IMPACT OF PRIVATIZATION ON FINANCIAL PERFORMANCE: CASE STUDY OF PTCL

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CERTIFICATE

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Abstract

In recent past many developing and developed nations have privatized their few institution so Pakistan have also did this, and in this research the Privatization of PTCL have been discussed. This study investigates the impacts of privatization on financial performance of PTCL. This study uses secondary data, the data is divided into two samples, first one sample consists of pre privatization data called pre-event window and the other one post event window data which is consists of post privatization data. The data has been tested by using the paired-samples'' test for mean difference. This study concludes that after privatization there occur a decrease in the financial performance of PTCL.

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Chapter 1

1.1. Introduction

Like other reforming Asian nations, Pakistan acknowledged the significance of privatization in reorganizing its economy. The government began a privatization program as part of a larger economic reform and liberalization effort to restore macroeconomic stability, achieve quicker and sustainable growth, and standards of living, and reduce poverty (Chaudhry 2010).

The reform agenda includes maintaining solid macroeconomic policies and their deregulation with a focus on electricity, the petroleum sector, and telecommunications, encouraging more private sector involvement in economic activity. The prevailing opinion in development economics in the 1950s and 1960s was the failure of the market-based system to function well in impoverished nations. To counteract market failures, significant government involvement and engagement were required. Consequently, between 1950 and 1980, the public sector grew dramatically. Policies of Interventionist tightness of regulations, and government participation in economic activity, on the other hand, failed to provide a lower rate of unemployment, low inflation, and strong economic growth (Anka, 1992).

Recently, there has been a rising view that emerging nations' public sector has overextended its role in the economy. This has had a detrimental effect on developing nations' general macroeconomic stability, resulting in huge sector deficits, high inflation, and balance of payment issues regularly. According to Zaidi, (2005) to address these issues, a growing number of developing nations have undertaken significant reforms. Privatization is a significant component of structural adjustment programs. External pressures from foreign assistance funders and financial organizations like IMF and the World Bank have pushed privatizations onto the development agenda (Asad, 1995).

It is essential to remember that privatizations have mixed results in most emerging nations. Fears of foreign domination, undeveloped capital markets, public finance inflexibility, worker resistance, and the private sector's heavily reliant on the position of government future subsidies and contracts are all frequent obstacles (Naqvi and Kemal, 1991). Privatization programs require extensive prior preparation from both political and economic perspectives. Privatizations must be restricted, particularly in terms of the use of competition as a tool for attaining economic efficiency. The most challenging challenge in implementing successful privatizations establishing the proper asset value. To pr-privatization the public impression that assets were undervalued and sold out too inexpensively, every effort must be taken. Following receipt of the asset value, the government has the challenging task of reconciling the need to maximize revenues with the economic, political, and social goals that are driving the privatization process (Mendim, 1991)on.

1.2. PAKISTAN'S PRIVATIZATION HISTORY

The concept of privatization is not new to politicians in this nation. In 1952 Pakistan Industrial Development Corporation (PIDC) was founded to aid the country's industrial growth. This premier Corporation built roughly 50 industrial enterprises throughout the nation, and after successful operation and administration, these entities were passed from the government to the private sectors. In 1977, the wave of state ownership that had swamped the country in the early 1970s was reversed. Government enterprises' privatizations were a key tool of the government's budget policy in the late 1980s. In Pakistan, however, the privatization process began in 1991.

The Privatization of government-owned, enterprises (SOEs) is known as a multi-faceted, complex, and politically and socially sensitive process. A well-designed privatization strategy for SOEs considers all stakeholders, including workers, customers, investors, the government, and the economy. It aids in the development of the country's capital, goods, and labor markets. In Pakistan, the privatization process has gone through many stages and has been crucial in redefining the relationship between private and public businesses and government organizations. The history and development of Pakistan's privatization process are detailed in the following paragraphs.

1.3. PRIVATIZATIONS POLICY DURING THE 1970'S

The early 1970s nationalization strategy ballooned the public sector to untenable proportions. The nationalization process, however, failed to deliver on its promises. To regain the trust of private investors, the new administration implemented measures of denationalization, disinvestment, and decentralization in July 1977. In September 1977, the government announced the denationalization of about 2000 Agro-based businesses as part of these plans. Aside from that, the government established performance signaling and offered several SOEs on Management Contracts. The information in this article comes from a variety of government papers and reports on privatizations that have been created or submitted throughout time.

The Federal Government may give ex-owners of public sector businesses shares or proprietary interests in purchasing their establishments under the Transfer of Managed Establishment Order, which was issued in September 1978. The prior owners' preemptive right to transfer management was expressly recognized in this Order. However, if the previous owners did not respond positively, the government was entitled to transfer management and control to any other party under any conditions it saw appropriate. The Order also called for the administration of profit-generating entities to be transferred. Due to the government's restricted disinvestment strategy and the absence of any legal or institutional framework, little progress was achieved during this time, and just two industrial units were restored to their original owners.

1.4. SETTING UP OF CABINET DISINVESTMENT COMMITTEE IN 1985

Under the direction of the then-Prime Minister, a Cabinet Committee was formed in early 1985 to examine and select units (which produced basic technological goods and were losing money) for disinvestment in the private sector. The Cabinet Disinvestment Committee was made up of the following members:

- Chairperson of the Minister of Finance.
- Member of the Ministry of Production.
- Member of the Minister of Industries.

The Committee made key policy choices and established processes for the disinvestment of chosen SOEs under the Ministry of Production. The following are some of the policy's key points: The press was used to solicit competitive quotes. A committee comprised of officials from the Ministries of Production and Finance, the Pakistan Banking Council, and the National Development Finance Corporation (NDFC) will assess and negotiate the quotations submitted.

The Negotiation Committee's recommendation is sent to the Ministerial Privatization Council for a final decision. The Privatization Negotiating Committee concluded the sale of Tarbell Cotton and Spinning Mills and handed ownership to a private entity. The committee also investigated the sale of many Uthal companies, such as Domestic Appliances Ltd and Pak Iran Textile Mills. However, due to a lack of a modification to the Managed Establishment Order, 1978, the disinvestment of additional entities like Quality Steel, Karachi Pipe Mills, Pioneer Steel Mills, Special Steel Mills, and Trailer Development Corporation has been postponed. Although some significant progress was made during this period, such as the founding of a high-level Ministerial Committee and the development of disinvestment legislation and processes, overall progress was modest. The project of transitioning SOEs to corporate companies has been impeded by a lack of legislative framework, institutional backing, and political will.

1.5. PRIVATIZATION IN 1988 – 90

The new administration hired a British company, M/s N.M. Rothschild, as consultants between December 1988 and April 1989 conducted research on privatizations strategy and candidate selection. In May 1989, the consultants presented the government with their report, titled "Privatizations and Public Participation in Pakistan." Privatization with broad ownership was suggested as an acceptable approach for Pakistan in the study. "Wide Spread Ownership" was described by the consultants as the expansion of Pakistan's stock markets by introducing hundreds of thousands of small investors to share ownership for the first time. The research did warn, however, that a large-scale participation strategy should be carefully structured to avoid over-ambition on price or size (particularly at the onset), insufficient planning, poor regulation, insufficient advertising, and a lack of touch with employees. After studying more than 50 companies, the experts narrowed it down to seven as potential beginning competitors for wide offerings. Habib Bank, also known as the Muslim Commercial Bank.

Pakistan National Shipping Corporation (PNSC), and Pakistan International Airlines Corporation were among those mentioned (PIAO). Sui Northern Gas Pipelines Ltd, Pakistan State Oil (PSO), and Sui Southern Gas Company (SSGC). SSGC was selected as the first option for broad offering after a thorough study. In addition, the study suggested that a minority interest in seven more businesses be sold during the five-year program to the government. Workers' groups and private-sector political parties. Pak Saudi Fertilizers, Pak Suzuki, and National Refinery were the first three companies to be proposed for disinvestment.

The experts also recommended that a new agency under the Ministry of Finance be created to coordinate the complicated transactions involved in wide-ranging bids. The creation of the new department was also suggested because it would aid in the implementation of the government's future privatizations plans. The study also recommended that the entities targeted for privatizations undergo financial reform in order to make them more appealing. The study also recommended that unique methods, new processes, and incentives be used in order to achieve a wide distribution of offers both inside and beyond the nation.

Following the suggestions of the experts, the government started by seeking to privatize SSGC, which had been recognized as a top candidate. However, after completing all of the necessary research, the idea to privatize Sui Southern was abandoned. Instead, in January (1990), the management opted to sell 10% of PIAC for Rs 274 million, 30%-40% of Pak Saudi Fertilizer, and 60% of MCB (later reduced to 49%) shares. However, the decision could not be carried out completely. Only 10% of PIAC's shares were disinvested at par value in May 1990.

The privatization effort was unable to move further due to a lack of institutional structure, legal issues, and other challenges.

1.6. PRIVATIZATION IN 1991 - 93

The then-government proclaimed privatizations as its main economic policy goal soon after taking office in November 1990. The government's privatization program encompassed a broad range of sectors, including industry, banks, development financing institutions infrastructure, and telecommunications. One of the heads on disinvestment and De-regulation was established as a preliminary step toward privatizations. In its preliminary report, which was presented to the government in January 1991, the Committee proposed the disinvestment of 118 industrial units, including 45 nationalized firms taken over between 1972 and 1974. On January 22, 1991, the government authorized the disinvestment plan and announced the formation of a Privatization Commission to carry out the disinvestment program as quickly as feasible. The establishment of the Privatizations Commission formalized Pakistan's privatizations initiatives. One Cabinet Committee on Privatizations, which was chaired by the Minister of Finance and Economic Affairs, was formed at the same time to accept the Privatization Commission's proposals.

