation (TRC), with employees resisting the take over of TRC by Indian

company RITE. Some other private companies, although not a subject of this study, like Kilombero sugar company and Mwadui Mining company, there were outcries of varied forms of discrimination, injustice, mass lay offs of former employees (and sometimes without fair compensations or payment of terminal benefits) (informal communication with a person from those companies).

The resistance to privatization was, in our view, justified because of the way privatization affects the whole spectrum of the economy in terms of ownership, control, management, productivity, performance and efficiency among others. But most crucial is the way privatization affects human resources in terms of their Quality of Work Life (QWL). QWL in this study was defined as, the physical, mental, and social work environment, wage and salaries, work experience, terms of employment, work motivation, job satisfaction, work orientation and fair treatment, among others (WB, 2004). The situation described above, which formed part of the researcher's personal experience, motivated the researcher to consider undertaking a study to investigate how the reform measures would affect the employees' QWL taking queue of Conditions of Work and Total Reward System.

From literature review of other SSA countries, it also appeared that the same situation had happened in those countries, and main cause of resistance to privatization was the fear of job security, which was highly threatened. Privatizations are notorious for job displacements, redundancies and retrenchments, which had seemed not well compensated (Kikeri, 1998). Further review of literature indicated that privatization was a market driven agenda, which had several presumptions in favour of its adoption e.g. increased economic productivity, efficiency, and saving

the governments from subsidizing the poorly managed PE's and paying dividends to the government (Kikeri, 2004). It could be argued that there were somewhat convincing economic reasons for the reform agenda, but there lacked any plausible agenda for the improvement of employees' aspects of QWL. Studies which had been undertaken targeted the firms profitability, productivity and increased efficiency (Gospel, 2003; Megginson & Netter, 20001; Kikeri, 2004); others had researched on employees' status after privatization (Gallal, 1994; Kikeri, 1998); and there have been researches on privatization's macro – economic effects (IMF, 2000; Megginson and Netter, 2001; Boylaud and Nicoletti, 2000 and Barnett, 2000). Still other researches were directed towards the privatization's consequences to economic welfare (Galal, 19994) and its distributional impact (Nellis & Birdsall, 2005). Indeed Birdsall & Nellis (2002) noted that, there lacked a comprehensive study on QWL. Even where such studies had been undertaken, most were outside Tanzania. In this way there seemed to exist a research gap that the researcher thought warranted a modest contribution to address the vacuum, by answering the main research question:

*“What are the Implications of Privatization on Employees' Quality of Work Life (QWL) in terms of Conditions of Work and Compensation?”*

From this main research question, we developed five specific study objectives as covered under section 1.4, with corresponding five research questions as covered under section 1.5 in chapter one. QWL in the context of the current study addressed in detail two main areas namely: Conditions of Work I (CONDWRK I) which addressed the following main items: organization of work, work intensity, safety and

health, work related stress and supervisor – subordinates’ relationships. These were covered by research question one: The second research objective in CONDWRK II explored the perceptual views of respondents on employees’ commitment to the organization, how they viewed their organization as an ‘employer of choice’, participation in decision making, and information sharing and communication. These were covered by Research question two. The third research objective explored the experiences of the employees with regard to the prevailing practices and policies on the total reward system (TORWST I) based on the following attributes: pay structures - forms, levels, scales etc; statutory payments, negotiations on pay packages and access to other services, other than the pay. This was addressed by research question three. The fourth objective explored the perceptual views on total reward system II (TORWST II), which addressed the following attributes: equity and fairness, areas of inequity, open negotiations on pay and benefits, and justifications for pay differentials. This was addressed by research question four. The final research question dwelt on the implications of the study findings on managerial and policy prerogatives.

The study was based on interpretivism philosophical underpinnings, which also had implications for research approach of qualitative design, which corresponded to phenomenological and case study strategies. However, the use of RAM which is a variant of qualitative research design had influence in the whole process in which the study used mixed approaches to design, combining qualitative and quantitative designs, while employing combination of phenomenology and case study strategies. The use of RAM had implications also on methods of inquiry, which again had to be

a combination of interviews, questionnaire, FGD, documentary review and observation. The use of multi instruments helped enrich the research findings, but also helped to check the validity and reliability of the instruments used. The data collections were drawn from the employees of TBL and TANESCO and covered three regions in the case of TANESCO and two regions in the case of TBL. The sample study of 340 employees was selected using a quantitative tool of Devaus formulae (see section 3.4 chapter three), although only 246 respondents participated. The quantitative data were processed using the computer software SPSS version 17, which helped in producing charts, graphs and tables as clearly covered in chapter four and chapter five. Data from interviews, documentary and observation were analyzed verbatim analysis. The final stage of data analysis involved the interpretation of data collected from both sources to test whether they had answered the research questions asked. The major conclusions are presented in section 7.3.

### **7.3 Study Conclusions**

During the 1980's and 1990's PE's in Tanzania have gone through some difficult but indispensable processes of change, which in turn has affected positively or negatively the employees' QWL. The general conclusion that this study has reached is the fact that privatization of PE's has great impact on the employees' QWL in terms of conditions of work and the total reward system. The study has successfully indicated that the impact is reflected by comparing the situation before and after privatization on the one hand, and between the different modes of privatization i.e. between joint venture mode of privatization or (PPP) and Management Contract mode of privatization, on the other. The evidence that has been presented does not suffice to make robust conclusions that with one mode the situation can be predicted

directly, because there are other intervening factors that go hand in hand with the status of a particular entity. These may include the nature of the organization – whether manufacturing or service provision; it also involves the nature of the mode of privatization, management style and philosophy in the organization which in turn influences the internal policies and practices on Human Resources Management (HRM). The section that follows presents the general conclusions based on the research questions that had been posed to guide this research.

### **7.3.1 What have been the Existing Practices with regard to Conditions of Work I dimension?**

The study intended to investigate the status of employees' QWL preduring the period before and after privatization, taking queue of the five attributes which were tested by the study, namely: organization of work, work intensity, work related sress, employees – supervisors' relationships and health and safety. The study came out with concrete conclusions that the organization of work post privatization had changed radically, with the situation post privatization being more rationalized and more focused. The situation had organized work along more lines of specialization especially with respect to TANESCO, which had more technical oriented activities, unlike TBL where duties could be more easily shared between employees. This observation runs across all the cases, and the fact that work had been more organized implied that volumes of work had increased across the board and this had negative impact on employees' QWL. The findings were in line with similar conclusions which were reached by a study by CUPE (2011) which found that overwork was a growing health and safety hazard for CUPE members that were closely related to



organizational changes in workplaces. Overwork was associated with too many duties and responsibilities for one worker, with too few hours to complete a day's required work. Some times it was associated with having too few workers doing a job which was previously performed by a relatively bigger number of employees, a situation which was typical of the situation in most privatized organizations in Tanzania. The findings were also shared by another study in British Electricity Industry which found that there was a shift from permanent to temporary (contract) form of employment, a situation which also featured in Belgian case study (Paraskevopoulous and Pond (2008).

