

EMPLOYEE OWNERSHIP (EO) IN THE PRIVATIZATION PROCESS OF SUDAN: PROGRESS, PROBLEMS AND PROSPECTS

Dr. El-Khider Ali Musa

Faculty of Business Administration, Ajman University of Science and Technology
P O Box 17550, Al-Ain, United Arab Emirates
Email: elkhidermusa@hotmail.com

1. EMPLOYEE FINANCIAL PARTICIPATION: A THEORETICAL FRAMEWORK

The subject of employee financial participation has received considerable attention from the academic community for a long time. Workers, employers and governments have also expressed genuine interest in the idea to achieve a host of different, and at times, conflicting objectives (Fitzroy et al, 1998, Schliwa, 1995, Vaughan-Whitehead, 1995, Chilosi, 1995, Kalinova, 1995, Musa, 2000,). The background to and rationale for employee financial participation can best be explained by a combination of contingent factors, both internal and external to businesses that facilitate the adoption of employee financial participation choices. Among others, this include a diverse number of variables such as styles and strategies, the competitive structure of the industry, the size and growth of the company and government involvement (Poole, 1995, p. 106). The objective is to retain a committed workforce through direct participation, security, status and job satisfaction. Consequently, it is believed that this commitment in the end will positively impinge on the organisation's economic and financial, industrial relations and organisational performance. The available empirical evidence, although not conclusive, tends to support this argument.

Accordingly, employee financial participation in business enterprises has long been argued for on account of its positive impact on productivity, industrial stability and human relations (Fogorty and White, 1988). Many Western countries have experienced employee ownership (EO) for quite a long time and with varying degrees. In particular, this form of ownership is known to many multinational companies. In the United States, for instance, "In 1998, there are more than 10, 000 schemes covering about 9. 5 million employees " in several of the largest and most prominent companies. (FitzRoy et al, 1998, P. 15, Vaughan-Whitehead, 1995, pp. 55-84, Biagioli, 1995, pp. 85-104, Poole, 1995, pp. 105-123). In these cases workers were offered shares with the objective of promoting efficiency of the company, enhance loyalty to the company and achieve industrial stability. In Japan, on the other hand, "the probability of a firm introducing financial participation schemes is higher in companies in which human resources are a more important factor in their success. "(Vaughan-Whitehead, 1995, p. 21).

With the privatisation wave, however, the concept of employee ownership (EO) has spread significantly to many developed and developing countries as well as former socialist economies in Central and Eastern Europe. In Western Europe, employee participation in ownership was promoted by the European Commission since 1989 as part of its Social Charter for the Basic Social Rights of Workers (FitzRoy et al, 1998, p. 15). Elsewhere, a study by Smith (1994) identified that 50 developing and transitional countries have already undertaken privatisation programmes with an employee ownership role and/or are known to have law or regulation established or being established on this matter. 9 of these countries are African. In almost all Central and Eastern European countries an important part of enterprise assets so far privatised has ended up being transferred to insiders (management or workers) (FitzRoy et al, 1998, p. 1, Schliwa, 1995, p. 18,

Vaughan-Whitehead, 1995, pp. 1-27, Chilosi, 1995, pp. 167-182, Kalinova, 1995, pp. 183-198, Laky, 1995, pp. 199-220). During the early years of privatisation in these countries, the objective of introducing EO as part of the privatisation process was to quell the potential opposition of the trade unions and rally their support for the public enterprise (PE) reform. Otherwise, "Had employee ownership not been included among the available options-for example in Russia or in the Republics of former Yugoslavia-this could have blocked the property transformation process. "(FitzRoy et al, 1998, p. 17).

As privatisation became more difficult through direct sale to foreign and local investors, however, EO was seen by many countries as a quick alternative route. The emergence of EO in transition and developing countries, therefore, took place by default and has never been a smooth process. During the early years of transition, "the literature on economic reform was critical of the potential role of employee ownership in enterprise restructuring: it was expected to promote large wage increases and inflationary pressures, a deterioration in economic performance, considerable delays in restructuring, labour hoarding and a low propensity to carry out necessary investment. "(FitzRoy et al, 1998, p. 5). Of late, the empirical evidence, however, refutes this perception. It is now proved in Central and Eastern Europe that "the evidence broadly supports the view that employee ownership has favourable effects upon it. "(FitzRoy et al, 1998, p. 9). Even as momentum gathered in favour of EO, other problems, such as difficult access to capital for employee-owned firms and negative attitudes towards EO, remains to be tackled. To tackle these problems and facilitate EO, therefore, governments established a variety of facility schemes such as selling shares at discounted prices or even giving them away, creating special funds to finance employee shares, creating the necessary legal and institutional framework to support EO, providing tax incentives and easy access to capital for employee-owned enterprises.