1.7. LEGAL FRAMEWORK

The Economic Reforms Order of 1972, which created fears that the privatizations program might be overturned, was one of the main obstacles in Pakistan's privatizations efforts. As a result, all of the laws that had allowed for nationalization were changed to allow for privatization. The "Transfer of Managed Establishment Order 1978," as well as 2 later modifications, covered former owners' right of first refusal to match the highest offer, except in instances where the workers had provided the highest bid. The 'Protection of Economic Reforms Ordinance 1991' gave non-reversal of privatizations legal protection. By the end of 1993, there were three commissions: one for banks, privatizing industrial units, and financial institutions, another for privatizing the power sector, which we're including oil and gas, and a third for privatizing telecommunications, transportation, and shipping businesses. In 1993, all of these operations were merged under a single Privatizations Commission, which was still led by a chairperson. While providing legal protection for the privatization process, the government also took steps to safeguard the interests of stakeholders, with labor being the most important. To deal with the labor engaged in SOEs and protect their rights, a special Inter-Ministerial Committee was formed. Through the All-Pakistan State Companies Workers Action Committee, the Committee developed a package of incentives for labor working in these enterprises with workers' representatives (APSEWAC). On October 15, 1991, the labor agreement was signed. The agreement incorporates key labor-protection requirements such as a one-year service guarantee following privatizations, a ten percent labor-share reserve, the possibility for employees to acquire the unit through a competitive bid, and several other worker concessions. It also featured a Golden Hand Shake (GHS) and Voluntary Separation Scheme (VSS) for employees and executives of public-sector businesses on the list of privatizations. Workers have earned benefits under the GHS system based on a formula of 1 + 4 wages for each completed year of service, where one represents legal dues and four represents extra pay. For Officers get rewards based on a formula of 1 + 2 salary for each year of service completed. As of September 1998, the Privatizations Commission had compensated almost 23,000 officers and employees in the privatizations of 87 government companies under the GHS/VSS plan.

Since 1945, several governments across the globe have attempted to implement state-owned enterprises (SOEs) to achieve their social and economic goals. Privatization is a common occurrence in both developed and developing nations. In comparison to industrial economies, most developing nations are more reliant on SOEs. As a result, they attempted to achieve the desired balance or switch the ideologically unacceptable private sector.

The efficiency level of the economy, as well as social infrastructure, are generally regarded as important elements in the development of an economy. When empirical research revealed that SOEs are inefficient and deplete the public purse, the concept of privatization arose. As a result, the economy is driven by the private sector, whose operators are well known for their efficiency and competitive spirit, allowing the economy to evolve and become more global (Adour et al. 2007). The privatization of SOEs is both a complicated and a complicated process. It makes use of both tangible and non-material measurements, as well as the resulting economic, political, and social consequences. The financial situation, as well as the financial performance of privatized institutions, are the immediate privatizations effects of SOEs. Furthermore, it is contingent on the privatization process and reasoning. Because of obtaining the privatized firm's performance level, future privatization strategies should be based on what has been achieved in prior privatized firms. The goal of this research is to concentrate on privatizations in Pakistan, which currently has six listed firms on the Karachi Stock Exchange, with a particular emphasis on the financial performance and efficiency of state-owned enterprises. As a result, the research aims to see whether there are any financial or efficiency improvements in Pakistani SOEs after their privatizations.

The goals of privatization are analogous to those of other states across the world. According to ex Privatizations Commission Chairman Muhammad Asif, the government's commercialization approach is based on "the principle of restricting its direct intervention in commercial activity" and maintaining "fair and social equality." Asif (1998). "Distorted prices, competition deficiency as well as poor business administration have hampered economic growth, created imbalances, created unsustainable and non-productive jobs, decreased investment, reduced poor access to services, caused poor commodities and services, and contributed to fiscal bleeding. PC (2000). The government wants to address the above-mentioned flaws through privatizing. According to Kemal (2000), six regular and six caretaker administrations have been in power since 1985, with privatizations being the cornerstone of each government's economic policy Qureshi (1992); PC (1996a, 1997, 2000). During this period, the privatizations goals have mostly received national support. There has, however, been a shift in focus and priorities. This became particularly apparent when the army took control in 1999. Transparency and fairness have been key policy objectives because of the scandals and controversies that have marred past civilian administrations' privatizations initiatives, which have now been set out more explicitly in the Privatizations Ordinance 2000 PC (2000). Another goal that has not been stated explicitly is to use privatization as a way of reducing corruption. However, the priority has remained the same: customers, taxpayers, and workers are at the bottom of the priority list.

The GOP had finalized or authorized 122 deals by the end of May 2002 PC (2002). This figure contains several transactions for the same unit that occurred numerous times. Based on the currency rate in effect at the time of the transactions, the total privatization profits amount to Rs 82.0 billion (US$ 2.3 billion). According to PC (2002), the telecom and electricity industries alone contribute to approximately 65 percent of total profits. According to Kemal (2000), approximately 35000 manufacturing workers were moved to the private sector because of privatizations, with 63.3 percent opting for the golden handshake program (GHS).

1.8. Pakistan Telecommunication Limited

Pakistan Telecommunication Limited is regarded as one of Asia's fastest-growing telecommunications firms. It consists of the mobile phone operator Ufone and the internet service provider Pak Net. It was partly privatized to a UAE-based company in 2005. The main goal of the PTCL privatizations was to attract investment and competent management to enhance the company's responsiveness to customer requests, particularly by increasing the number of new lines installed to satisfy the growing need for information technology. In early

1994, the Privatization Commission sold 2% shares of PTC via a voucher system. After receiving a good and encouraging reaction from the public, the government offered foreign purchasers an additional 10% stake for $ 898 million in September 1994.

To protect users and adhere to the WTO Agreement, the Pakistan Telecommunications Authority promised to eliminate PTCL's monopoly on fixed lines after 2002. A private business functioning in a competitive market under the supervision of a regulatory body is more likely to offer superior customer service and maintain competitive pricing. During the early twentieth century, private operators were better at providing universal services than state operators. PTCL's 26 percent shares, as well as management control, were offered for privatization during the process and development of privatizations. Three companies were initially shortlisted for the final competition, including Etisalat, a UAE partnership, SingTel, and China Mobile. Ufone, Pak Net, and a nationwide landline network made up PTCL's three commercial divisions. The company's estimated assets were about USD 10 billion, making it one of Pakistan's largest corporate transfers in history. Etisalat offered the maximum bid by offering 1.96 dollars on one share. While other companies like Singtel offered 1.16 dollars and 1.40 dollars offered to China Mobile. Etisalat offered $ 2.6 billion in exchange for the company's management control. The government of Pakistan kept 66 percent of the company's shares, while the remaining shares were made available for public subscription. Etisalat subsequently acquired ownership of PTCL, as well as Ufone and Pak Net.

1.9. Pakistan Telecommunication company Privatization

The purpose of this case study is to illustrate the lack of corporate governance during PTCL's rapid transition to new management. This article addresses a variety of topics to offer evidence of corporate governance failure during the privatizations of PTCL. Inappropriate privatizations choice: Governments throughout the world typically suggest the privatization of organizations if their performance is regarded as unsatisfactory or if they spend a substantial amount of money on management and supervision. However, Pakistan telecommunication company privatizations were remarkable in that they featured a very profitable corporation. Although the privatizations of PTCL reduced the government's obligations, what justification is there for delegating management duties and control to a bidder ignorant of Pakistan's organizational culture? In one of the most confusing financial deals ever documented in Pakistan's privatizations history, 26 percent of shares were sold. PTCL's privatizations began in 2004 with an EOI (expression of interest) published in local and international media. Only three firms were shortlisted for the final bidding process after 18 local and foreign corporations expressed interest in purchasing PTCL shares. The UAE consortium offered $1.96 per share, SingTel \$1.16, and China Mobile \$1.40 per share. PTCL was sold with management control since the UAE consortium offered the highest per-share price.

Assets with Low Value: According to independent sources, even Ufone and Pak Net had a market worth of more than \$4 billion. However, it was later discovered that the company's assets were valued based on outdated documents rather than the actual value of the assets. The company's top executives kept the facts and information hidden from the public about the company's financial health and future the sale of PTCL is widely regarded as one of Pakistan's most significant corporate governance failures. Financial Performance: In contrast to other economic sectors in Pakistan, PTCL's pre– privatization performance was extremely good and respectable. It was making significant contributions to the national budget. Before its privatization in 2005, PTCL had a revenue of Rs 84 -13824 and a profit of Rs 27 -13824. Corruption, nepotism, and mismanagement were also prevalent among the company's executives and employees. By politically driven appointments and hiring, as well as the abuse of business resources such as restrooms and cars, government officials and politicians had a detrimental effect. In 2004, government officials pressured PTCL to pay Rs 25 -13824 in dividends from a net profit of Rs 30 -13824, even though the company was the largest shareholder; the government received a huge sum. Because of these circumstances, the business lagged in obtaining new and cutting-edge technology as compared to other companies that were making significant investments. Instead of strengthening the company's capabilities and making it more competitive in the global market, it was sold in an unclear manner.

