

EMPLOYEE ATTITUDE TOWARDS THE PRIVATIZATION OF STATE OWNED ENTERPRISES: THE CASE OF NATIONAL FOOD AUTHORITY BATANGAS

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Abstract

The study aimed to determine the attitude of National Food Authority Batangas employees on the privatization of State Owned Enterprises. More specifically to describe the profile of the respondents; assess their attitude towards privatization and know the difference in the employees' attitude when groups according to profile variables. The study employed the descriptive - correlational method with the use of the questionnaire as the main instrument in data gathering. Findings revealed that majority of the respondents are middle aged female, college graduate and has been working with National Food Authority in Batangas from 26-30 years and 35 years and above. Privatization will bring changes in the working environment of National Food Authority. They disagree on the privatization of State Owned Enterprises and there is no significant difference in the attitude of NFA employees towards privatization.

Keywords - Employee Attitude, Privatization, National Food Authority

INTRODUCTION

Privatization is critical and politically sensitive government activity that has led to fundamental shifts in the relationship between the private and public sectors of the jurisdictions of many countries (Prizzia, 2005). Within the basic welfare services, privatization has been used to refer to an increase in the individual's responsibility for his or her own welfare. This arises from the state's attempt to delineate more explicitly its commitment to citizens' welfare and may also reflect citizens' own demands for alternative services (ILO, 2001).

Nancy and Nellis (2003), by analyzing many research reports, gave an opinion that privatization's economy-wide effects on the government budget growth, employment and investment are less established. However, privatization caste negative impacts on public as revealed by some research studies. Nancy and Nellis (2003) reported negative im-

pacts of privatization by stating that at the heart of popular criticism is a perception that privatization is fundamentally unfair in both concept and implementation: it is seen as harming the poor, the disenfranchised, the workers, and even the middle class; throwing people out of good jobs into unemployment; raising prices for essential services; giving away national treasures-- and all this to the benefit of the local elite, agile or corrupt politicians, and foreign corporations and investors.

Former President Fidel V. Ramos promoted privatization as an essential element of the "Philippines 2000" which was supposed to lead the country towards "modernization and industrialization" for the benefit of the people. It is the set of laws of private capital and management or market forces that will spur the "efficiency" in the delivery of public goods and services.

In August 14, 1999, then President Joseph Ejercito Estrada signed Executive Order No. 12 - Revitalizing the Privatization Program of the Government. Through the signing of Presidential Decrees 2029 and 2030 by President Ferdinand E. Marcos shortly before the downfall of his dictatorship in 1986, the legal frame for the declaration of privatization as a policy was completed. Immediately upon its takeover, the President Cory Aquino administration started its implementation as part of the Structural Adjustment Program (SAP) inked by Aquino and the International Monetary Fund-World Bank (IMF-WB). The SAP specified austerity measures in government spendings to assure them of continued foreign debt payments and the expansion of trade & investment liberalization to ease the worsening crisis of overproduction of monopoly capital which control the IMF-World Bank (www.skyinet.net).

Privatization encompasses the many ways in which the private sector assumes functions that were previously carried out by the government (Aktan, retrieved March 20, 2011). According to Pamacheche et al. (2007), privatization is supposed to be undertaken to re-deploy assets from the public to the private sector, where the assets are expected to be used more efficiently.

Hebdon (2006), who studied labor effects of privatization of public services in New York State, found that local government privatization have some harmful effects on workers. Few local employers had adjustment policies to protect affected employees and disproportionate negative impacts were found on women and minorities.

According to Aghaei, et al (2010), on privatization employees feel job insecurity and have fear losing their jobs. Fear can pass to other employees and trigger a chain reaction that ultimately leads to the widespread fear in employees, of losing their jobs which causes increased job

stress.

Rozana Salih (2000), who analyzed effect of privatization on workers who opted to remain with the privatized firm, expressed that overall the working conditions of workers who remained in the privatized enterprises seem to be at least as favorable as they were when the firms were SOEs. In several instances, there have been wage rises and better working conditions.

Al-Modaf (2003) concluded that majority of the study respondents favor privatization of the state-owned enterprises and thinks it is good for the local economy. The majority of the study respondents will not support privatization if it has negative effects on their interests or on those of their significant others.

The National Food Authority was created through Presidential Decree No. 4 dated September 26, 1972, under the name National Grains Authority, (NGA) with the mission of promoting the integrated growth and development of the grains industry covering rice, corn, feed grains and other grains like sorghum, mungo, and peanut. This decree abolished two agencies, namely, the Rice and Corn Board (RICOB) and the Rice and Corn Administration (RCA) but absorbed their respective functions. The former was then regulating the rice and corn retail trade and was tasked to nationalize it within a target date. The latter was in-charge of marketing or distribution of government low-priced rice especially during lean months. In addition, the new agency was vested additional functions aimed at developing the grains post-harvest systems and processes.