Evidence on the response of workers to become owners in the privatisation process of Africa is very little. Since the privatisation wave swept the world by mid 1980s, a tremendous body of literature has addressed evaluation of the privatised Pes (van der Well, 1992). Another bulk of the literature relates to the social and economic costs of privatisation in terms of layoffs (Sachikonye, L. M(1997), Musa, 1997, Adewumi, 1997, Tonya, 1997, Nguluwe, 1997). Nonetheless, there is by now a staggering literature on some privatised PEs which operated employee share schemes. A recent survey shows that Egypt has 290 majority employee-owned privatised firms (Shared Ownership, 1998). In Ghana some workers have actually acquired some shares in some privatised state-owned enterprises (SEO) such as the Asanti Goldfields Company, one of the biggest privatised companies (Musa, 1999). In Tanzania workers have bought some shares in few PEs such as the Portland Cement Factory (Musa, 1994). South Africa created a National Empowerment Fund, providing \$ 2000 per employee to buy shares in formerly-government-owned businesses (Shared Ownership, 1998)

Thus, it is widely acknowledged in the privatisation literature that "While several privatisation issues have been widely studied, a closely related aspect which has received considerably less analytical attention is the development of employee share ownership. "(FitzRoy et al, 1998, p. vii). There is urgent need, therefore, to investigate various aspects of this phenomenon. This proposed study follows up a recent study by the author, which takes stock of the privatisation process in Sudan and recommends further research on this subject (Musa, 2000).

2. RESEARCH QUESTIONS, OBJECTIVES AND METHODS

2.1 Research Questions

The present government adopted the privatisation policy in Sudan since the early 1990 on a more systematic and pragmatic basis. The privatisation policy is the cornerstone of the Three-year Economic Salvation Programme (1990-1993) and the Ten-year National Comprehensive Strategy (1992-2002). To facilitate and speed up a transparent privatisation process, the government created legal and institutional frameworks. In August 1990, the National Salvation Command Council, then the highest authority in the country, issued the Disposal(Privatisation) of Public Enterprise Act. In Dec. 1992, this Act was complemented by the Public Enterprise Liquidation Regulations. To give the necessary political backing and impetus for the privatisation process, the Act provided for the establishment of the High Committee for the Disposal of Public Enterprises (HCDPE) under the chairmanship of the Minister of Finance and Economy. The Act empowered the HCDPE to carry out the privatisation programme. The HCDPE identified 124 Pes as privatization candidates. Since 1990, however, only 57 Pes were privatized so far. Table 1 below gives details of the number of privatised Pes sector and the privatisation method.

Table 1:No. of Pes privatised (as of Dec. 1999) and method of privatization*

privatization method	manuf. sector	agric. sector	trans. & commun. sector	energy sector	commercial & miscellaneous sector	total	%
full sale	8	1	4	2	1	16	28
partial sale	1	-	2	-	-	3	5.3
lease	-	-	1	-	-	1	1.8
liquidation	-	6	-	-	-	6	10.5
restructuring	-	4	-	-	-	4	7
public offering of shares	-	-	-	-	2	2	3.5
transfer(give away)to state govt. & GOs	5	5	4	2	9	25	34.9
Total	14	16	11	4	12	57	-
%	24.6	28	19.3	7	21.1	-	100

*Source:Al-Aam Daily newspaper, issue No. 6756, May 20, 2000, Khartoum, Sudan.

The slow progress of the privatization operations in Sudan is attributable to a host of factors (Musa, 2000). These include lack of transparency which caused a public outcry that halted the programme for some time, most Pes offered for privatization are loss-making and unattractive to potential investors, the limited absorption capacity of the private sector to take many Pes, valuation problems and the weak Khartoum Stock Exchange which did not facilitate the process. In a move designed to appease workers and ensure their support for the privatization programme, which they opposed for a long time (Musa, 2000), the Disposal of Public Enterprises Act 1990 made provision for EO in the ambitious privatisation programme that entailed 124 PEs. The Act made it clear that workers could buy some of the shares of the public enterprise in which they work once it is offered for privatisation. This was reinforced by a presidential decree which allows workers to buy up to 30%

of the share capital of the privatisable PE. Moreover, the SWTUF has publicly lobbied for and supported this move (SWTUF, 1996). Although the Act and the Presidential Directive did not specify how to finance this employee share-holding, nonetheless, they paved the way for workers to become owners for the first time in Sudan.