Lower Profit Margins: PTCL's financial performance has deteriorated significantly under the current management. Profits increased by 11 percent yearly over the four years before privatizations, from Rs 18 billion to Rs 27 -13824. Profits declined over the four years of privatizations, reaching Rs 11 -13824 with a negative growth rate of 21%. In contrast to regional rivals, PTCL's financial growth was disappointing, with peers growing at a pace of 6% from 2005 to 2009 compared to 2% for PTCL over the same time. Impact of Share Valuation: PTCL's stock value after privatizations painted a bleak image. The market value of PTCL's stock has plummeted. In 2005, the value of a share was Rs 358 billion in 2009, up from Rs 88 -13824 in 2008. The government and small shareholders lost Rs 200 -13824 because of this unusual drop in the value of PTCL's stock.

Employee Rightsizing and Reducing: Following the privatizations, the business went through a process of rightsizing and downsizing its workforce. Through a voluntary separation program, 32000 workers from different departments departed PTCL; the government is responsible for paying the employees \$256 million. PTCL's performance started to suffer because of the loss of a significant number of experienced and skilled employees. Thousands of connections were lost because of the disruption in network maintenance, customer service, and operations. Transparency of the deal: The selling of PTCL at a loss of Rs 23 -13824 and a decreased share price from $1.96 to $1.66 per share has raised questions about the deal's transparency. The company's executives denied any mismanagement throughout the privatization process. The winning bidder was granted excessive concessions in the transaction, resulting in a loss of billions to the public budget. With a huge number of commercial plazas, rest houses, residential colonies, and exchanges worth billions, PTCL was the most profitable business in the nation. There is documented evidence that the transaction suffered a delay when the winning bidder dropped out owing to technical issues. Officials from PTCL gave the winner a concession to make the deal succeed. SingTel and China Mobile were also approached for a fresh bidding procedure, but both firms immediately declined. To ensure the transaction's success, the government, which owns a 66 percent stake in the company, relinquished managerial control to Etisalat. The company's assets were undervalued, and the government contributed half of the cost of the golden handshake given to workers.

Unfair concessions: In the federal budget, the privatizations of PTCL were also exempted from the Public Procurement Regulatory Authority Ordinance 2002. With this significant constitutional concession, Etisalat has been granted carte blanche to sell and buy assets without regard for the law. The following are some of the wrongful concessions made throughout the privatization process.

- The PTCL acquirer was given the option of paying the purchase in five simple payments over five years.
- The government was persuaded to pay half of the layoff costs associated with the employee's voluntary departure program.
- While the privatizations agreement usually prohibits the acquirer from selling the company's properties, in the instance of PTCL, the acquirer wishes to sell and utilize the company's assets for purposes different from those for which they were purchased.
- Technical support costs of $50 million were paid to the acquirer for providing management services and expertise.

Failure's consequences: The privatizations of PTCL were Pakistan's largest economic liberalization undertaking in its history. The closely guarded amended privatizations agreement with the acquirer is said to have cost the government billions of rupees in addition to extraordinary long-term incentives, clearly violating Article 30 of the Public Procurement Rules 2004. The PTCL has been the most profitable state-owned firm in the country, with real estate assets worth billions of rupees around the country, including commercial plazas, residential complexes, and exchanges. According to official records, the PTCL's Share Purchase Agreement (SPA) with the acquirer expired in September 2005 owing to the winning bidder's failure to pay dues; the government should have also forfeited the earnest money paid by the default winning bidder. Instead of taking action, the government decided to provide further concessions and changes to the deal structure following extensive talks with the acquirer's management. In the privatizations process, the PTCL board of directors, which owns 62 percent of the shares and majority representation, has been rendered powerless.

As we all are well aware of the fact privatization has become a global phenomenon. Russia and Eastern Europe already started moving their economic system from government to private ownership systems in early 1990. Such kind of aggressive steps in any economic system has never been taken by any economy. The recent researches from the economist are of the view that privatization can is capable of bringing the revolution to the economic system. They argue that it should take place before the time when the firms are restructured (Blanchard, Dornbusch, Krugman & Summers, 1991).

. The role of telecommunication is very important in the economic development of any country. The performance of an industry is affected by the ownership structure (private or public). The Pakistan Telecommunication Company was privatized in 2005. The privatization of PTCL impacts on financial performance and employment of firms. Privatization is the process of moving an enterprise or industry from the public sector to the private sector. Privatization is a way to restore assets and public sector functions. The private sector sees an element that can play an important role in the struggle for growth. According to recent data, privatization has adopted and spread many different political systems. In every region of the world, it can be an effective way to bring about the privatization process. Structural change by regulating and establishing property rights, which is straightforward. An open market economy is largely dependent on property rights in which people make individual decisions in their interests.

The implications of partial privatization are important to understand because the most personal interests of noteworthy size are transacted through the partial sale of equities in the stock market. Jones (1999) has shown that at the earliest stage of the business, only 11.5% of businesses sold out their capital was less than 30% of the firms sold out half of their capital. The first public offering in this procedure is also known. The findings are available in 59 countries worldwide. Indian privatization has not been offered in dividends, but at a relatively low rate, following the same pattern of a partial interest. The Federal Government collected around USD 9 billion in privatization between 1991 and 1999 compared to approximately $ 71 billion in Brazil and $ 21 billion in China over the same period. (Liman, 2006).

In addition to its practical significance, partial privatization is ideological because of this insight it offers a long-standing debate as to why state-owned firms perform poorly. May distort the objectives and constraints of managers facing political interference (Schleifer &Vishnie 1994). Therefore, the transfer of management mind control to private owners alone is likely to remove the inability to operate in public ownership. The agency's theory-based viewpoint is that government companies have difficulty monitoring managers because there are no dark owners and no public share price with strong incentives to manage managers. Information about the actions of the manager can be provided as are the stock market participants (Patrick, 2005).

Telecommunications plays an important part in economic growth in any country. The structure of ownership (private or public) is vigorous. In 2005 Pakistan’s largest telecommunication company PTCL was privatized. Due to privatization, the operational and financial performance of PTCL was affected. There have been used t-tests for measuring the pre and post-privatization differences. Significant results are showing the privatization effects on the average share price. But there is no significant result of privatization with stock returns. And financial data shows the negative impact of privatization on the economic concert of PTCL. But operational profit margin is significantly related to privatization. Privatization is not favorable from an investor’s point of view (Siddiqi, 2012).

After independence in 1947, Pakistan had not enough telecommunication bases. At that time there were only 14,000 landlines across the country, Telephone and Post Telegraph Section Both of them in 1962. Departments were separated as postal department and telephone. The Telegraph Department (T&T) Pakistan gradually started increasing its telecommunications Department in 1990.

In Pakistan, PTCL is known as the largest telecom company which is working in the telecommunication sector. It is providing the services of telephony to the whole nation. Although there are a lot of other companies that have come to Pakistan and are also working in this field the PTCL is the best among all these. It works as the backbone for the country when it comes to the provision of the basic infrastructure of the telecommunication sector. It is operating with around two thousand exchange offerings, which are offering the largest and d line network that is providing the best services like VFONE, smart TV, Broadband, and EVO3G. The 26 percent shares with management working with it were offered for privatization in 2004. Initially, three corporations expressed interest in purchasing PTCL shares: China

Mobile, Etisalat from the UAE, and SingTel from Singapore, and these three companies were shortlisted for the final auction. The basic three PTCL PAK NET, U-FONE, and Countrywide units were exhibited and made available for auction. Etisalat obtained the final bid for 1.96 per share, while SingTel bid 1.16 per share and China Mobile bid 1.40 per share. Etisalat at that time made an offer to the Pakistan government of 2.6 billion dollars and successfully buy the 26% shares which also included the management and staff control of UFONE, PTCL, and Pak Net. The prime objective of acquiring the rights by Etisalat behind the PTCLs to be privatized was to minimize the strength of the employees, bringing new investment and efficient management. The new management might improve the response rate to the demands of the consumers. The company makes plans to do this by installing new lines to meet the needs of the growing TELECOMMUNICATIONS sector needs. Before getting privatized the strength of the employees of the PTCL was 64000 and later in 2006 it was reduced to 26000.

In 1947 the Leg telegraph and department of postal were established. Telegraph and telephone departments were established in 1962. In 1990-1991 Pakistan Telecom Corporation was established. In 1996 PTCL was listed on (KSE) Karachi Stock Exchange. In (1998. 2000) mobile sub-organizations and the internet were established. In 2000 the telecom sector policies were finalized. In 2003 the telecommunication sector direction policy was announced.

1.10. Statement problem

As state-owned enterprises of Pakistan are not performing well and they are continuously in deficit. So, many officials announced the privatizing of these enterprises. But the big question is whether the privatization of these enterprises is beneficial to the country or not it's a big question. This study tries to answer this question by analyzing the impact of privatization on these firms' performance. The study is based on the impact of privatization on the financial performance of PTCL. The previous studies have not properly discussed the variables of the financial statement which this study is going to analyze clearly.

1.11. Objectives of the Study

- To examine the impact of privatization on PTCL Financial Performance
- To assess the impact of privatization on the profitability of PTCL
- To access the impact of privatization on leverage
- To analyze the impact of privatization on share price and volume of sale
- To judge the impact of privatization on the liquidity of PTCL

1.12. Significance of the study

Privatization of government assets is done with the thinking of better performance. Mostly those government institutes are privatized and are not performing well under government administration. But the main question is whether these institutes perform better after privatization or not. This study is mainly focused on this question. The study of privatization is one of the main focused points of interest of researchers, government, and Investors. There have been numerous studies on this topic. The exceptionality of the study is, that it has its significance because it involves Financial and employment aspects. This study is not focused only on profitability after privatization, it also analyzed many other financial figures likes, liquidity, leverage, share price, volume, etc. This study will be helpful for future researchers in the area of privatization. It can also be a beneficiary of market studies. The PTCL can also take administrative decisions according to these results.