The research also investigated the status of work intensity in the privatized PE's. The findings indicated that the work practices had become quite precarious, characterized by work intensification, heavy work loads, long hours of work and general imbalance between work life and family life. This was a result of work organization which involved among many other things: the down sizing that took place resulting in reduced number of employees shouldering both their own responsibilities, and those of other colleagues who had been retrenched. The intensified work practices had negative implications to employees' QWL in that not only did the work practices affect the employees' welfare, but also their health had negative effect, although the study never addressed this aspect of health effects. The available evidence suggested that there was close relationship between heavy work load and fatigue with employees' health (King et.al (2009). The study findings concluded that there were significant declines in life expectancy as well as with greater alcohol related deaths, heart disease and suicide rates. These incidences could be interpreted as evidence that rapid organizational reforms created excessive psychological stress, which

would ultimately increase risk of deaths at individual levels. As regards the implications of privatization on employees QWL in relation to work related stress, the findings in this study suggested that privatization was associated with work related stress. Work related stress was seen as a product of overwork and work intensity, which in turn was caused by the reforms that took place in the industries. Similar findings were contained in a study by Cheng (2010) who found that organizational restructuring, had consistent negative effects on employees' level of job security, organizational time pressure, psychological well being and perceived role ambiguity. In essence this situation lead to stress and fatigue. This implied that the increased stress in work organizations especially after privatization, had implications to employees' health and also to their work life and family life interface. Thus it was therefore safe to conclude that privatization of PE's had negative effect to employees' QWL, especially as it was reflected in work related stress, as discussed in chapter four.

On the other hand, the researcher had also intended to explore the experiences of the prevailing relationships between the employees and their supervisors. The findings in this attribute had mixed results lacking direct evidence which associated privatization with employee – supervisors' relationships. But it could be inferred that with increased work intensity and corresponding work related stress, supervisors were likely to adopt more authoritative style of supervision, than the consultative style. More over, in a situatin where work schedules were so tight and pressure to meet deadlines intensifying, it was obvious supervisors would be more 'pushy' so that the targets were accomplished. Some respondents reported that relationships with supervisors were some times strained and in certain situations, supervisors were seen

to be unsupportive and uncooperative. The conclusions in this aspect could not in any way be generalized, but they should be taken on case to case basis with the nature of the style of the supervisor counting more. This might be the case with those who reported the supervisor – employees' relationships to be cooperative might be those whose work had some form of autonomy and therefore never felt the pressure that was being pushed upon them by the supervisors. In view of this, it was plausible to draw some robust conclusions that the relationship between supervisors and employees were mixed and in most cases depended on the nature of the organization, the position of the employee and the supervisors' and line managers' styles of managing people. It has been observed that good leadership and positive relationships, particularly those between supervisors and the employees were important factors that influenced job satisfaction, and therefore employees' QWL (Hayat et.al. 2010).

The final attribute in research question one that was tested related to the nature of health and safety issues before and after privatization of the PE's. The findings indicated that there were varying degrees of adherence to safety and health regulations before and after privatization, with the pre privatization period being lowly monitored. In spite of the existence of rules and regulations, there was apparent negligence or laxity in observing them as clearly reported by an informant in stmt 5.4 in chapter five. On the other hand, the findings indicated that the situation post privatization was different compared to the preprivatization epoch. This was due to strict adherence and observation of the laid down health and safety regulations. The respondent indicated that the difference between pre privatization and post privatization was based on the level of implementation of health and safety

regulations. This was clearly reflected in the respondents' observation (stmt 5.6) in chapter five. In a study by Kothari and Nababsing (1996); and Loewenson, 1998a), it was reported that the expansion of chemical, electronic, and biotechnology industries and of the services and transport sectors had introduced new risks, widened the spread of work related risks and interaction with non work factors in ill health, such as environmental pollution. They thus concluded that under globalization, work experienced new forms of stress, psychological stress and various types of disorders (Loewenson, 2001). More over, it was observed that both TBL and TANESCO for example, had taken more pro active measures to provide incentives for observing health and safety regulations in a bid to reduce level of accidents. There was no doubt in this case to conclude that privatization had positive implications on employees' QWL post privatization, as far as the safety and health attribute was concerned.

### **7.3.2 How did Employees Perceive their QWL, in Relation to Conditions of Work II dimension?**

The Condition of Work II (CONDWRK II) dimension tested the four attributes related to employees' perceptual views on their commitment to their organizations' vision and mission, how they perceived their organization as employer of choice, their level of participation in decision making and the level of information sharing and communication. The study findings have pointed out that there were varying levels of commitment to the organization before and after privatization. One major finding which stands unchallenged was the fact that employees had less commitment to their organizations' vision and mission during the pre privatization period. This

was due to the fact that their organizations could not meet the basic necessities of the employees and neither were places of work giving the required security to their employment. As reported by one respondent, the employers were seen as not providing the required confidence and guarantee for a secure future for their working life. These conclusions were clearly reflected in our findings in chapter four and five.

The conclusions reached with respect to conditions of work (commitment attribute), pre privatization were similar across the board, only that there was a slight variation between the level of commitment between TANESCO and TBL. This could be explained by the fact that, while TBL was having owners who had a relatively higher say than the local partners, TANESCO with Management Contract was having more features of a public company. Findings on the same attribute post privatization had quite a contrasting response. The employees revealed that under privatization, their places of work provided a more attractive place to work in view of the fact that there were known schedules of activities and corresponding guarantee for paid income during the appropriate time. More over, it was argued by some respondents that their job security was more guaranteed under new owners, a situation which contributed to the sense of commitment with the organization.