Consequently, this study attempts to raise and address the following research questions:

Have employees(managers and workers)become owners in the privatisation process in Sudan?

(i)If so, then to what extent?

(ii)If not,

-why not? and

-what actions need to be taken to promote EO in privatisation?

Overall, the study endeavours to assess the development of EO in privatisation in Sudan in view of the government's initiatives and support of the SWTUF. In the process, the study will explore the nature of emerging EO, the factors which may have hindered its promotion and how to enhance EO in future.

2.2 Objectives of the Study

This study is designed to serve three objectives:(i) to assess the EO in privatisation in Sudan and the problems that may have hindered it eight years after the government initiated the policy in 1990. This will help to narrow the literature gap and give more insights on the subject. (ii) to provide the necessary input to enrich debate and draw policy implications with a view to develop EO on the basis of the responses of the employees, trade unions, employers' associations and empirical evidence on the subject, (iii) to team up with other researchers in the MENA region and throw more light on least investigated subject at the regional level.

2.3 Research Methods

To address the research questions, the researcher basically used three research methods. First the researcher conducted a series of interviews with the government officials in the privatisation agency-the High Committee for the Privatisation of Public Enterprises (HCDPE)-on the extent of EO in the privatised PEs and existing facility schemes. Second, the researcher investigated and analysed documents related to the sale agreements (contracts) of privatised PEs. These two methods are designed to help the researcher establish the extent of EO in privatisation since 1990 in terms of PEs owned by employees(managers or workers)out of the total number of PEs privatised so far and the nature of EO, i.e. majority/minority owners .

Third, the researcher administered a questionnaire to investigate the problems that may have slowed down EO and ways of tackling them. The questionnaire was distributed among the social actors involved in the EO, namely trade unions, employees' (managers and workers) of the privatized Pes and privatisation candidates, employers' associations and officials of the HCDPE. All in all, 164 respondents have managed to complete the questionnaire. Of these 148 are trade unionists and employees who work in ten privatization candidates in the different sectors of the economy. The rest are businessmen. At times, when there are with multiple choices, some respondents chose several responses. That explains why sometimes the total number of responses exceed the number of respondents. At other times respondents refused to answer some questions. The questionnaire checklist is shown on Appendix 1.

3. PROGRESS OF EO IN PRIVATISATION:THE STATE OF THE ART

So far our investigations tend to confirm that EO in privatisation in Sudan had very limited success. At the national level, the SWTUF had unsuccessfully bid to buy the Catering Dept. which was given away (free of charge) to the National Fund for Students' Support. However, there is only one case where workers managed to take advantage of privatisation. This took place in Sudan Railways Corporation (SRC), one of the biggest Pes in the country. Here management of SRC decided to contract out catering services (food and beverages) to the private sector. The management then invited the private sector to bid. The workers' trade union of the SRC was successful and won the bid. Both sides then concluded a management contract. This agreement provides that the workers' trade union fully takes charge of the catering services on all routes. Accordingly, the workers will not pay lease fees but has to avail the necessary working capital and manage the catering facilities and services. At the end of the financial year both parties equally share the net profit. Recently, the trade union also concluded an agreement to lease on of the SRC's trains and take charge of providing passenger services in one of the longest and lucrative in Northern Sudan (Khartoum-Halfa Express). The trade union is now about to start the services of what it calls the challenge train. This limited progress of EO in privatisation raises the important question of why. The next section tries to identify the reasons therefore.

4. PROBLEMS OF EO IN PRIVATISATION IN SUDAN

4.1 Attitudes To EO in Privatisation

One cannot underestimate the importance of positive attitudes for EO promotion. Empirical evidence tends to suggest that "the attitudes of the social partners partly explain the great differences in national experiences of financial participation schemes and the divergences in their level of development at the national level. "(Vaughan-Whitehead, 1995).