1.13. Research questions

Q1. What is the impact of the privatization of PTCL on its financial performance?

Q2. What is the impact of privatization on Liquidity?

Q3. What is the impact of the privatization of PTCL on its liquidity?

Q4. What is the impact of privatization on leverage?

Q.5 What is the impact of privatization on share price and volume?

1.14. Research gap

The literature on privatization is too much in Pakistan. The papers evaluate the effect of privatization in Pakistan in every department, which has been privatized in previous years. Many studies evaluate how effective privatization is in or not, like PIA, steel mill, cement industry, PTCL, and many other sector's privatizations.

This study will evaluate the effect of privatization on financial performance and how much employment increases or decreases due to the privatization of PTCL. In financial performance, measuring variables are gross profit, operating profit, investment, and revenue will compare pre-privatization with post-privatization. Employment level also compares pre and post-privatization. These variables are not studied in previous studies. Financial performance did not measure these variables. Previous studies did not discuss the effect of privatization on how much employment changes with this privatized process. (Siddiqi, M. F, 2012).

This study will evaluate how privatization effects on firm's investment in short term and long-term investment previous studies did not discuss on this on the case study of this firm (PTCL). My study will show the performance before and after privatization partially and every variable separately shows the results and will give results cumulatively and separately.

CHAPTER 2

2.1. Introduction

In this section different aspects of privatization have been expressed. In the light of past studies which have been done on privatization and their impacts on the financial performance of telecom companies before and after they were privatized Magnusson Nash, and Randenburg (1994). The results are for the 61 companies and they have been taken from 32 countries. The data ranges from 1961 to 1989. Their findings showed that there has been an increase in the profitability, operating efficiency, and sample production in the companies that have transformed their selves from the government to private ownership structure.

2.2. Privatization in Developing Countries

According to international reports and studies only in the past two decades thousands of firms and companies have been privatized in the transition and developing countries. These countries have generated almost 400 billion dollars in proceedings of sale. Moreover, there were firms which were in thousands, they have transferred their selves from state owed to privatized ownership structure but surprisingly they were unable to raise any money. In many studies privatization have been praised on almost all level, whether it is on the firm level, macroeconomic level, or when it comes to welfare contribution. More surprisingly contrary to people's expectations privatization has never been involved in any misdistribution of wealth or increasing the rate of poverty, especially in the best-studied Latin-American cases (Nellis,2007). Privatization had been most effectively applied in the fields of manufacturing, industrial, commercial, and services firms that are operating in competitive firms. Privatization of this type has generally been most effective and had proven its worth. The response rate towards the consumers has improved, the quantity and quality of the goods and services also have got better even when prices increased and this case is far from general cases.

In many countries complaints in any company before and after privatization have been short-lived and relatively muted. There is a possibility that citizens of the countries may hate the ownership of their companies in the hands of the people of other countries, losses in jobs, banks, breweries, hotels, and mines, but this matter does not always reach the street level or street demonstration. Another main issue politically and economically is due to of privatization of infrastructure (john, N . 2006).

Even though its popularity and its prevalence ministry of finance, international financial institutions, and many the researchers, who already have worked on the privatization have argued that privatization is generally viewed with alarm and suspicion by the general public, especially in the countries which are less developed. Many surveys have given the touch on the subject reveal that diagonally all regions of the underdeveloped countries. A stable but fluctuating voice against to concept, or the concept that privatization is not fruitful. A reaction on the pooling firm annually to the economic program and policies among the 19 thousand people was held with a combined population of almost 400 million. The response from the respondents was surprising because earlier the respondents responded with negative remarks the and rate of percentage was 55% in the year 2001, this rate increased in 2003 to 80% then this rate down to 70% in 2005 poll. In surveys of the other parts of the world like, south Asia, sub-Saharan countries, post-communist transition states, and other remaining parts of the world the response was against the privatization (Kikeri and Kolo, 2005, 22-24)

We are here to explain the various facets of privatization, such as the political economy of privatization, and to try to comprehend and explain why privatization is unpopular. The first and most obvious issue is that privatization is a contentious item on the liberalization reform agenda, and it has been one of the most researched reforms. There are assessments of privatization's shock on a business's financial and equipped results and earnings to stockholders (Megginson and Netter, 2001), macroeconomic effects (International Monetary Fund, 2000), its penalty for financial well-being mutually in the collective and in terms of a group of several, overstated sectors in communities (Galal et al., 1994), and its distributional and social effects (Nellis and Birdsall, 2005). Moreover, there are cases in dozens, regional studies, sartorial and country, and also detailed analyses of just almost all technical problems and issues.

Among all the aspects of privatization, the aspect that is the best aspect the privatization is considered firm-level effects. In many studies, it has been finding out that post-privatization resulted in better efficiency, profitability, and return to shareholders. In a wide-ranging survey, Megginson and Netter (2001) found that the positive impacts of privatization appear in from two to three quarters of assessed privatization, an extraordinary rate of success. The findings are considered forceful across economic sectors, countries, and regions. However, the study on the micro-level showed a positive and improved post-privatization presentation in all developed and less developed countries, in the most commercial, manufacturing industry, and service sectors. Take as an example a review among Intra INTER-American Bank of privatization in the six countries of Latin America. They found an average increase in return on the sale of thirty percent in a big sample size of privatized companies. Efficiency level increased output per worker of the ratio of cost on sales, increased by sixty-seven percent on average. There was an increase of thirty-five percent in output by ignoring the indicators which were used for this measurement (IADB, 2002, 3)

This paper checks the impacts of post and pre-privatization of firms on firm-level output. We have to cope with the intrinsic problem of endogeneity due to unobserved heterogeneity and the problem of the self-selected sample by arguing the GNR/ACF type framework to slot in ownership type and the challenges related to it. Remember this all was without implementing the assumptions of conventional functional forms.

Three figurative findings emerge as a result. First of all, the nature of TFP after the time frame of privatization shows both short-term and long-term gains (92% and 43% respectively, it is based on a weighted average of preferred GNR estimation by the industry) it is indicating the substantial gains. Secondly, the presence of both immediate and eventual gains is almost common across the firms, except for a few exceptional cases. These gains are tended to be much in the industries which are facing consumers by producing different products which are relatively differentiated from capital goods industries.

On the grounds of dissimilarity, the firms which were heavily regulated firms have showed negligible TFP for the firm's premium or we can say simply unreliable estimates, which were hinting at a basic heterogeneity in the execution of strategic firms. When we crack the sample period in pre and post-WTO samples, and then out main findings look to be robust to the major shift in macroeconomics indicators. Furthermore, the scale of privatization impacts grew to a larger size; it is suggesting that the WTO might have hidden access, indirectly positively impacting through Privatization TFP premia. These findings are healthy in the survivorship that has arisen from endogenous existence. Privatization also had an alternative definition, it is based on the rule of the percentage of shareholdings. Thus, the policy of China making experiment with privatization would appear successful on the grounds of productivity growth. We have also checked how different techniques of measuring innovations showed their behavior, by putting them on a contrasting and comparing our estimates of TFP by direct information on the new goods and Chinese patents that build our third figurative findings. These findings suggest that SOEs are significant and more actively working than private firms, in both patent application and new product introduction, which looks to be a surprise given in their low performance in terms of production. This difference is showing consistency in subsequent the two possibilities. The first possibility is, that SOEs might go for hiring engineers which are talented but currently are jobless and facing a struggle monetizing and commercializing inventions as the evidence shows. Secondly, even if no fundamental differentiation in ground-breaking capabilities existed between SOEs and private firms, their incentives to file patent applications might still be dissimilar. The managers of SOEs are evaluated on the grounds of political aptitude, and government sometimes uses the rights of patents as a criterion of performance, which could take to big heterogeneity in incentives among the private company and SOEs. By taking the data and analyzing it, SOEs the internal organization, and the private firms will be on a beneficial path for the further and future research perspectives (Chen et al.2019)

Significant and greater benefits to the industries have been provided by the privatization process. Those who were providing Monopoly had the faceless incentive to expand their businesses. Now the whole world has firmly and actively privatized its telecom sector or some firms. The capacity for regularity is more gradual (Kikeri, J & Shirley, 1992

2.3. Privatization in Developed Countries

The results presented in this paper give few supportive evidence for this policy and analysis which might be fruitful to the policymakers because they have taken up detailed developed programs of privatization. First of all, we have got evidence of a greater role of non-state-owned firms to aggregate productivity growth of manufacturing in Ukraine during the time of transition. While the chances of biases in the selection are a more concerning issue in the literature on Privatization. This study has exploited the unusual behavior of extensive data comprehensively, that has covered the manufacturing firms for a long run time frame. This is for the pre and post-privatization and also includes the state-owned comparison group. This study uses panel data techniques, which are commonly used in the process of evaluation program of the labor market and it allows analysis of a few forms of selection base. The results of estimation entail a significant and positive impact of privatization on the productivity level. Whereas the findings differ in some detailed processes across specifications, they are consistent remarkably, which shows a five to ten percent greater production level in the firms which are privatized on average. We have analyzed those five years after the privatization the productivity gap has widened from a 15% to 17% in our preferred areas of interest. This impact has also increased in the calendar time. Whereas we necessarily replicate the outcomes in BET (2006) that via 2002 Ukraine's productivity increased by five percent. Placing the findings of Ukrainian well below Romania and Hungary, although Russia in the early transition period, in our new data set after 2002 we have got that estimated average impacimpact6 to 27% percent. The findings compare positively with those from the countries of Europe in the earlier period To understand these main outcomes deeply, this study also analyses privatization partners, and the results showed that earlier firms outperform the later privatized firms in terms of production differentials, despite the fact of higher quality of privatization methods of later privatized firms. We have witnessed a much higher rate of survival between the privatized firms and more importantly relation with the pre-privatized production, it is suggesting that process of privatization has helped in the process of productivity and allocation of resources. Surprisingly to some researchers, the productivity level of the firms increased more whose size is smaller compared with the bigger sized firms. This could be due to those higher firms having already achieved their target or performing at the best level of production. By analyzing different ownership structures, this study provides results on the based only privatized firms in the early period these firms were more prevalent than they rely on, and they have fundamentally moved out. This study has found negative effects on both types of privatizations (partial privatization) mainly for the alternative privatization, most possibly due to conflicts between the different owner who lacks clear control and the employee incentives to strip assets rather than structure (Brown et al, 2019)