This situation cut across all the cases, although again the level of commitment seemed to be higher in TANESCO than TBL. Warsi et.al., (2009), has argued that employers of privatized companies demanded highly committed employees, which depended on the level of satisfaction with pay packages, jobs and relationships with other employees. This could explain the same fact that in the cases under study,

employees were more committed because some of their basic necessities, could be met by new employers when compared with the past. These findings were in contrast with studies done outside Tanzania which indicated that the situation post privatization was characterized by less job satisfaction, poor living standards, and less job security (Devine 2003). The conclusions reached by Devine were consistent with those reached by ILO (2002) which indicated that organizational restructuring increased unemployment, stress, alcoholism, job insecurity and prolongation of working hours, which in the final analysis lead to psychic trauma at work and private life. This variation on perception could be explained by the diversity in country and organizational contexts, which resulted in the perceived differences in perception over some variables. These findings also were consistent with a study by Ho Cheng (2010) who revealed that restructuring had consistent negative effects to employees' level of job security, organizational commitment, perceived time pressure and psychological well being. In this regard it was imperative to conclude that the level of employees' commitment to their employers was higher under privatization than it was under public company ownership. However the level of commitment seemed to vary between the joint venture mode and the Management Contract mode.

The study also sought employees' perceptions of their organizations, whether they considered them to be an 'employer of choice' or alternative employer. Employer of choice was interpreted as a place of work where the employee would choose to work as a matter of first preference or a 'great place to work'. The over all findings indicated that all the respondents considered their employers to be not an 'employer of choice' in the period before privatization. This was the case because most organizations were characterized by features uncondusive for an organization to be

regarded as an 'employer of choice'. For example it was normal to have employees attend work but could not get involved in production due to lack of raw materials, or breakdown of machines or due to lack of spare parts. As such employees never enjoyed their working time for not being effectively utilized or for lack of challenging job. The findings post privatization however, had different orientation in translating the HRM practices and their perception of their organizations as employer of choice, post privatization. Basically, for an organization to become an employer of choice it involved HRM policies and practices which addressed employees' expectations and creating a conducive working environment (Purcell et.al. (2003). It involved policies and practices that made employees feel that they were valued, their contribution to production was recognized and that they were listened to. Further, management was concerned with their career growth, had challenging jobs, work – life balance, effective communication and training and development (Armstrong, 2008; Purcell, et.al., 2003). The findings in a study by Purcel were corroborated by what most of our respondents pointed out in terms of their expectations to the organization.

In another survey by Financial Times (2005), the five top most factors which influenced employees' commitment included managers' support for career growth, trust, support at home, work – family balance and employees' feelings that they were valued. It was therefore appropriate to conclude that the post privatization environment in the present case studies, were positively related to better QWL for the employees. The fact that this was responded to uniformly implied that the values espoused for 'employer of choice' were more or less the same across organizations, post privatization. However the limitation we had with this conclusion was the fact

that, there were hardly any studies done to test this variable. The use of 'turn over' as a proxy to test 'employer of choice', could not exactly measure this attribute, because turn over was a decision taken after serving a certain employer for some time, while decision to enter certain organization, was based on images and attractiveness of the said employer. The study further sought the views of employees with regard to their involvement in decision making. The employee voice attribute had varying degrees of involvement between one organization and another and between periods before and after privatization. Overall, the situation was similar across the board when privatization had not taken place, in that both organizations enjoyed high degree of participation in decision making processes. This was due to the fact that the period before privatization was characterized by extreme party politics in business organizations in Tanzania. Under the aegis of Party supremacy, institutions of decision making were strengthened both at national and at institutional levels. During this period there were party commissars at company level, while other organs like Unions, Board of Directors and Workers' Councils, all strengthened the democratic practices at institutional level.

The study findings indicated that the situation post privatization was a direct contrast of the pre privatization era. This conclusion was corroborated by study findings of Hsiung (2009) who, although did not address the employee voice aspect, talked of the positive HR aspects pre-privatization, like employees' higher status, lower stressful environment, job benefits, life security and job satisfaction. These conditions changed negatively under privatization. The findings indicated that the situation post privatization was characterized by diminishing powers of the institutions of decision making, the shift of power from unions to management and



unions remained to rubber stamp the decisions of the management or Board of Directors. This observation was in line with the conclusions reached by Mattoka's study (Mattoka 2009) which found out that management in privatized organizations was just rubber stamping the decisions taken by Board of Directors. In this study, there was an observation by a respondent that, even when decisions were brought to employees or their representatives, it was just a matter of ratifying such decisions and not really intended to involve the employees fully. Therefore it could be concluded that, employees' voice or participation in decision making, post privatization had diminished, while institutions of representation had remained to rubber stamp decisions made by the employers or board of directors, which to a large extent were not well articulated.

The other aspect of condition of work that was tested by this study was the employees' perceptions on information sharing and communication, before and after privatization. The findings indicated that there was high level of information sharing and communication pre-privatization, and this situation cut across all cases. It was argued in this study that, one of the explanations was the fact that during that time there were several participatory organs which had been given mandate to monitor the functioning of PE's. Such institutions included the party organ at the work place, the presence of a political commissar, the presence of members of workers' council, the trade union leadership and the company management. All these structures contributed in exerting pressure on management to distribute information to employees and other stakeholders. It was also argued further that, the PE's were experiencing different forms of crises, as such communication was an instrument of

negotiation and settling crises. The situation post privatization was found to be more open for communication and information sharing, through internet/intranet, notice boards, memos and briefing meetings. The information was distributed to stakeholders promptly through notice- boards, through emails, internet/intranet, newsletters, bulletins and through trade union leaders.

Some times briefing meetings were held with employees on issues which were crucial to the workers, or public address systems. Organizations especially during and after privatization were undergoing diverse changes, which would affect what employees did, their well being and above all, their security. All these needed to be communicated to the stakeholders and especially the employees who would bear the consequences. It has been argued from the theory of change that any type of change would be better understood and implemented when efforts to communicate the nature of anticipated changes were enhanced. In this view, there were efforts to communicate and disseminate the changes which were taking place. According to Armstrong (2008) management communicated to get employees understand and accept what the management proposed, to obtain employees' commitment and to make the employees appreciate what they could contribute to that endeavour.

Communication and information sharing were only effective if the right strategy was used. Armstrong (op.cit.) has suggested that the strategy for internal communication should be based on the analyses of what the management wanted to say, what employees wanted to hear and the problems being met in conveying or receiving information. From this point of view it could be argued that the thrust for communication was mainly targeting to achieve organizational goals and not

necessarily meant to enhance democratic practices in the work organizations. This suggests that the motives for enhancing communication and information sharing before and after privatization were for realizing management goals and not necessarily for enhanced democratic practices. This can be supported by the statement from FGD, which had similar comments as those derived from Mattoka's study (Mattoka 2008) that:

*“Major policy decisions were made by the company Board of Directors, while those related to procedures of executing the day to day activities were made by management team. As such when they were brought to the employees, it was only a way of convincing them to adapt and endorse those decisions (own translation)”.*

None the less there have been varying levels of communication and information sharing, although the motives behind were for realizing organizational goals. Mohanty (2009) has argued that open communication among employees, were among the factors that a company could use to retain its employees. It was thus concluded that, Communication and information sharing had been at the center of organizational changes before and after privatization, although for different motives, implying that employees had better QWL in this regard.