4.1.1 Government's Attitudes

The attitudes of the government in particular are crucial in Africa. This is because all the workers' participation in decision-making was historically initiated by the state. In the following sections we review the attitudes of various partners to employee ownership. Moreover, its ability to introduce appropriate legislation and its involvement in the economy, makes the State the most determining social partner in developing EO in privatisation. To overcome the workers' inability to buy shares, "governments have provided various credit facilities to encourage employees to buy shares in their company. "(Vaughan-Whitehead, 1995). These credit facilities range from offering shares free of charge or at a discounted rate to establishing trusts(funds)to finance purchase of stocks.

Officially, the government of Sudan is in favour of EO in privatisation. This is evidenced by the by the provisions of the Public Enterprise Disposal Act 1990 which provides for employee buyouts as one of the privatization methods which the HCDPE can use. Moreover, the Presidential Directive pledges sale of 30% of share capital of privatizable Pes to employees. Officials of the HCDPE also maintain positive attitudes to EO although some of them think that 30% is too much. When asked why they are in favour of EO in privatisation, officials of the HCDPE emphasised two reasons. Firstly, they see EO as an alternative method up the stalled privatisation process. Secondly, as trade unions have vigorously opposed privatisation in the 1980s for fear of compulsory redundancies, the move is designed to quell workers' possible protests against the ambitious privatisation programme of the government in the 1990s.

In practical terms, however, it seems that these positive attitudes are no more than a show business. Three reasons can justify this argument. First of all, in almost all the privatisation operations carried out so far, individual employees of privatisation candidates have never been offered the chance to buy 30% of share capital. Normally, employees are made redundant and given their end of service benefits (ESB) before the PE was offered for sale. It is widely believed that this is important to attract potential investors who are not prepared to inherit disguised unemployment and face labour disputes following privatisation. It is a fact that Pes in Sudan are overstaffed since one of their social objectives is to create job opportunities on a large scale. Second, the government did not create any special facility schemes to promote EO in ownership (see section 4. 3). thirdly, since the government desperately needs privatization revenues to balance its budget, the government prefers to sell profit-making Pes to private investors who can pay cash.

4.1.2 Employees' Attitudes

Initially, many trade unions in Central and Eastern Europe had opposed workers' share schemes in the privatisation process. This is because shares are risky and yield lower returns. With the progress of the privatisation process, however, there is evidence that the "opposition expressed by workers and trade unions to workers' shares has gradually given way to a more positive attitude. "(Vaughan-Whitehead, 1995). This is because workers think that EO in privatisation will secure their jobs, increase their income and give them more say in enterprise's decision-making. Moreover, trade unions no longer opposed employee financial participation. (Poole, 1995). None the less, workers might still oppose employee financial participation if it entails greater risks. Poole (1995), for instance, argues that "Workers by and large support most of the schemes which are currently operated in the United Kingdom. However, if there was ever to be a substantial amount of income risk associated with profit-sharing, views might be rather different. "

In Sudan, having failed to stop the privatisation wave of the 1990s, the SWTUF made it a policy to make the best out of it. This new policy is meant to mitigate the negative social consequences of privatisation. Hence, it is no great surprise that the majority of the 148 trade unionists and employees who completed the questionnaire have positive attitudes to EO in privatisation. As table 2 shows, 112 of the respondents (or 76%) think that EO in privatisation is good. 86 respondents (or 64%) out of the 134 employees who responded to the question on why they think EO in privatisation is good, believe that it improves efficiency of the privatised PEs. The other 35 employees (24%) think that EO is bad. They justified their position on the basis that that EO promotes large wage increases, causes delays of restructuring privatised Pes, results in labour hoarding, creates problems of corporate governance, reduces the traditional role of trade unions and causes workers to lose life-long savings on mostly loss-making Pes.

Another question which we put to employees to investigate their attitudes towards EO is to ask them if they are interested and offered to buy the 30% of share capital according to the Presidential Directive. Table 3 summarizes the employees' responses. Accordingly, 83 respondents, some of whom work in loss-making privatisable Pes, out of 136 respondents (or 61%) responded positively. Interestingly, the majority of employees in this group seem to be keen to buy the 30% because they believe that the PE in which they work will have a good future as a private company. This is because employees think that, once free from government control, the PE will perform better in future and make profits. The other workers who expressed interest to buy shares in privatised companies gave other reasons such as securing jobs, increasing income, and participating in decision making.