"Satisfaction with present work influences future performance," Velenapi (2008) stated in his work on working effectively and the attitudes of workers in the public sector Organization. Being immersed in the job, but also achieving high levels of performance, makes people feel more content and fulfilled. This is a sequence of events that corresponds to the development's vision. Employees value behaviors such as pleasure and participation. Performance As a consequence of this study, it was discovered that attitudes toward satisfaction and involvement, as well as performance, are highly associated. When organizational scientists such as Legert (1961), McGregor (1960), and Argyris (1964) comment that employees' contact with their work events may be denied in the organization. Performance-efficient connection to job satisfaction has been discussed in the past. Launched by researchers from the School of Social and Technological and Human Relations. Depends on the organizational performance described from the socio-technical perspective (Emery and Trust 1960). Ambrose, Honey Meyer and Chipon (1990) concluded that Competition is the biggest source of improvement in any field. The researcher also noted that monopoly transferred from state ownership. Privatization will not result in competitive behavior. Read More It showed that privatization affects both performance and cost. The investor is willing to pay. As a state-owned enterprise, it was the government's primary responsibility to determine the scope.

According to D. Hart and John Moore (1988), state managers make regular selections, but private owners make non-routine judgments and promote entrepreneurship. In the face of external shocks, private firms are anticipated to enter new markets and product lines more swiftly and lay off fewer people than SOEs. This demonstrates that privatization may be helpful only when power is passed to new owners, who may subsequently replace the managers. As we will see below, delayed privatization can undermine SOE performance because managers' incentives shift to grab assets or tunnel them out rather than increasing performance. (2000) (Johnson et al.)

Good management and corporate governance, as well as the availability of a functioning legal and institutional framework, play an important role in gaining access to global markets. Foreign ownership facilitates and expedites the restructuring of formerly state-owned enterprises. Foreign corporations commonly hire talented expatriate managers and make significant investments in educating local managers. They sell things through their global distribution networks, have a relatively advanced corporate governance system, and place a premium on business ethics. Corporate governance of foreign firms, therefore, compensates for many transition countries' underdeveloped legal and institutional structures to a great extent. While some domestic firms have developed good corporate governance, many privatized firms' underdeveloped legal systems have allowed local executives (or block stockholders) to boost their wealth at the expense of company performance and thus the wellbeing of (other) stockholders as well as stakeholders such as employees and the state treasury. This is most likely to blame for the low positive performance consequences of privatization on local private owners in comparison to the performance of firms sold to foreign investors. Interestingly, in China, the government's restrictions on foreign enterprises, combined with a somewhat functional legal framework, have reduced the gap between the performance of private domestic and international firms, making domestic-foreign joint ventures the most productive type of corporate ownership (Estrin et al 2009).

2.4. Privatization in Pakistan

PTCL's 26% stake in the company, as well as managerial control, were put for sale in 2004. Initially, three companies were shortlisted for the final bidding: Etisalat from the UAE, SingTel from Singapore, and China Mobile. The privatization of three PTCL business units, U-Fone, Pak Net, and the countrywide landline network, was approved. In 2006, Etisalat won the final bid at the highest price of 1.96 per share, while SingTel paid 1.16 and China Mobile paid 1.40. Etisalat proposed 2.6 billion dollars in exchange for 26 percent ownership of PTCL, U Fone, and Pak Net, as well as managerial control. The primary goal of Etisalat in privatizing PTCL was to reduce employee strength, bring investment, and competent management that might better respond to consumer demands by establishing additional lines to suit the expanding needs of information technology. Before privatization, PTCL employed roughly sixty-four thousand people, which decreased to twenty-six thousand once the company was privatized in 2006. (Asghar et al 2016)

2.5. INTERNATIONAL LITERATURE

At the end of the Second World War, the development or rebuilding was the top priority of every state. In those days, import substitution industrialization was considered the best policy. Enterprises owned by the state were engaged in the key industries and their financing was made through banks of nationalization. In the eighteen century, the importance of the state was first realized through the policies of neoliberals. It all started after an incident when Latin America caught in a debt crisis was reinforced by the East Asian financial crises. It all resulted in the announcement made by Washington to approve the privatization act. The privatization sector became the top priority at that time. Governance Market working rules were relaxed to promote privatization. The state became independent of all liabilities by providing a proper set of rules and regulatory framework for efficient Markets. The government had nothing to do with the business activities except revising the working rules for the business activities. In those days it was tried to create a lass's fair economy which means the government has nothing to do with the business activities.

Many researchers have worked on privatization and have proved that privatization has played a key role in the development of the country. Martin (1995) has worked on privatization and its effectiveness. He had checked the effects of privatization with the help of accounting ratios. He had checked the effect of privatization on the corporate performance profitability and also on the value-added of every employee who has any relation to the economy. He had measured this performance in different periods. In the time of pre-and post-privatization, nationalization, and finally in the period of recession in 1990. The study uses a data set of 11 industries on the grounds of two indicated variables mentioned above. It is never easy to maintain unequivocally that Privatization is better than nationalization on an efficiency scale. It's difficult to set up any hypothesis Due to two performance indicators and eleven industries whether privatization is preferable or not Nationalization is based on efficiency. Initially, it was found that Six industries out of eleven started showing improvement, it was obvious through value-added and initial shake-out effects. However, the value-added growth showed a downward slope in the remaining five industries in the first four years after the privatization compared to last year. The decline occurs in the regime of public ownership.

In both other instances the various regulations, including pre-privatization, post-privatization, and recession systems, showed clear differences in performance. In six industries of 10 companies, post-privatization and recession productivity growth were lower than in the rest of the global economies. Four branches out of ten in the era of nationalization indicated that they were inadequate compared to the post-privatization phase. Although the growth rate in public ownership was lower for four out of nine sectors than for private property. This all probably presented the same image, certain companies do well times and the other sectors perform better than those before. But in terms of profitability outcomes, he determined that the era was marginal like all previous periods.

The USA's economy has been worked out by Mary C. Lacity & Leslie Willcocks (1997) to understand the impact of privatization on the US economy. The two cases of the USA, based on the information system, were investigated in the public sector. They discovered that information system outsourcing has seldom worked in both commercial and governmental sectors. Their results indicate that the data utilized by both sectors should be equal in the initial stage before they are compared. It consisted of establishing connections with the goal, targeted performance, and diagnostic information system of top-level management. Then assess market vs domestic capacity. The gap between private and public sectors was confronted with greater environmental restrictions. The budget is dictated and the wages of employees are limited.

Jie Gan (2009) shows that privatization association is important for companies. He has discovered that following privatization, more than 62% of industries have rearranged their key executive members. Similar changes in Gex surveys occur in just 15% of private companies. The freshly employed management is supposed to operate the company more effectively, as opposed to older managers who have greater political worries inside the previous SOE. This is a move towards professional governance in those privatized companies, therefore bringing a big turnover to these top managers. Amongst all companies, about 8% have established worldwide standards, but that figure among MBOs is much higher, which is 11%. 76% of the companies have been named board members and the number among MBOs is again considerably higher, which is 84. The results of 634 state-owned companies listed on the stock exchange in China have been assessed by Qian Suna, Wilson H.S. Tong (2003).

All of this relies on the privatization of (SIP) shares between 1994 and 1998. The finding indicates privatization share plays a major part in improving SOEs' earning capacity, productivity for employees, and real sales. However, after a period of post-privatization, it fails to achieve and improve profits and leverage. You also discovered that the industry belonging to the state has a detrimental effect on its performance. Although ownership of a legal person has demonstrated that its performance after privatization has had a beneficial effect, suggesting that all lawyers have acted differently than state governments. The effect on corporate performance of foreign ownership has not been constant, favorable, or significant.

David L. Weimerc (2016), from a public policy viewpoint, relies on overall efficiency gains in the long run on the social value of privatization. However, most research on privatization examining privatization effectiveness have very limited timeframes: typically, three years earlier and three years afterward. This research, on the other hand, investigates the long-term impacts of privatization on productivity (up to 24 years) based on a study of large, mostly federal, share-issue privatizations in Canada. We regulate variables that may influence productivity, aside from privatization, by incorporating Always-SOE panels of companies and Always-Private companies. The main conclusion is that privatized businesses' productivity rises at a decreasing pace among SOEs, with peak levels of 14-16 years. Despite this increase, the productivity of privatized enterprises still lags below that of ever-private enterprises. We take some of the political consequences of these conclusions into account PTCL's investigational failure (Dr. Kama Siddique) Financial evidence seems to indicate that the PTCL privatization process lacks a meaningful consideration of Corporate Governance principles. In the PTCL issue, privatization has badly failed both parties to comply with the main corporate governance requirements and frameworks in Pakistan. There were unclear and under international standards the function of auditors and officers accountable for PTCL's assets including Ufone and Pak Net. In the history of the privatization of Pakistan, the 26% sales of PTCL along with the management control are seen as a financial mistake. The research shows clearly that the premature privatization of PTCL is not necessary.