### **7.3.3 What are the existing Practices on Employees' QWL with Regard to Total Reward System I (TORWST I) dimension?**

The Total Reward System I dimension, (TORWST I) tested four main attributes namely the reward system (levels, structure, scale); the statutory pay and services other than pay, which were accessible to employees before and after privatization, pay differentials and justification for such differences. The findings indicated that

PE's were covered by a uniform pay structure which was planned centrally by the SCOPO. By all standards the pay in PE's was quite attractive when compared to private sector or government pay structure. This observation is consistent with those of Hsiung (2009) who described the HR issues as being positive, with high social status, better pay and benefits and better social security. According to this author, the trend reversed post privatization, experiencing decreased social status, lower pay and benefits and declined social security (op.cit.). The pay and benefit system was not based on the level of organizational performance or productivity, or whether the organization had been profitable or not. This, in my view resulted into the biggest weakness of PE's reward system, because it never acted as a motivation to the employees, since whether the organization had excelled in productivity or not, all were paid uniformly. An appropriate reward strategy would define what the organization intended to achieve in terms of long term business strategy and what reward policies, practices and procedures needed to be in place to achieve those goals (Brown 2001 and Armstrong 2008).

Another feature of the reward system pre privatization, was the availability of different non monetary packages which had monetary value although they were provided in kind. In almost all PE's, employees were provided with food vouchers, health facility (either by having company dispensaries or by paying for the health bills), company houses and transport to and from work. In some organizations children centers were available. Compensation package as defined by Dessler, included financial and non financial aspects e.g. bonus, overtime, retirement benefits, gratuity, educational and medical facilities, among others (Dessler 2008). The

statutory stipulations applied uniformly to all PE's without disaggregating them on the basis of productivity or any other criteria.

The findings indicated that the situation post privatization had changed radically, with pay and benefit systems taking different directions. The study found out that the pay and benefit structures had changed upward reflecting pay and benefit rises in most organizations. The main features included: pay and benefit system based on performance and productivity. Under this arrangement the employees were found to have entered into performance contract agreements, which when reached, employees in TANESCO could get bonus payment of up to 60% of their annual pay. The bonus system was also applied at TBL, where in addition some employees also enjoyed share dividends.

There was also a growing pay differential between employees in one organization and another, while in certain cases; there were pay differentials between employees in one department or section and another in the same organization. These findings were in line with the findings in a study by Khan and Islam (2011) who found out that the pay and benefits system had changed drastically post privatization, but was paid on the basis of seniority and experience. The management argued that the aspects of seniority and long experience could not be ignored, implying that pay differentials could not be avoided either. On the other hand, most statutory packages were being paid, although in some situations new forms of packages had been introduced, while others had ceased.

For example, in TANESCO overtime payments had been stopped and instead employees were paid bonus when the production targets had been reached. The same

situation seemed to be applied at TBL. Further more, there were new forms of payments which resulted from Collective Bargaining Agreements (CBA) signed between employees and management. For example, TANESCO had a long service award together with provision for company products on subsidized rates or free. This was also applicable to employees at TBL, where employees were given on complementary basis a certain number of company products.

Findings further indicated that, not only had pay and benefit structures changed across organizations, but also a growing inequality and inequity were most prevalent. For example, there were gross inequalities and inequity between what the local experts were paid compared with what an expatriate of the same level of qualifications would be paid. Finally one observation from the findings was that some of the services accessible to employees before privatization period were either retained under privatized system, removed or were given in new forms. For example in the two cases, health facility was provided for through settling bills with the Health Insurance Providers, with TANESCO getting services through AAR Health Insurance Company and TBL getting health facility through Imara Health Insurance company.

Others were still getting company houses and transport. What featured in this aspect was that provision of certain benefits was based on one's position in the organization. It could therefore be concluded that results were mixed, with regard to pay and benefit system, with the provision of such benefits depending on several other factors e.g. nature of the organization activities, the position of the individual and the nature of management philosophy and style for the organization. It was

plausible to claim that the implications of privatization on employees' QWL reflected mixed results, with some experiencing better QWL and others experiencing poor QWL. This conclusion was consistent with the conclusions reached by Kirkpatrick (2005) which indicated that privatization had both positive and negative effects on employees, in terms of hiring, firing and conditions of work practices.

#### **7.3.4 How and to what extent did the Prevailing Reward System Influence Employees' QWL pre and Post Privatization?**

The Total Reward System II dimension (TORWST II), tested four main attributes namely the perceived fairness and equity within the pay and benefit system, pay and benefit differentials, open and transparent negotiations on pay and benefits system, between employees before and after privatization. The study findings indicated that unlike the pre privatization period when pay and benefit packages were uniform, and therefore seen to be fair and equitable, the situation changed greatly under privatization. The level of inequity was high and the whole package seen to be unfair. For example, there were packages available to one organization, which were not available to another organization; or were available in one department but not available in another department or section. These inequity in distribution of packages thus resulted into pay differentials, which again were found to be extreme. It was clearly observed that pay differentials varied from one organization to another and from one department or section to another. Such differences were clearly observed between managerial cadre and operational staff on the one hand, and professionals and non professionals on the other. But there was also big difference between professional local staff and expatriate staff. It was only in one organization where the

study found that the distribution of company products on complementary basis accessed free electricity units in a uniform pattern in the entire organization, starting from the CEO down to the employee at the shop floor. They got the same level of company products across the board. This was different in the other organization where the distribution was based on one's rank and position in the organization. It has been argued (Flynn, 1998 cited in Rizwan, 2010) that the basic role of reward and recognition system was to define the system to pay the employees so that they could form a link between rewards and performance, which in turn should enhance job satisfaction, and therefore better QWL.

The study findings also indicated that there were mixed results with regard to the employees' participation in the negotiation for pay and benefit system. It was found out that the situation was better in the Management Contract mode of privatization, where the union had been fully involved in the negotiations for reward package, which took quite a time until they managed to sign the CBA under the new management of Netgroup Solutions. The situation was not so clear with the PPP mode of privatization, since it seemed the union had been weakened in the post privatization period.