Table 2:Employees' attitudes to EO

	No. of responses
1. EO in privatisation is good	<u>112</u>
2. EO in privatization is bad	<u>35</u>
3. Don't know	<u>1</u>
Total No. of responses	<u>148</u>
4. EO in privatization is good because:	
(i)it helps to speed up privatisation	<u>24</u>
(ii)it improves efficiency of privatised PEs	<u>86</u>
(iii)it helps accelerate enterprise restructuring	<u>22</u>
(iv)other reasons	<u>2</u>
Total no. of responses	<u>134</u>
5. EO in privatisation is bad because:	
(i)it promotes large wage increases	<u>10</u>
(ii)it leads to deterioration of productivity	<u>3</u>
(iii)it causes considerable delays of restructuring	<u>9</u>
(iv)it results in labour hoarding(overstaffing)	<u>15</u>
(v)it deosn't provide capital for rehabilitation	<u>4</u>
(vi) it creates problems of corporate governance	<u>9</u>
(vii)it reduces the traditional role of trade unions	<u>7</u>
(viii)it deosn't generate funds for the government	<u>11</u>
(ix)it is risky because of loss-making PEs	<u>14</u>
(x)other reasons	<u>0</u>
Total no. of responses	<u>82</u>

Table 3:Employees' interest to buy 30% of share capital of privatisable Pes

	No of responses
1. employees interested to buy 30% of share capital	83
2. employees not interested to buy 30% of share capital	49
3. don't knows	4
total no. of responses	136
4. reasons for interest to buy 30%	
a. will secure jobs	15
b. will increase income	22
c. will give more say in enterprise's decisions	39
d. enterprise will have a good future as private	49
e. other reasons	2
Total no. of responses	17
5. reasons for lack of interest to buy 30%	
a. inability to afford it	37
b. Pe is unattractive because it makes losses	8
c. against EO in principle	11
d. other reasons	1
Total no. of responses	57
6. knowledge of existing facility schemes	
a. yes	0
b. no	124
Total no. of responses	124

On the other hand, 49 out of 136 respondents (or 36%) expressed no interest to take the offer. Most employees gave a combination of reasons why they are not interested. 37 out of 57 respondents (or 65%) claimed that they simply refused the offer either because they are against EO in privatisation in principle or they are worried about the future financial performance of privatised Pes where they work.

4.1.3 Employers' Attitudes

Theoretically speaking, employers are in favour of workers' financial participation (Poole, 1995). This is because "Employers usually consider financial participation as an important element of human resource management for the purposes of improving employee motivation and commitment. "(Vaughan Whitehead, 1995). In Sudan, however, the story is different.

To start with, in spite of the 100 questionnaires the researcher distributed to businessmen in different sectors of the economy, only 16 completed questionnaires were received. This low response rate can be attributed to a host of factors. Most important of these is the distraction of businessmen by the many problems their companies face (Musa, 2000), the lack of interest in the subject and the lack of research consciousness for the many illiterate or poorly-educated businessmen. All the same, this small number of employers give some insights of their attitudes as shown on table 4.

Asked about what they think of EO in privatisation, 10 out of the 16 managers (or 63%) think that it is bad. Among others, the respondents gave two main reasons. 7 managers believe that EO is bound to cause productivity to deteriorate because it leads to poor corporate governance. Moreover, 5 other businessmen maintain that EO results in labour hoarding. This group of businessmen reiterated its position when asked whether they will buy privatisable Pes where employees own 30% of share capital. 11 of them (69%) rejected the idea. 6 of them are against EO in principle because of its perceived negative consequences for productivity. Another businessman thinks that the 30% is too much and should be reduced to 10-15%. Another businessman believes that the financial participation of workers in business should be confined to bonus only. 6 businessmen (or 38%), however, see things differently. They agree that EO in privatisation is a good thing. Among other reasons, they all argue that EO increases productivity. From their viewpoint, this is because workers will be more loyal to the enterprise and work harder. Moreover, 5 of the 6 businessmen who think EO is good are prepared to consider buying privatisable Pes where employees own 30% of share capital.

On the whole, therefore, the majority of businessmen in this small sample have negative attitudes towards EO in privatisation. Besides businessmen's concern for productivity deterioration and overstaffing, one can see other social and cultural factors. One of these is the fact that most of the businesses in Sudan are family-owned. In almost all cases, family ownership and loyalty are perceived to be reasons for success. Moreover, empirical evidence also shows that businessmen might reject EO in privatization simply because they are apprehensive of workers' intrusion in their perceived managerial prerogatives. In view of their low education level, many business might have rejected employee ownership simply because they are unaware of its potential for financial, economic and organizational performance of the enterprise. Whatever the reasons for employers' negative attitudes to EO in privatization, it is certain to be an obstacle.