By acquiring Pakistani firms, Hakro and Akram (2009) evaluated the results of pre-and post-privatization. They discovered that the accounting and financial performance metrics throughout the process of privatization had not changed much. They have thus confirmed that the privatization process in Pakistan has never improved its financial performance.

By considering Pakistan's state-owned companies, Hussain (2014) analyzed its effect on privatization. The findings of this research show that the operational and financial efficiencies of post-privatization of state-owned companies have not improved much.

Siddiqi (2012) observes the impact of privatization on the financial performance and performance of the business. Results show that the beneficial impact on the number of transactions, volume, and average share price of privatization is significant. The influence of privatization on stock returns is, however, not significant. A financial statistic assessment verifies that the company's budgetary performance after privatization has deteriorated, which differentiates between net profit margins, earnings per share, operational profit margins, and equity returns.

The operational and financial performance of the privatizing firms from 1999 to 2005 is assessed and evaluated by Kouser et al. (2012). Overall, the performance after the privatization of the automotive, fertilizer, cement, financial, energy, and engineering sector indicates a significant rise. In all measuring parameters, however, the chemical and ghee industries were not conducive. Empirical data suggests that the post-privatization rate increases efficiency, jobs, dividends, investment, and profits. While jobs and production in the financial sector decrease, but cement and automotive industries increase.

Bdour et al. (2007) examine the possible impact that privatization might have on Jordanian Cement Factories' operational and financial performance (JCFC). The findings of the research show that privatization does not much influence the operational performance and profit of JCFC. As a result, liquidity is enhanced, investment is boosted, excess volumes are decreased and debt is reduced. Osman (2000) examined differences in pre-privatization activity and finances in the 24 cement plants. He reported statistically significant variations in net profit over time as well as in the ratios of capacity use. In addition, there are partial fluctuations in output levels and investments throughout the periods of pre-pre-and-privatization. In addition, the number of workers overall decreased statistically significantly, and the increase in productivity.

The empirical data on privatization's impact on performances are presented by Perevalov et al. (2000). The findings indicate that, overall, the operating profit margin produced via privatization and, slightly, labor productivity enhanced performance in general. The pre- and post-privatization impacts on Kenya's aviation sector have been studied by Ochieng and Ahmed (2014). The study's results show that the level of liquidity and debt ratios in the performance of Kenya Airways have increased in positive terms, compared to pre-Findings, showing that the level of solvency has improved, but the levels of employment are falling. Thus, privatization has a larger impact on Kenya's aviation industry's financial performance. In other words, privatization improves the efficiency and profitability of privatized companies. The results of recent privatization undertakings in Asia were inspected by Boubakri et al. (2004). They also study changes through time in the structure of private ownership. Results indicate that owing to privatization, efficiency, production, and profitability, the amount of employment in the former Asian state-owned firms rises significantly.

The effect of pre-and post-privatization was analyzed by Barghandan (2013) and not by ownership. The financial performance results and the number of returns on investment have been noted. The results of the research show that privatization has a favorable impact on both investment quantities and financial performance. Privatization, therefore, encourages the company to be rentable.

The two major privatized organizations' performance in Ghana is investigated by Tsamenyia (2010). Customers, financial, community, learning and development, and the internal business process examine the achievements of the companies from five main points of view. The result shows that both organizations have increased their post-privatization performance, which shows that privatization is boosting Ghana. Wang (2011) examined how privatization leaves on the company's performance. The study covers the Chinese situation, and 127 businesses mentioned have been chosen for this research as examples. The results indicate that the government-to-private ownership exchange increases financial performance and organization operating efficiency, which is apparent to the extent that privatization has a favorable effect on business performance.

The private sector in Yogesh (2012) contrasts the two economies India and Argentina. The two economies are privatized. The results show that the difference between reform and productivity in the electricity sectors of different countries is varied. The goal of the Sakr study (2014) is to evaluate the business performance of the Egyptian privatization initiative. He investigated experimentally if the operational efficiency of privatized companies improves privatization. Results of this study indicate that the indices of operational efficiency are considerably increasing, while the employment level in the companies examined is decreasing considerably.

Ashtami et al. study (2010) explore the level of performance of partly privatized state-owned enterprises to see whether their performance in the undeclared nation of Indonesia is significantly better than that of fully privatized State-owned enterprises. Statistical research supports the notion that government-owned companies owned by the private sector perform higher than those fully owned by the government. Furthermore, significant variations exist across fully and partly privatized State-owned enterprises in terms of industry variance, asset-in-home, financial leverage, financial account dependability, and firm size. These outcomes encourage the Indonesian Government to increase the privatization of that state-owned companies with some private sector participation, and their performance levels are more remarkable.

Academics and academicians agree that privatization has ramifications for workers and their working environment. However, opinions differ. According to Cook and Kirkpatrick (1998), the impact of commercialization on labor will be proportionate to the relative significance of the public sector in the national economy as well as its percentage of formal employment. According to Gupta et al. (1999), retrenchment and competitiveness have an inverse connection. Though it is widely assumed that privatization reduces jobs and profits in the short term, a literature analysis conducted by Boubakri and Cosset (1998), Cook and Kirkpatrick (1998) and stated that this does not happen always. Gupta et al. (1999); Megginson, Nash, Ramanadham (1989); and Svejnar (1998), among others, argue that privatization may even boost employment if privatized enterprises are enticed to infuse additional capital investments as the economy improves. This is also the viewpoint of the World Economic Forum and others who believe that there is a positive relationship between privatization and economic progress. Galal and colleagues (1994); Plane and colleagues (1997); Barnett and colleagues (2000); Davis et al (2000). Cook and Kirkpatrick (1998) offer several explanations for this seemingly contradictory outcome. First, they claim that the sample of divested enterprises is likely to be biased due to selection bias. Because private entrepreneurs prefer more profitable and sustainable operations, it is more probable that successful or potentially profitable businesses will be privatized first. Second, in many cases, the government has provided workers with employment guarantees for a specific amount of time. This postpones the impact of privatization on employment until such guarantees are valid. Third, several governments have started restructuring plans for huge firms to be ready for privatization. These publicly traded companies are already lean and poised for growth in the post-privatization future. Finally, the increase in employment and output may disguise the deterioration of contractual terms for those workers who keep working following privatization CAM (1999).

Gupta et al. (1999) visually depict the employment changes in pre, and post-privatization and show that the amount of employment follows a U-curve, falling during privatization and increasing during the post-privatization. They also explain the phenomena of "delayed retrenchment," which is when governments promise jobs for a defined amount of time. The black line in the figure relates to the job U-curve without any post-privatization job guarantees, but the light shade compensates for delays in employee layoffs owing to employment guarantees. They do concede, however, that restructuring and privatization may result in near-permanent job losses in some situations, and that in the event of liquidation, all workers may lose their employment. In such cases, the U-curve pattern will be invalid.

Qureshi (1992) stated that six regular and six caretaker administrations have been in power since 1985, and privatization has been the cornerstone of each government's economic plan Qureshi (1992). PC (1996a, 1997, 2000). During this time, there has been a national consensus on privatization aims. There has, however, been a shift in focus and priorities. This was especially evident when the army took over in 1999. Due to the scandals and controversies that have tainted previous civilian administrations' privatization programs, openness and fairness have been a fundamental policy goal that has now been stated more explicitly in the Privatization Ordinance 2000 PC (2000). Another goal that has yet to be articulated is viewing privatization as a means of reducing corruption. However, there has been little shift in priority, with customers, taxpayers, and workers remaining at the bottom of the list.

The GOP had completed or authorized 122 deals as of the end of May 2002 (PC 2002). There are several duplicate transactions for the same unit in this figure as well. The entire privatization gains were Rs 82.0 billion or US$ 2.3 billion, depending on the currency rate at the time of individual transactions. Approximately 65 percent of all earnings are generated by the telecommunications and electrical companies alone. Kemal (2000) points out that, as a result of privatization, about 35000 workers from the industrial sector were transferred to the private sector, with 63.3 percent opting for the golden handshake program (GHS).

Chapter 3

3.1. Data & Methodology

This chapter deals with the collection of data, sources of this data, and a review of methodology to measure the impact of privatization of PTCL on its performance.

3.2. Description of the Data

We will take the data from 1996 (from PTCL formation). As the privatization is done in 2005 and it is a Pre- and post-privatization analysis so, 9 years pre-privatization window from 1996 to 2004 is drawn and a post-privatization window of 9 years is created from 2006 to 2014. 2005 is considered an event year so it is excluded from the data set.

3.3. Data Source

The daily stock data related to the values of Share Price and Volume of Share (VS) are taken from the stock exchange and the Khistock website.

. The annual data of Return on Assets, Liquidity, Leverage, Net Profit, EPS, Sales, and Dividend are taken from the financial statement of PTCL, which are given on the PTCL website and some of the statements are collected from the open-door website.