However, as pointed out earlier, it seemed as if the management contract mode had stronger features of a public company than the PPP mode. It was concluded that the implications of privatization on employees' QWL, in terms of the reward system was mixed, with variations in the modality of pay and benefit system differing greatly from one organization to another and from one department to another. Furthermore it



was also concluded that the whole system post privatization was characterized by growing inequity and inequality between different categories of employees. This was largely because organizations used different criteria to determine the pay levels mainly dictated by business performance, nature of the production line, style and philosophy of the management of the organization.

#### **7.4 Study Contribution to Knowledge**

The statement of contribution to knowledge has been associated with some form of ‘original work’, which implies breaking entirely new grounds or exploring new areas (Oliver 2004). The aspect of originality also involves bringing into fore a case study that had not been covered in a similar research. Several studies have addressed impacts of privatization on employees of the privatized companies, but most have addressed the issues related to redundancies, performance issues and pay structures (Kikeri, 1998; Megginson and Netter, 2001; Dzakpasu, 2003 and Kirkpatrick, 2005). However, studies on the implications of privatization on employees’ QWL have been relatively few and especially in Tanzania, this seems to be the first of its kind.

In methodological terms, the study does not compare across time frames i.e. ‘before – after’ approach also draws on insights from different modes of privatization in trying to understand a phenomena over time. This study approached the investigation by exploring the situation before privatization and the situation after. This approach was common in experimental studies which compared situations before and after treatment. But this one was unique in the sense that the study tried to understand a social setting before and after the change of that phenomena. A third aspect of the contribution was the sampling approach where we picked two different modes of

privatization i.e. The Joint Venture mode of privatization also called Public Private Partnership (PPP) and Management Contract mode of divestiture. The findings in all these areas have afforded new insights into the QWL of employees in the privatized enterprises, in terms of conditions of work and the reward system. The HRM – QWL model that resulted from this research was expected to lay a base upon which further research could be undertaken to clarify the situation further by involving other case studies or by employing other theoretical models. The model had examined factors which contributed to employees' QWL positively, by combining the HRM environmental factors and the way they contributed to institutional change process.

The change process was reflected in the HR practices or policies which were either 'soft' or 'hard', but because there was no situation where management applied only soft or hard approach, the resulting HRM practices and policies were a combination of soft and hard approach. The HR policies and practices that resulted from the change of the phenomena in the organization, generated particular patterns of attitudes or perceptions on the way employees perceived their organization. The resulting experiences and practices had important bearing on employees' reactions to the work situation in terms of level of satisfaction or dissatisfaction with the work environment. This ultimately, determined the level of employees' QWL whether better or poor. This theoretical model was important for future researches to consider the importance of having a holistic view of the way one needs to understand the HRM approach that could contribute to better QWL. The study has made a contribution to knowledge in view of the study design that was used involving both qualitative and quantitative aspects of research, also the use of different research strategies involving case studies and phenomenological strategies. The use of RAM

was particularly important in exploring the phenomenon from the understanding of the participants themselves.

### **7.5 Practical Implications of the Study**

The study yields four main contributions in the field of HRM in terms of policy and practical aspects of improving the employees' QWL, by managers considering the various attributes of condition of work (proxied as CONDWRK I &II) and the attributes in reward system (proxied as TORWST I &II). Secondly, this holistic view of QWL draws attention to managers for the need to draw a balance between work and family life i.e. by acknowledging that employees have life during and after work. By managers using the holistic approach that this framework has proposed, the organization can develop well motivated workforce that will contribute to better performance in the organization, as well as retaining the most qualified human resources in the organization.

Thirdly, the study also points to the necessity for government institutions to devise means of safe guarding the interests of the employees, when ever there are anticipated changes that might affect employees QWL negatively. This goes hand in hand with reviewing the applicable policies, rules and regulations, which ensure better terms and conditions of employment prior to organizational changes. Finally, there is need to ensure that in the course of organizational changes, employees will not be subjected to conditions of work and reward system that are relatively poor than those hitherto enjoyed by employees before the envisaged changes. Any envisaged changes should be mindful of stipulating better terms and conditions of work for improved and better QWL for employees.

### **7.6 Limitations of the Study**

The study could have broader insights had the sample expanded to include more case studies and the varieties of case studies. The study was limited to two case studies only representing joint venture and management contract mode of privatization. It is known that privatization took more forms like liquidation, total divestiture like 100% ownership by private investors or 100% ownership by local investors etc. All these varied forms would throw light on the actual practices in such modes of privatization, which could help uncover more areas that would need to be addressed.

The second limitation which affected the study findings involve the incidences which happened in one of the case studies during the time of the research. The Richmond scandal that was uncovered in TANESCO leading to resignation of the ministers who had led the parent ministry and some officials and subsequent resignation of the Prime Minister of the United Republic of Tanzania (URT) Mr. Edward Lowassa (MP), all of which created fear and suspicion such that research work had to stop for some time before the situation settled down.

But soon there was another scandal that involved the CEO in the ministry 'bribing' members of parliament, with subsequent reshuffle of the cabinet leading to termination of the responsible minister and later followed by a scandal which implicated the CEO of TANESCO in a scandal of awarding a tender to members of his family. These are the circumstances under which data collection in one case study was done. In most cases employees could not differentiate the state agents who were

investigating the scandal from the researcher who was interested in quite different things. In TANESCO data collection approach was rescheduled and the researcher remained the only person who could visit the company premises after the situation was seen to be less turbulent. The HR officers were much more involved in the exercise by helping to convene targeted respondents in their offices with the researcher. The third main limitation was associated with nature of the research topic. Access to data on the internal workings of the reform programmes were surrounded with a phenomenon of non transparency in most cases. Therefore there was difficulty in obtaining data and sometimes data that was available differed from one source to another. The limitation of was corrected by ensuring that other sources of accessing the same information were deployed. For example, when certain information was not clearly covered in the questionnaire, the same information was sought through interview and focus group discussions.

The fourth problem closely related to the above was the difficulty to obtain information from officials associated with reform issues. These were highly placed people, whose schedules were quite tight, as a result to secure audience with them was quite difficult indeed. A fifth problem was related to wide geographical proximity that this study covered. If the research was to cover all regional branches of TBL and TANESCO, it implied that a substantial amount of money and time would be needed, which we doubt might not be available.