Table 4:Employers’ attitudes to EO in privatisation

	No of responses
1. EO in privatisation is good	6
2. EO in privatisation is bad	10
3. Don’t know	0
Total no. of responses	16
4. EO in privatisation is good because:	
a. it helps to speed up privatisation	2
b. it helps to accelerate restructuring	1
c. it improves efficiency of privatised PEs	6
d. other reasons	1
5. EO in privatisation is bad because	
a. it promotes large wage increases	0
b. it leads to deterioration of productivity	7
c. it leads to delays of restructuring	3
d. it results in labour hoarding	5
e. it doesn’t capital for rehabilitation	4
f. it creates problems of corporate governance	3
g. it reduces the traditional role of trade unions	0
h. it doesn’t generate revenues for government	0
i. it is risky because some Pes are loss-making	2
h. other reasons	0
Total number of responses	24

4.1.4 Workers’ Inability to Buy

It is well established in the literature that at times workers may not afford to buy shares. According to Vaughan-Whitehead, 1995, "A major problem in Central and Eastern Europe is that the workers simply do not have the money to purchase shares. "In Sudan, one of the problems facing workers who might otherwise be interested to buy some shares of the privatisable Pes is the lack of financial ability. With high inflation rates in the country, salaries are not enough to make ends meet let alone buy shares. The chairman of the SWTUF estimates that monthly salaries can barely cover 25% of cost of living. A recent study by the government-run Steering Committee of the Strategic Comprehensive Programme for Poverty Reduction in Sudan (Sept. 2000) concludes that "more than half of the population in Sudan live under the poverty line and five million employee ownership are destitute. "

Some workers who expressed interest to buy shares have shown readiness to swap their ESB for shares in profit-making and loss-making PEs. They think that the loss-making PE will perform better once they private. But some workers are not enthusiastic and objected the idea. Uncertain about prospects of reemployment, they seem not be in a position to risk their hard-won savings. At times the ESB is too little to finance share purchases. With lack of special funds to finance share schemes, inability to pay is quite a stumbling block for EO in Sudan as elsewhere in Africa (Musa, 1994, Musa, 1999).

4.1.5 Lack of Facility Schemes

All the respondents, whether employees, employers, or government officials, made it clear that they have no knowledge of existing facility schemes to support EO in privatisation. Thus, in spite of the government's official policy to promote EO in privatisation, no practical steps were taken to establish the necessary institutions and facilities. As argued earlier, this questions the political will of the government. Moreover, the SWTUF, stripped of its power to declare strikes and losing some of its power and financial base because of significant retrenchments, took no initiative in this direction. Instead, the SWTUF has unsuccessfully lobbied the government to make more concessions.

4.1.6 Unattractive Pes

As we argued in section 4. 1, some workers are against EO in privatisation because of the poor financial performance of privatisable PEs. Reasons for poor financial performance are diverse and complex (Musa, 2000). Most important of these are tight government control over Pes, lack of incentives and poor infrastructure (electricity, telephone, and roads.)Whereas this group of workers thin that privatisation can eliminate government control and give them more incentive to work hard, they are sceptical about those posed by weak infrastructure. To a greater extent, this argument is convincing. this is because being established to pursue more socio-political objectives than economic ones, some Pes are located in remote rural areas with virtually no infrastructure (Musa, 1990). That explains why some employees expressed interest in some loss-making Pes located in areas with relatively better infrastructure.

5. PROSPECTS AND POLICY IMPLICATIONS FOR PROMOTION OF EO

With the privatisation programme bogged down for a long time, EO in privatisation seems to be one alternative to supplement other privatization methods (Musa, 2000). This is because of the immense problems that face privatisation which made it difficult to carry out mass privatisations mainly through direct sales. EO in privatisation of at least some Pes, therefore, would help to set the process in motion again. For that to happen, however, experience of other countries shows the need for some prerequisites. First and foremost the government needs to show more political commitment and will. Second, the government, the SWTUF, and employers' association-the Sudanese Businessmen Association (SBA)-should then establish the necessary legal and institutional frameworks to support EO in privatisation.