3.4. Variables

For measuring firm performance, different variables have been used. First for analysis return on assets ratio have been used to analyze whether firm profit increase or decrease concerning Assets. Then firm liquidity, share price, share volume, and earnings per shares ratio are also used for analysis. The detail of the variables is given in Table 3.1

Table 1: List of variables

Variable Names	Calculation
Return on Assets (ROA)	$\frac{\text{Profit before interest \& } tax + depreciation}{\text{Total Assets}}$
Liquidity	$\frac{\text{Curren Assets}}{\text{Current Liabilities}}$
Leverage	$\frac{\text{Total External liabilities}}{\text{Total Assets}}$
Net Profit	Net profit before tax
Share Price	Price of share
The volume of Share (VS)	Sharesradedaily
Earnings Per Share (EPS)	Total Earnings / Outstanding Shares
Sales	Revenue in billions
Dividend %	Dividend paid in the percentage of income

3.4 Methodology

The data were analyzed for the mean difference using the paired-samples 't-test (Saeed & khan 2017, Siddique 2012, cook 2003). This test explains "the fluctuation and significance of the parameters, with the hypothesis that the variable's distribution is regular and that the volatility of the variable is the same in both sets of populations." A t-test is an inferential statistic used to determine whether there is a significant difference between two groups that are linked in some manner. The t-test is one of the numerous statistical tests used to test hypotheses. The test statistic is given by

$$t = \overline{X/}Sd\sqrt{n}$$

Formulas for $\overline{X}$,

$\overline{X}$ = ƐX/n

Formulas for Sd,

$$S_d = \sqrt{\frac{\sum (d - \bar{d}_i)^2}{n-1}}$$

The ‘t’ statistic analysis is used for analyzing the performance of PTCL before privatization and after privatization.

Chapter 4

4.1. Results and Discussion

This section describes the complete data set in the form of descriptive statistics. To check the impact of privatization on PTCL performance, the results of the t-test analysis are also reported. Most of the results are in line with the previous studies. Detail description of the data is reported in table 4.1.

4.2. Descriptive Stats

Following Table 4.1 represents the descriptive stats of variables used in the analysis of this study.

Table 2. Descriptive summary of variables

VARIABLE	OBS	MEAN	STD. DEV.	MIN	MAX
ROAPR	9	.2050388	.0738635	.0719855	.3109848
LIQUIDITY	9	.9337815	.112103	.7496034	1.125835
LEVERAGE	9	.4691449	.0522246	.3888706	.5524026
ROAPO	9	.1004384	.0577109	.0236528	.205665
LIQUIDITY	9	1.755423	.3218893	1.392263	2.304741
LEVERAGEPO	9	.354572	.0691191	.2762405	.4868758
PRICEPR	1601	30.26	16.59	9.88	68.1
PRICEPO	1602	25.64	8.62	12.8	45.35
SALES-PR	9	53929	16999	18677	74124
SALES-PO	9	65525	9837	55254	81512
EPS-PR	9	3.45	1.14	2.1	5.72

EPS-PO	9	1.84	1.30	-0.55	4.07
DIVIDEND-PR	9	25.611	10.98	15	50
DIVIDEND-PO	9	16.66	6.95	0	25

*Roapr= return on assets pre-privatization, liquiditypr= liquidity pre-privatization, leveragepr= leverage pre-privatization, roaprpo= return on assets post-privatization, liquiditypo= liquidity post-privatization, leveragepo= leverage post-privatization, pricepr= share price pre-privatization, pricepo= share price post-privatization

The mean of firm Return on Assets before privatization is 0.205 which represents that Return on Assets before privatization has an overall positive trend. The Return on Assets before privatization lies between 0.071 and 0.31. Values are not much high and thus show that Return on Assets before privatization is not much flexible. The standard deviation of Return on Assets before privatization is 0.073. It shows the variation between Return on Assets before privatization values. The return on assets after privatization has a mean value of 0.100. The maximum limit is 0.205 and the minimum value is 0.023. Values of a mean and median lie in the range of this upper and lower limit. The standard deviation of return on assets after privatization is 0.057, which shows the average distance of values from the mean.

Liquidity before privatization has to mean value of 0.933 and after privatization has a 1.755 mean value and before privatization has an upper limit of 1.125 and lower limit of 0.749 while after privatization has an upper value of 2.34 and lover value is 1.39. The standard deviation of Liquidity before privatization is 0.112 and after privatization is 0.32 which shows the variation from average results.

Leverage before the privatization of the firm has a mean value of 0.469 and ranges from 0.388 to 0.552. The standard deviation is 0.0522. which is good because average values are not far from the mean and chances of error are very low. Leverage after privatization has an average value of 0.354 and the fluctuation between values are 0.276 and 0.486. Leverage after privatization has a standard deviation of 0.069.

Share prices before privatization have a mean value of 30.26 and high and low values are 9.88 and 68.1. Share prices before privatization have a standard deviation of 16.59. Share price after privatization has a mean value of 25.64 and Maximum range is 45.35 and the minimum range is 12.8. The standard deviation is 8.62. these values show that share prices will decrease after privatization.

Sales after privatization have an average value of 65525 billion and fluctuation between values are 55254 and 81512. Sales after privatization have a standard deviation of 9837. Sales before privatization have an average value of 53929 billion and the standard deviation is 16999. The minimum sales before privatization are 18677 and the maximum sale before privatization is 74124. By comparing the means of sales before privatization and sales after privatization it’s clear that sales will increase after privatization.

EPS before privatization has an average value of 3.45 and the fluctuation between values is 2.1 to 5.72. EPS before privatization has a standard deviation of 1.14 explaining the variation between EPS. EPS after privatization has an average value of 1.84 and the standard deviation which shows the variation from the mean is 1.30. The minimum EPS after privatization is -0.55 and the maximum sale after privatization is 4.07. By comparing the means of EPS before privatization and EPS after privatization it’s clear that EPS will decrease after privatization means before privatization per-share earnings are greater and shareholders gain more worth.

The mean value of dividends before privatization is 25.611 and after privatization is 16.66. shown a huge difference between dividend payout. This means that PTCL paid more dividends before privatization. The minimum value before privatization is 15 while after privatization it's zero and the maximum value of dividend paid in terms of percentage of income before privatization is 50 while after privatization it's 25. The standard deviation is 10.98 before privatization and after privatization, its value is 6.95. These values clearly show that PTCL paid fewer dividends after privatization.

The above results give an overall picture of statistical outcomes and represent the average change of variables and flexibility of values from both ends i.e., maximum and minimum.

4.2 T-statistics:

The T statistics of variables for pre and post-privatization windows are taken. The results are,

4.2.1 Return on Assets:

Before Analyzing the T-stat the variance ratio test of return on assets of pre and post-privatization windows is taken. Table 4.2.1 shows the results,

Table 3; Variance ratio test of Return on Assets pre and return on Assets Post Variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
ROAPR	9	.205	.738	0.5008
ROAPO	9	.100	.057	

The results show p-value is 0.5008 which is greater than 0.05 so we failed to reject the null hypothesis that variances are not equal.

After calculating the variances, the paired sample T-test is taken on the condition that variances are unequal.

Table 4 Two-sample t-test with unequal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P VALUE
ROAPR	9	.2050388	.0738635	3.3477	0.0022
ROAPO	9	.1004384	.0577109		

Table 4.2.1-2 shows a summary of the result of the Paired-samples t-test for the variable Return on Assets. The mean value for the return is 0.100 after the privatization of PTCL whereas, before privatization, it was 0.205. The value for the standard deviation is a bit lower for the post-privatization period. The mean and standard deviation indicate that the average return has decreased after privatization. The t-test result value of 3.34 is greater than 2 which shows the significance level for this variable. The P-value is less than 0.05 so, we reject the null hypothesis and accept the alternative hypothesis that the return on assets is more before privatization and it decreases after privatization showing the negative growth of the company.

4.2.2 Liquidity:

The variance ratio test of liquidity of pre and post-privatization windows is taken.

Table 5 Variance ratio test of liquidity pre and liquidity Post Variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
LIQUIDITYPR	9	0.933	.112	0.0073
LIQUIDITYPO	9	1.755	.321	

The result shows the p-value is 0.0073 which is less than 0.05 so we reject the null hypothesis and accept the alternative that variances are equal.

Table 6 Two-sample t-test with equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P VALUE
LIQUIDITYPR	9	.9337815	.112103	-7.23	0.1000
LIQUIDITYPO	9	1.755423	.3218893		

Table 4.2.2-2 shows a summary of the result of the Paired-samples t-test for the liquidity of the firm. The mean value for the return is 1.75 after the privatization of PTCL whereas, before privatization, it was 0.933. The value for the standard deviation is greater for the post-privatization period. The mean and standard deviation indicate that the average liquidity has increased after privatization and there is more volatility observed in liquidity after privatization. The t-test result value of 7.23 which is greater than 2 shows the significance level for this variable. The P-value is greater than 0.05 so, we failed to reject the null hypothesis that the liquidity of a firm is more before privatization and it decreases after privatization.

4.2.3 Leverage:

The variance ratio test of leverage of pre and post-privatization windows is taken. Table 4.2.3 shows the results,

Table 7 Variance ratio test of leverage pre and leverage Post Variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
LEVERAGEPR	9	.469	.0522	0.4451
LEVERAGEPO	9	.354	.0691	

The results show that the p-value is 0.4451 which is greater than 0.05 so we failed to reject the null hypothesis that variances are not equal.

After checking the variances, the paired sample t-test is taken.