## **7.7 Direction for Future Research**

The study has explored the Impact of Privatization on Employees' QWL by focusing on Conditions of Work and Total Reward System or Compensation within the context of Public Private Partnership (PPP) and Management Contract modes of privatization; and by comparing the situation before and after privatization. The study findings have provided some insights into the way privatization affects employees' QWL with regard to Conditions of Work and Compensation dimensions. Results are mixed and largely inconclusive. This warrants for further research in the other avenues of HRM. Specifically, a research is needed to improve our understanding on aspects of HRM practices in the areas of Labour – Management Relations, Training and Development and Privatization and Quality of Services.

It should be opportune to conduct further research to improve our understanding on the Implications of Privatization on Consumers in terms of access to service delivery before and after privatization and whether the quality of service has increased relative to the period before privatization. In a future research, it would be an imperative to broaden the cases so that the research can uncover the workings of privatization in a situation where one is dealing with purely private companies, partially private and partially public. If I were doing the research now I would disaggregate data along gender lines and age groupings. This would provide insights whether the perceived responses had an inclination towards gender and age preferences.

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## APPENDICES

### Appendix A

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Dear respondent,

**Invitation to participate in Research on Employees' Quality of Work  
Life in the context of Privatization**

Please refer to the heading of this letter and the earlier communication you received from the HRO.

My name is Lazaro Anandumi Nkyeyo Swai. I am an employee of the Open University of Tanzania, lecturing in Management studies. As a lecturer I am also doing my PhD studies in the field of Human Resources Management. I am researching on employees' conditions of work before and after privatization, with a view to understand how the changes have affected employees' Quality of work Life.

The information I am seeking is purely for this academic work and no less no more. I am urging you to participate so that you can share your experience with me for more informed discussion. The information that you will share with me will in no way indicate the person who released it. That is why if you want to give me your name, it is for future correspondence and not for the research purpose. Please be free to participate and I thank you in advance for your cooperation.

Much regards.  
Yours sincerely,

Lazaro A.Nkyeyo Swai

## Appendix B

### A QUESTIONNAIRE FOR THE OPERATIONAL STAFF AT TANESCO AND TBL

#### Personal Profile

1. Gender ((Use 1 = Male 2. female)  
.....
2. Education (1 = Primary, 2 = Secondary, 3 = College 4 = University  
.....
3. What is your profession.....
4. Date of employment
5. Type of employment contract
  - a. Permanent
  - b. Contract
  - c. Part time employment .....
  - d. Labourer

#### SECTION B: Concept of Privatization

4. Do you know what privatization means? 1 = Yes 2. No 3. I do not know  
.....
5. What system of privatization has been used in this company?
  - 1 = Private investor only
  - 2 = Private investors and Government .....
  - 3 = Management Contract
  - 4 = Other (specify).....
6. What were the feelings of employees about privatization?
  - 1 = Privatization was not well received and accepted by employees
  - 2 = Privatization was seen as a threat to employees' interests .....
  - 3 = Privatization was well accepted
7. What are the feelings of employees five years after privatization?
  - 1 = Privatization is well understood and accepted

2 = Privatization has improved the working conditions of the employees .....

.....

3 = Employees' conditions of employment are still poor

### **SECTION C: Privatization and Conditions of work**

#### **Item 1: Organization of Work**

8. How elaborate was the organization of work before privatization?
- A. Quite elaborate
  - B. Moderately elaborate .....
  - C. Marginally elaborate
  - D. Insignificantly elabor
9. What is your experience with work organization post privatization?
- A. Quite significant
  - B. Significant
  - C. Insignificant
  - D. Quite insignificant
10. Did the organization of work allow for job sharing between departments/sections?
- 1. Yes (elaborate).....
  - 2. No (elaborate) .....
11. Please explain the extent to which you were involved in setting work targets.....

#### **Item 2: Work Intensity**

12. How Intensive had work been in the period before privatization?
- A. Quite intensive
  - B. Moderately intensive
  - C. Lowly intensive
  - D. Very lowly intensive
13. How would you describe the work intensity post privatization?
- E. Quite intensive
  - F. Moderately intensive
  - G. Lowly intensive
  - C. Very lowly intensive
13. What were the factors which made work to be intensive?
- A. Having several tasks to be performed simultaneously
  - B. Having to work for longer hours and on fast pace

- C. Having higher targets to be implemented in a short time span
- D. Having several tasks, to be implemented in shorter period and promptly
- E. All of the above

**Item 3: Work pressure and related stress**

14. Have you experienced work pressure and stressful situation before privatization
- A. Highly stressful
  - B. Moderately stressful
  - C. Stressful
  - D. Less stressful
  - E. Least stressful
15. What is your experience on work pressure and job related stress post privatization?
- A. Highly stressful
  - B. Moderately stressful
  - C. Stressful
  - D. Less stressful**
  - Least stressful

**Item 4: Condition on Safety and Health Issues**

16. How would you describe the status of health and safety at work pre privatization?
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Less satisfactory
  - D. Quite dissatisfactory
17. How would you describe the status of health and safety post privatization?
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Less satisfactory
  - D. Quite dissatisfactory
- i. How would you rank the situation in these areas (Use 1 = very good 2. = good 3. poor
- |  | Pre privatization | Post privatization |
|--|-------------------|--------------------|
| General cleanliness of the work place..... | .....             | .....              |
| ii. Ventilation and lighting .....         | .....             | .....              |
| iii. Health precautions and alarms .....   | .....             | .....              |
| iv. Worker protection equipments .....     | .....             | .....              |

- v. Hours of work .....
- .....
- vi. Relationships with supervisors .....
- .....

**Item5: Employees' – Supervisors' relationships**

18. Evaluate employees – supervisors' relationships pre-privatization
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Satisfactory
  - D. Dissatisfactory
  - E. Quite dissatisfactory
19. How would you describe employees – supervisors' relationships post privatization?
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Satisfactory
  - D. Dissatisfactory
  - E. Quite dissatisfactory

**Item 6. Employees' perceptions on variety of issues in the organization**

20. How did you feel committed to your organization before privatization?
- A. Very highly committed
  - B. Moderately committed
  - C. Lowly committed
  - D. Very lowly committed
21. How would you describe the level of commitment post privatization?
- A. Very highly committed
  - B. Moderately committed
  - C. Lowly committed
  - D. Very lowly committed
22. How would you judge your employer as the best place to work for before privatization?
- A. Strongly agree
  - B. Moderately agree
  - C. Agree
  - D. Disagree
  - E. Strongly disagree