Asked about how these actors can promote EO in privatisation, employees seemed no short of ideas. Table 5 summarizes employees' views on the potential role of government, SWTUF SBA, and non-governmental organizations (NGOs). Among other initiatives, 56 respondents (or 26%) think that the government could sell employees of privatisable Pes shares at discounted prices. This reflects awareness of most employees of their inability to afford high prices. Moreover, this incentive is necessary. Otherwise employees can buy shares from the stock market so long as they can afford it. In fact, one could go a step further and argue that the government could give away 30% of the share capital to employees. This is because the government already transferred some Pes to other government organizations free of charge. One sees no reason, therefore, why the government couldn't give away these Pes to workers and managers who are more capable to manage them than the government organizations which have virtually no experience of managing business enterprises.

Table 5: Perceived Role of Govt. , SWTUF, SBA and NGOs to promote EO

	No of responses
1. The Government	
a. selling shares at a discounted rate	56
b. setting up funds to provide workers loans	16
c. provide tax incentives for cos. promoting EO	19
d. legalization of EO	44
e. establishment of support centres for EO	25
f. establish training centres to support EO	23
g. ease access to loans for EO-ed companies	29
h. other	1
Total number of responses	213
2. SWTUF	
a. encouraging EO and lobbying government	42
b. participation in drafting legislation on EO	44
c. development of special funds to finance EO	34
d. development of centres to support EO	36
Total number of employees	156
3. SBA	
a. encouraging EO in general	33
b. improve image of EO-ed cos for capital access	48
c. set up support structures for EO promotion	20
d. provide EO-ed with technical assistance	32
e. allow employees to participate in decisions	38
Total number of responses	171
4. NGOs	
a. play a role for preparing a legal framework	31
b. provide employees with information on EO	38
c. arrange training programmes for employees on EO	42
d. carry out research on economic impact of EO	38
Total number of responses	149

Also, a significant number of 44 workers (or 21%) believe that the government should legalise EO in privatisation. From their viewpoint, only this can guarantee workers' participation in the share capital of privatised PEs. Supporting EO by a law will force the HCDPE to allocate workers the 30% share before it offers a PE for sale. The need for such initiative is understandable in view of the fact that the Presidential Directive giving workers the right to buy 30% is not a law and hence can be ignored. Likewise, the 1990 Act only made reference to employee buy-outs as one of the optional privatisation methods. It does not guarantee allocation of the 30%. It is obvious that employees attach more importance to the role of the government than the other actors. This can be justified by the fact that it is the government which initiated the various participatory structures in the past.

Regarding the role of SWTUF, 44 of the respondents (or 28%) think that SWTUF would do a good job if it helps to make EO in privatisation a law. Again, this shows the need for legal backing if EO is to succeed. Moreover, 42 employees (or 26%) maintain that SWTUF should lobby the government to put its promise of selling 30% of share capital to employees into effect. This indicates employees' concerns for seriousness of the government. It also shows that employees count on the intimate relations between the government and SWTUF to push EO in privatisation. Employees' attitudes to the potential role of the SBA reflects their worries about possible problems

that they are likely to encounter with businessmen as a result of involving workers as owners. It is no great surprise, therefore, that 48 employees (or 28%) think that SBA could help by providing businesses partially owned by employees with the necessary information on markets, supplies, . . . etc. 38 employees, on the other hand, think that the SBA could promote EO in privatisation through allowing employees to participate in decision making where they own shares. This in a way reflects employees concerns that EO does not guarantee more say in the enterprise's decision-making process because of management's negative attitudes thereto.

Finally, responding employees also envisage role for some NGOs involved on way or another such as the International Labour Organization (ILO) and Fredrich Eibert Stiftung (FES)-Sudan. Interestingly, workers see more room for NGOs on educating (training) workers and providing information on EO than other areas of assistance. The desire for training programmes by the government, SWTUF and NGOs reflects workers awareness of lack of information on the subject at the grass roots level.

6. CONCLUSIONS AND POLICY IMPLICATIONS

This research shows that EO in the privatisation programme of Sudan has been limited to only one case according to which workers of the SRC concluded a management contract to provide catering services aboard trains. Lack of government's political will, lack of special facility schemes, workers' financial inability to buy shares and unattractiveness of some Pes are the reasons thereof. A number of institutional and legal support structures need to be established if EO in privatisation is to be promoted.

