

Abstract

The Performance of Privatised and Private Firms: Empirical Evidence from Egypt

THE PERFORMANCE OF PRIVATISED AND PRIVATE FIRMS: EMPIRICAL EVIDENCE FROM EGYPT Mohamed Bahaa El Din ABSTRACT Privatisation has been a major political and economic phenomenon over the past few decades. The objective of this thesis 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 thesis empirically investigates three main issues. Firstly, it examines whether the performance of privatised firms improves following privatisation through comparing pre- and post-privatisation performance in terms of profitability, operating efficiency, output, leverage and level of employment. Secondly, it evaluates the performance changes of privatised Egyptian firms after matching them to control firms (private firms) based on size and industry. Thirdly, it evaluates the impact of the post-privatisation sectoral environment and the pre-privatisation experience on post-privatisation performance. For the first two issues, several statistical techniques, such as parametric t-test, the non-parametric Wilcoxon signed-rank test, and Mann-Whitney test are performed. As to the third issue, several multi-regressions are used to model the relationship between the post-privatisation performance (as dependent variable) and ownership structure, the performance experience of the privatised firms pre-privatisation. This thesis represents the first study in Egypt to evaluate and compare the performance of privatised firms with the performance of their counterparts from private firms. A caveat to the finding of this thesis 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.