23. Would you judge your employer as the best place to work for post privatization?
- A. Strongly agree
  - B. Moderately agree
  - C. Agree
  - D. Disagree
  - E. Strongly disagree
24. How would you judge the level of participation in decisionmaking before privatization?
- A. Quite frequently
  - B. Moderately frequently
  - C. Marginally frequently
  - D. Infrequently
  - E. Quite infrequently
25. How would you judge the level of participation in decision making post privatization?
- A. Quite frequently
  - B. Moderately frequently
  - C. Marginally frequently
  - D. Infrequently
  - E. Quite infrequently
26. How satisfied were you in information sharing and communication before privatization?
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Satisfactory
  - D. Dissatisfactory
  - E. Quite dissatisfactory
27. How satisfied were you in information sharing and communication post privatization?
- A. Quite satisfactory
  - B. Moderately satisfactory
  - C. Satisfactory
  - D. Dissatisfactory
  - E. Quite dissatisfactory

## SECTION D: PRIVATIZATION AND PAY AND BENEFIT SYSTEM

### Item 6: Condition of work in Pay and benefit structure.

28. How would you describe the Reward system generally after the privatization?
- Pay and benefit system improved substantially
  - Pay and benefit increased moderately
  - Insignificantly increased
  - Never increased
29. Compare the level of pay and benefit before and after privatization in the following packages (use 1 Yes 2. No 3. I do not know)

<b>Before Privatization</b>	<b>Post privatization-</b>
A. Salaries increased substantially	.....
.....	.....
B. Overtime payment	.....
C. Bonus based on productivity	.....
D. Paid holidays and annual leave	.....
E. Paid maternity leave	.....
F. <b>Assistance for funeral</b>	.....
G. Assistance for medical services	.....
.....	.....
H. Accomodation or rent assistance	.....
I. Electricity assistance	.....
.....	.....
J. Water assistance	.....
.....	.....
<b>K. Transport to and fro work</b>	.....
.....	.....
L. <b>Children's centres and facilities</b>	.....
M. Huduma ya Matibabu	.....
.....	.....

### Item 7: Employees' perceptions on the Pay and benefit system generally

30. How fair and equitable had the system of pay and benefits been before privatization?
- Quite fair and equitable
  - Moderately fair and equitable
  - Fair and equitable



- D. Unfair and inequitable
  - E. Quite unfair and inequitable
31. In your view which areas were considered inequitable and unfairly distributed?
- A. Between management and operational staff
  - B. Between permanent and contract staff
  - C. Between professionals and non professionals
  - D. Between nationals and expatriate staff
32. How justified could the differences
- A. The differences were too big and quite unjustified
  - B. Unjustified
  - C. Situation tolerable
33. How open and transparent were the pay and benefits negotiated before privatization?
- A. Quite openly discussed
  - B. Moderately openly discussed
  - C. No open discussion at all
  - D. Situation was not clear
34. How open and transparent were pay and benefits discussed after privatization?
- A. Significantly changed
  - B. Moderately changed
  - C. Insignificantly changed
  - D. No change at all
  - E. Situation not clear**

## **Appendix C:**

### **Interview Protocol**

#### Personal particulars

1. What is your name madam/sir?
2. In which section do you work?
3. What are your daily activities in the organization?
4. How long have you been in the department / section?
5. How elaborate are your daily roles and responsibilities?
6. How do you compare the way you performed your activities before and after privatization?
7. How would you judge the relative intensity of your job before and after privatization?
8. What are the main constraining factors
9. How do you compare the health and safety situation before and after privatization?
10. Why do you think the health situation has improved as compared to the period before privatization?
11. How would you describe your working relationships with your immediate supervisor?
12. Are there situations when relations have been strained? What were the causes?
13. Does your job make you feel as if you wouldn't want to leave the organization and seek employment elsewhere?
14. What is the degree of you or your representatives being involved in making important decisions in the organization?
15. Would you judge the spirit of involvement as being genuine and sincere?
16. How do you get information about what is happening in your organization?
17. Are methods and channels of communication adequate
18. How do you evaluate the

**Appendix D:****Observation Protocol**

This guide is for helping the researcher to observe important scenario and behavior while visiting the organizations.

Important issues to observe:

1. The general cleanliness and hygiene of the working environment
2. Lighting, ventilation and air circulation at the work place
3. Employees' working facilities, protective gears, uniforms, helmets, gum boots etc
4. Emergency precautions – fire extinguishers, alarms
5. Presence of cafeteria services
6. Presence of first aid kits
7. Safety precautions
8. Interactions between peers
9. Interactions between employees and supervisors
10. Interactions between trade union representative and management
11. The presence of Notice boards and the type of announcements on them
12. Managerial instructions to employees etc.

**Appendix E**



**Photo 3: A Seemingly overworked employee.**

## Appendix F

### Box 1.1: Classical Theories of HR Management

#### **Taylor's Theory of Scientific Management (SMT)**

Scientific Management Theory (SMT) was a combined intellectual efforts of Fredrick Winston Taylor (1856 – 1915) Henry Gantt (1868 - 1924), through his Gantt Charts and Frank Gilbreth (1868 – 1924) and Lilian Gilbreth (1878 – 1972), through their time and motion studies. The main postulates of SMT included (Colvin, 2000):

- The development of standard method for performing a job
- Selection of employees with appropriate skills to perform each job
- Training of employees to acquire those standard methods
- Supporting employees through planning their jobs and avoiding I nterruptions and
- Providing incentives to workers for increased output

Based on the ideas of the theorists, they made important contributions by showing the importance of work study and its design; the importance of compensation for increased performance and the importance for proper selection, training and placement. The main criticisms against SMT, include the preoccupation with aspects of productivity and total treatment of individuals as machines or mere 'cogs', conception of workers as uniform entities and total disregard of the social context of the work. Moreover, there was over concentration with the task environment and total disregard of the social environment and the job doer.

#### **Principles of Administration**

This was a sub field of classical perspective which was contributed by engineer Henry Fayol's 14 principles of management, Mary Follett and Chester Barnard. Fayol developed the fourteen principles, most of which form part of the management philosophy. Among the principles included Unity of command, Division of work, Unity of direction, Scalar chain and 'esprit de corps'( Fayol, 1930; 1949). Here the focus shiftrd from the productivity of the individual to the productivity of the whole

organization. Fayol felt that if the principles could be followed closely, then the problems of effectiveness and productivity would have been solved. Again, as SMT concluded, the main focus was on productivity and the way to control behavior in the

**Box 1.1 cont.**

organization so that the organization became more effective and efficient. The individual worker was left out of context and considered the task and approaches to performing the task.