Finally, since EO in privatisation is not an end in its self, one needs to launch a follow-up research to investigate implications for efficiency. In other words, one could investigate whether the efficiency of providing catering services of SRC has improved after workers' takeover.

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Appendix 1: Questionnaire Checklist

I. Attitudes Towards EO in Privatisation(to be answered by employees, employers' associations, HCDPE officials and trade union officials)

1. What do you think of EO in privatised PEs?

A. I think it is good because: (i)it helps to speed up the privatisation process,
(ii)it helps to improve efficiency of privatised PEs, (iii)it helps to accelerate enterprise restructuring, (iv)other reasons(specify).....

B. I thin it is bad because: (i)it promotes large wage increases and inflationary pressures,
(ii)it leads to deterioration of productivity and efficiency, (iii)it causes considerable delays in restructuring, (iv)it results in labour hoarding(overstaffing), (v)it dEOs not provide adequate capital for investment and rehabilitation of privatised PEs, (vi)it creates problems of corporate governance, (vii)it reduces the traditional role of trade unions, (viii)it dEOs not generate adequate revenues for government , (ix)it is risky for employees because most privatised PEs are loss-making, (x)other reasons(please specify)C. I don't know.

II. Problems of EO(Q 1 to be answered by employees in privatised PEs and trade union representatives and Q2 is to be answered by employers' associations)

1. If the enterprise you are working in is privatised and you are offered shares, will you buy them?

A. Yes, because: (i)that will secure my job, (ii)that will increase my income, (iii)that will enable me to more say in the enterprise, (iv)the enterprise will has a good future outside government ownership, (v)other reasons(please specify).....

B. No, because, (i)I can't afford it, (ii)the enterprise is unattractive because it makes huge financial losses at present, (iii)I think EO is bad for the reasons I ticked above, (iv)other reasons(please specify).....

2. If a PE , where workers own 30% of its share capital is offered for privatisation now, will you buy it?

(A)Yes, because (i)employee ownership is good for the reasons I mentioned above, (ii)I don't mind employee ownership, (iii)other reasons(please specify).....

(B)No, because (i)employee ownership is bad for the reasons I mentioned above.

(ii)other reasons(please specify).....

III. EO Existing Facility Schemes(to be answered by employees of privatised PEs, employers' associations, trade union officials and officials of HCDPE)

1. Do you know of any facility schemes that are presently provided by the following social actors to promote EO in the privatisation process? (i)Yes, I know. (ii)No I don't know.

2. If your answer to question 1 above is yes, please cross(x)the appropriate facility scheme provided by the following social actors:

A. The Government:(i)selling shares at a discounted price to employees, (ii)setting up funds that provide loans to workers to enable them buy shares (such as ESOPs), (iii)provide tax incentives for companies and institutions that promote EO, (iv)legalisation of EO, (v)establishment of support centres for EO (such as a foundation or an existing ministry of Labour/HCDP), (vi)organising national training programmes for all social partners to promote EO, (vii)ease access to capital to EO-ed firms from banks and other credit institutions, (viii)others(please specify).....

B. B. SWTUF(same as A above).

EMPLOYEE OWNERSHIP (EO) IN THE PRIVATIZATION PROCESS OF SUDAN: PROGRESS, PROBLEMS AND PROSPECTS

Dr. El-Khider Ali Musa

Faculty of Business Administration, Ajman University of Science and Technology
P O Box 17550, Al-Ain, United Arab Emirates
Email: elkhidermusa@hotmail.com

Biography

Dr El-Khider Ali Musa graduated from the University of Khartoum, Faculty of Economic and Social Studies in 1983. He was awarded PhD in management from the School of Management of the University of Bath, England in June 1987. Since then he joined University of Gezira, Faculty of Economics until December 1994 when he joined University of Asmara, Eritrea for one year. During Nov. 1996-July 1998, Dr. Musa worked for the University of Magdeburg, Germany as an Alexander von Humboldt Stiftung Research Fellow.

By the end of his stay, Dr. Musa published a book in Germany on privatisation in Sudan and Eritrea. He was awarded many research fellowships from other international research Organizations such as IDRC of Canada, AERC of Kenya, Ford Foundation of the Middle East in Lebanon, and OSSREA of Ethiopia. Since February 2001 Dr. Musa is working with the Faculty of Business Administration of Ajman University of Science and Technology, United Arab Emirates.