Table 8: Two-sample t-test with non-equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P VALUE
LEVERAGEPR	9	.4691449	.0522246	3.9676	0.0006
LEVERAGEPO	9	.354572	.0691191		

Table 4.2.3-2 shows a summary of the result of the Paired-samples t-test for the leverage of the firm. The mean value for the return is 0.35 after the privatization of PTCL whereas, before privatization, it was 0.469. The value for the standard deviation is greater for the post-privatization period. The mean and standard deviation indicate that the average leverage has decreased after privatization and there is more volatility observed after privatization. The t-test result value is 3.9676 which is greater than 2 and shows the significance level for this variable. The P-value is less than 0.05 so, we reject the null hypothesis and accept the alternative that the leverage of PTCL is decreased after privatization.

4.2.4 Share price:

T statistics and variance analysis are taken for checking the variability of share prices after and before privatization.

Table 9: Variance ratio test of share price pre and share price post variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F

PRICEPR	1602	25.64622	8.620378	0.0000
PRICEPO	1601	30.26032	16.59244	

The results show that the p-value is 0.0000 which is less than 0.05 so we reject the null hypothesis that variances are equal.

After checking the variances, the paired sample t-test is taken.

Table 10: Two-sample t-test with non-equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P VALUE
PRICEPR	1,602	25.64622	8.620378	-9.8745	0.0006
PRICEPO	1,601	30.26032	16.59244		

The results of the Paired-samples t-test for the variable share price are summarized in table 4.2.4-2. The average Share price of PTCL stock before privatization was recorded as 25.64 and after privatization 30.26. It shows that the average share price of PTCL has increased after privatization. Standard deviation is greater in the post-privatization period as compared to pre-privatization years, which indicates that stock price has become more volatile after privatization. The t value of -9.87 shows the overall significance and the p-value is 0.0006 which indicates that the share price of PTCL is increased after privatization. These results complement the findings of Megginson, Nash &Randenborgh (1994).

4.2.5 Share volume:

Before analyzing the t-test the variance ratio comparison test of share volume of pre and post-privatization windows is taken. Table 4.2.2 shows the results,

Table 11: Variance ratio test of liquidity pre and liquidity Post Variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
VOLUMEPR	1602	3.72e+07	3.10e+07	0.0000
VOLUMEPO	1601	6391759	9010700	

The result shows p-value is 0.0000, which is less than 0.05 so we reject the null hypothesis and accept the alternative that variances are not equal.

After checking the variances, the paired sample t-test is taken.

Table 12 Two-sample t-test with non-equal variances

VARIABLE	OBS	MEAN	STD. DEV.	PR-F	T VALUE
VOLUMEPR	1602	3.72e+07	3.10e+07	0.0000	38.24
VOLUMEPO	1601	6391759	9010700		

In table 4.2.5-2 results of the Paired-samples ‘t-test are summarized for the variable Volume of share sales daily. The mean value of shares traded daily of PTCL stock after privatization has increased in comparison to post-privatization results. The standard deviation is greater in the post-privatization period than in the pre-privatization period, showing an increase in volume volatility following privatization. In contrast, the significant value is 0.00, which is less than 0.05, indicating that a substantial change in the volume of PTCL shares following privatization has been detected. Ibrahim saw the same outcomes in Malaysia (2003).

4.2.6 Sales:

T statistics and variance analysis are taken for checking the variability of sales after and before privatization.

Table 13: Variance ratio test of sales pre and post variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
SALESPR	9	53929.03	16999.87	0.1427
SALESPO	9	65525.31	9837.881	

The results show that the p-value is 0.1427, which is greater than 0.05 so we accept the null hypothesis that variances are equal.

After checking the variances, the paired sample t-test is taken.

Table 14: Two-sample t-test with equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P-VALUE
SALESPR	9	53929.03	5666.622	-1.7712	0.949
SALESPO	9	65525.31	3279.294		

The results of the Paired-samples ‘t-test for the variable sales are summarized in table 4.2.6-2. The average sales of PTCL before privatization were recorded as 53929 and after privatization 65525. It shows that the average sales of PTCL have increased after privatization. Standard deviation is greater in the pre-privatization period as compared to post-privatization years which indicates that sales become less volatile after privatization. The t value of -1.77 shows the overall significance and the p-value is 0.949 which indicates that sales of PTCL are increased after privatization. These results complement the findings of Megginson, Nash &Randenborgh (1994).

4.2.7 Dividend:

T statistics and variance analysis are taken for checking the variability of the dividends after and before privatization.

Table 15: Variance ratio test of dividend pre and post variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
DIVIDENDPR	9	25.611	10.988	0.2180
DIVIDENDPO	9	16.66	6.9597	

The results show that the p-value is 0.2180 which is greater than 0.05 so we accept the null hypothesis that variances are equal.

After checking the variances, the paired sample t-test is taken.

Table 16: Two-sample t-test with equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P-VALUE
DIVIDENDPR	9	25.61111	10.98	2.0630	0.0279
DIVIDENDPO	9	16.66	6.95		

The results of the Paired-samples 't-test for the variable dividend are summarized in table 4.2.7-2. The average dividend payout of PTCL stock before privatization was recorded as 25.61 and after privatization 16.66. It shows that the average dividend paid has decreased after privatization. Standard deviation is less in the post-privatization period as compared to pre-privatization years which indicates that dividend payout has become less volatile after privatization. The t value of 2.0630 shows the overall significance and the p-value is 0.0279 which indicates that the dividend of PTCL is decreased after privatization. These results complement the findings of Megginson, Nash & Randenborgh (1994).

4.2.8 EPS:

T statistics and variance analysis are taken for checking the variability of EPS after and before privatization.

Table 17: Variance ratio test of EPS pre and post variables

VARIABLE	OBS	MEAN	STD. DEV.	PR-F
EPSPR	9	3.4544	1.1465	0.7229
EPSPO	9	1.8422	1.3050	

The results show that the p-value is 0.7229 which is greater than 0.05 so we failed to reject the null hypothesis that variances are equal.

After checking the variances, the paired sample t-test is taken.

Table 18: Two-sample t-test with non-equal variances

VARIABLE	OBS	MEAN	STD. DEV.	T- VALUE	P-VALUE
EPSPR	9	3.45	1.14	2.7843	0.0134
EPSPO	9	1.84	1.30		

The results of the Paired-samples ‘t-test for the variable EPS are summarized in table 4.2.8-2. The average earning per share of PTCL before privatization was recorded as 3.45 and after privatization 1.84. It shows that the average earning per share of PTCL has decreased after privatization. Standard deviation is greater in the post-privatization period as compared to pre-privatization years which indicates that earnings per share have become more volatile after privatization. The t value of 2.7843 shows the overall significance and the p-value is

0.0134 which indicates that earnings per share of PTCL are decreased after privatization. These results complement the findings of Ali khan (2016).

Chapter 5

5.1. Conclusion

The largest telecom provider in Pakistan, Pakistan Telecommunication Company Ltd was privatized in 2005. The company's financial and operational performance has suffered as a result of its privatization. The administration stated that privatizing government enterprises would boost their efficiency. This research focuses on the impact of the privatization of PTCL on its performance to check whether performance increases or decreases after privatization. To accomplish this goal, the financial performance of PTCL, as well as the performance of PTCL common stock, were studied before and after privatization using the Paired-samples t-test for mean differences. The findings indicate that PTCL's privatization has a major impact on its performance. Most results show a decrease in performance after privatization which indicates that the overall performance of PTCL is decreased after privatization. Moreover, the privatization of PTCL does not become beneficial for the company. (Ali 2019, Asghar-et-al 2016, smith 2001, Gong 2007, Obadan 2008)

Financial data analysis reveals deterioration in the company's financial performance following privatization. It means that the financial performance of the company decreases after privatization. The value of return on assets decreased after privatization which means that firms earn less while comparing their assets means firm management is not utilizing its assets to their full potential and earns from them less money than their capacity. The same thing is seen in the case of dividends. PTCL pays fewer dividends after privatization. The dividend payout tends will positively increasing before privatization but after privatization, it goes downward. After privatization, PTCL pays fewer dividends.

In the case of liquidity, it has also been shown that performance decreases after privatization. In the case of share prices and volume of shares traded, the prices of shares are increased as well as the volume of trade also increases. Increasing sales and decreasing net income will show that companies' financial expenses are increased after privatization and the firm must give attention to the decreasing expenses to increase its net income.

After evaluating the overall results, it is concluded that there is a negative impact of privatization on PTCL. Moreover, privatization is not favorable for company performance as expected by the government privatization commission.

5.2. Policy Recommendations

Based on the findings, it is concluded that privatizing PTCL reduces overall performance. The privatization of PTCL looks to be a component of CSP. What was the necessity to privatize a crucial asset of the country if one organization was performing so effectively under government control? When the effect of privatization is assessed from every viewpoint, i.e., financial performance, customer feedback, and workers, there is a total failure of privatization policy execution even after 8 years of privatization. Therefore, it is recommended that in the case of Pakistan the privatization commission of Pakistan be failed to achieve its objective of increasing the overall performance of companies. The privatization of government companies is not a good solution it decreases the overall performance of firms and it is not a good option for people as well as for the Pakistan government. PTCL was a Pakistani profit-oriented business company the decision of the government to privatize it was not a good decision. In the future government privatization commission must properly evaluate the companies before privatizing them.

As a result of the study's findings, we believe the following criteria should be kept in mind while considering privatization as a solution to public-sector inefficiencies. "Rather than viewing privatization as the only solution to the issue, states should trust in their attributes and understand that they can control problems more excellently than any private entity because they know more about their difficulties; and governments should penetrate the power of institutions to the grass-root level to improve an organization's efficiency rather than viewing privatization as the only solution to a problem." Rather than quickly privatizing or exporting vital assets, governments should work to erase or reduce the negative connotations connected with them.