Mary Parker Follett (1868 – 1933), was another contributor to classical administrative principles. She wrote about the importance of common superordinate goals in order to reduce conflict in the organization (Follet, 1918 cited in Daft, R.L. Management). Although Follet was a classicist, her ideas contrasted those of SMT, as she advocated for importance of people rather than the importance of engineering techniques. She developed the concepts of empowerment, power, ethics, and how to lead so as to encourage the employees to give their best (Follet, 1941 cited in Daft, Management).

Chester Barnard (1886 – 1961), contributed towards the importance of the informal organization within the formal organizations, and the the acceptance theory of authority. With regard to informal organization, he argued that if the informal relations were well managed, they could could become an important forces for organization to succeed. On the other hand, he argued that people had free will to follow or not to follow management orders and that they opted to follow order based on the perceived benefits (Wolf, 1968; Fleet, 1972 cited in Daft, R.L. Management).

Bureaucratic Organizations Theory was developed by Max Weber (1864 – 1920). Weber envisioned an organization which would be managed on impersonal and rational basis, based on clearly defined positions within the organization and corresponding authority relationships. He argued that the management of the organization should be based on rules and written recorde for continuity (Weber, 1947 cited in Daft, R.L. Management). The main features of Weberian Bureaucracy

included Weber op.cit.):

- A clear division of labour with clear authority and responsibility relationships
- A well established hierarchy of authority with position under higher authority
- A systematic selection of employees based on merit (qualifications, experience, training and selection examinations)
- A system of written records of all decisions
- Separation of management from ownership of the business and Existence of clear rules

**Box 1.1.cont....**

and procedures to ensure reliable and predictable managerial behavior.

The overall classical theories were powerful breakthroughs in the nineteenth century, as they gave companies and their management new skills for achieving higher productivity, although the human element was overlooked by management. The human element was made reference to in so long as , it could contribute to more productivity and effectiveness and efficiency. The focus was mainly on the task environment, its design and execution, the management principles which should determine and predict human behavior and control in the organization for effective job performance. The human element was peripherally considered, and even communication was considered in view of task function, ignoring the relational and maintenance functions of communication. These postulates and perspectives have become the main corner stones for the 'hard' paradigm which was considered above.

**Box 1.1 cont.**

## Appendix H

### Box 1.2: Humanistic Theories of Organizations

#### **The Human Relations Theory**

The Human Relations Theory developed out of the Hawthorne studies which were conducted by two Harvard University Professors (Elton Mayo and Fritz Rothlisberger (1927 – 1933)). The human relations perspective considered that the truly effective control of the employee came from the inner drive within an individual rather than out of threats of punishment and coercion, authoritarian control (Tausky, 1978). The human relations school was characterized by a shift of focus from the task, structure and work design to the worker. Taylor's economic man dictum i.e. man was motivated by money only was challenged, indicating that the increased productivity was not a result of monetary reward only. It was believed that the factor that could best explain the human behavior and increased productivity was the 'human element' or human relations. The theory goes beyond individual's physical contribution, to include creative, cognitive and emotional aspects of workers. The study stimulated interest in looking at employees as more than mere extension of the factors of production. The interpretation that employees' output increased as a result of better treatment by their managers, ignited a revolution towards work handling and improved productivity. This approach has shaped management theory and practice, in a way that it is now believed that human relations is the best approach in increasing productivity in organizations (Daft, 2004). Social relationships are the heart of organizational behavior i.e. effectiveness is contingent on the social well being of the workers. The bottom line being that Supervisory practices increase employee morale and productivity

#### Chester Barnard and the theory of Communication

Chester Barnard considered a bridge between classical and human relations theory in his book the functions of the Executive. The philosopher argued for strict lines of communication, a human based system of organization, the potential of every worker in the organization to be taken on account and the centralit Barnard drew attention away from formal organizational structures towards communication, cooperation and the informal organization. His work was integrated by other theorists in the human relation movement of communication (Barnard, 1968).

#### **Human Resources Perspective**

The Human Resources Perspective was an extension of Human Relation school, by considering the value for employees participation and considerate leadership. It combined prescriptions of

**Box 1.2 cont...**



job design and theories of motivation (Tausky, 1978). In the human resources perspective, job should be designed in such a way as to avoid dehumanizing the worker, but instead allow workers to use their full potential (Daft, 2004). Two of the most potential contributors to this school include Abraham Maslow (Hierarchy of Needs Theory) and Douglas Mc Gregor Theory X and Theory Y

### **Maslow's Hierarchy of Needs Theory**

Abraham Maslow (1906 – 1970) postulated the hierarchy of needs theory in 1943, suggesting that there were five major categories of needs, upon which people were motivated (Maslow, 1943). He argued that the needs were hierarchically arranged in order of importance, starting with physiological needs (food, shelter, clothes and air), followed by security (safety and secure place, peace, job security). The third level of needs involved the belongingness needs (love, peers, being part of group) and esteem needs (positive self image, recognition and appreciation by others). The final level of needs was self actualization needs (representing self fulfillment, realizing one's full potential and one becoming what he/she longed to become) (op.cit.). He argued further that, the lower order needs of physiological nature took prominence to be followed by security, belongingness, esteem and self actualization. According to this postulate once a need was satisfied, it ceased to be a need and another need up the hierarchy was activated. Although the theory does not present a coherent piece of intellectualism, yet it stimulated the thinking about human behavior in the organization and how it could be motivated for improved performance and efficiency.

### **Mc Gregor Douglas Theory X and Theory Y (1906 – 1964).**

Mc Gregor formulated Theory X and Theory Y as a challenge to both classical perspective and early human relations assumptions about human behavior. Main assumptions of theory X included the assertion that average human being had an inherent dislike for work and that he would avoid it if it were possible; that because of the inherent dislike for work most people needed to be coerced, controlled and threatened with punishment in order to work (Mc Gregor, 1960). Further to that most average people preferred to be directed, would avoid responsibilities, had less ambition and wanted security above all (op.cit.). In our view theory X postulates, although appearing under human resources perspective, they were in effect attributes of classical theories, and therefore would fit well with Taylorism postulates.

Theory Y on the other hand had the following assumptions about human behavior (Mc Gregor, 1960:33 – 48):

- That an average human being perceived work as being natural as play or rest and never disliked work

#### **Box 1.2 cont....**

- That the external control and threats of punishment would not bring

effectiveness in the performance of organizational objectives. But a person would exercise self direction and self control to the objectives to which he/she was committed.

- That under proper condition, an average human being learned, not only to accept responsibility but to seek it also
- That average human beings had capacity to exercise high degree of imagination, ingenuity and creativity in the solutions to organizational problems
- That under the modern industrial life the intellectual potential that was available was only partially utilized

