

Abstract

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The Impact of the Egyptian Privatisation Programme on the Performance of the Privatised Firms

Privatisation has been a major political and economic phenomenon over the past few decades, and researchers continue to target it for both theoretical and empirical work. The objective of this paper is to evaluate the Egyptian experiment concerning its privatisation programme, to determine whether this programme has affected the performance of privatised firms. Using 15 years of data, which cover the period 1990/1991 to 2004/2005 this paper empirically investigates whether the performance of privatised firms improves following privatisation through comparing pre- and post-privatisation performance in terms of profitability, output, and leverage. For this issue, several statistical techniques, such as parametric t-test, and the non-parametric Wilcoxon signed-rank test are performed. The results from this analysis indicate clearly that there are significant increases in profitability ratios, as well as significant declines in the leverage ratios, but there is no significant change in the output. A caveat to the finding of this paper is that the privatised firms might need a longer period to reflect more fully the impact of the privatisation programme on some of their performance measures.