On January 14, 1981 Presidential Decree (PD) No. 1770 was issued which reconstituted the NGA into what is now the National Food Authority (NFA). This decree, widened the agency's social responsibilities and commodity coverage to include, in addition to grains, other food items like raw or fresh fruits and vegetables and fish and marine, manufactured, processed, or packaged food products, and these were collectively referred to as non-grains commodities. This law was the basis of the Kadiwa chain of stores or government retail stores, which sold low-priced basic food and household items which were established within the National Capital Region and in all the provinces of the country. On May 31, 1985, Executive Order No. 1028 was issued and provided for the deregulation of NFA's non-grains marketing activities. This resulted in the termination of NFA's non-grains trading activities and the return of feedgrains and wheat importation to the private sector as well as the lifting of price controls/ceilings on rice and corn. As such, at the end of 1986, all the Kadiwa Stores had been devolved to the private sector and /or closed. Today, the National Food Authority is vested the functions of ensuring the food security of the country and the stability of supply and

price of the staple grain-rice. It performs these functions through various activities and strategies, which include procurement of paddy from individual bonafide farmers and their organizations, buffer stocking, processing activities, dispersal of paddy and milled rice to strategic locations and distribution of the staple grain to various marketing outlets at appropriate times of the year.

The researcher as an employee of National Food Authority in Batangas would like to assess the attitudes of NFA employees towards the privatization of State Owned Enterprises. She would also like to know the options government is taking in order to ensure that the rights of government employees to be affected will be protected. As a public administration student, the researcher would like to know if privatization is really an option for government to consider in its intention of securing more funds. And lastly, privatization efforts in the Philippines have not fully been studied, therefore, there is a considerable need for theoretical and empirical studies of privatization in the Philippines.

OBJECTIVES OF THE STUDY

The study aimed to know the attitude of National Food Authority Batangas employees on the privatization of State Owned Enterprises. More specifically it described the profile of the respondents; assessed their attitude towards privatization, know the difference in the employees attitude when grouped according to profile variables.

METHOD

Research Design

This study utilized descriptive-correlational with comparative method to obtain the necessary data to be gathered in the succession of this study. The descriptive method is a strategic way to pursue and present the detailed phenomena in an advantage of assessment (Maxfield, 2007). It also describes the data and characteristics of a population.

Participants

Respondents of the study are composed of 50 employees of National Food Authority in Batangas. From the total population of 80, 30 employees who are currently assigned in other areas and on official travel during the survey were excluded from the study.

Instrument

The researcher utilized a researcher-made questionnaire patterned from the researches conducted by Al-modaf (2003), and Pec-

lijia et al (2010) with modification to suit the present study. Descriptive survey was utilized to determine the attitude of NFA employees towards privatization of State Owned Enterprises. An interview with selected employees was conducted to support the respondent's responses in the questionnaire.

Procedure

The researcher was able to formulate the research questionnaire. After the validation of the questionnaire, letters of request addressed to the Regional Director, Provincial Manager of NFA and to the respondents were formulated and the data gathering started. The collected data were tallied, analyzed and interpreted.

Data Analysis

The data were tallied, tabulated, and analysed using Frequency distribution and percentage to describe the profile of the respondents. Weighted mean was used to determine the attitude of employees towards privatizations of State Owned Enterprises. ANOVA (Analysis of Variance) was utilized to determine the difference in the attitude of employees when grouped according to profile variables.

RESULTS AND DISCUSSION

Profile of the Respondents

More than half of the respondents are female (58%), between 51-60 years of age, college graduate and has been working with National Food Authority in Batangas from 26-30 years and 35 years and above. Majority of the respondents are considered to be in their midlife and might not want their security as far as employment is concerned shaken. Although majority are college graduates, they would find difficulty in looking for another job. Employers even in the public sector would not hire applicants fifty years old and above. Majority of the employees have been working with NFA from 26-30 years and 35 years above. These explain their apprehension over their job security.

Attitude of NFA Employees Towards Privatization of State Owned Enterprises

Table 1 presents the attitude of National Food Authority Batangas Employees towards privatization of state owned enterprises (SOEs). Obtaining the highest mean (3.06) is the item on changes in the working environment followed by civil servants are at risk of losing their jobs following privatization. The least mean was obtained by item on "I personally favour privatization of state owned and controlled enterprises (2.10), this was followed by "I support the Idea of privatization even if it

has/will have negative effects on my job or on the job of someone I know (2.14) and I support the idea of privatization even if it will affect me directly (2.22). Respondents likewise disagree that privatization is good for the Philippine economy (2.22). (2.98) and recruitment & promotion is expected to be linked to performance under privatization. Respondents also believe that workload pressures are perceived to increase under privatization.

Table 1. Attitude of NFA Employees Towards Privatization of State Owned Enterprise

| Attitude of NFA Employees | WM | SD | VI | Rank |
|--|-----------|-----------|-----------|-------------|
| 1. I personally favor privatization of state owned enterprises. | 2.10 | .735 | Disagree | 15 |
| 2. I believe that privatization is good for the Philippine economy. | 2.22 | .616 | Disagree | 12.5 |
| 3. Privatization of state-owned enterprises (e.g., electricity, telecommunication, transportation) will increase the efficiency of the services they provide. | 2.50 | .678 | Agree | 9 |
| 4. I support the idea of privatization even if it will affect me directly. | 2.22 | .648 | Disagree | 12.5 |
| 5. I support the idea of privatization even if it has/will have negative effects (e.g., increase in working hours, reduction in annual days off, more responsibility) on my job or on the job of someone I know. | 2.14 | .729 | Disagree | 14 |
| 6. When the public sector fails to provide efficient services (high quality and quantity), the private sector should be allowed to provide these services. | 2.82 | .691 | Agree | 6 |
| 7. I would recommend private sector jobs to my friends and relatives. | 2.72 | .607 | Agree | 7 |
| 8. The public holds negative perception about the performance of the public sector. | 2.46 | .676 | Disagree | 10 |
| 9. Privatization will improve Government services | 2.32 | .683 | Disagree | 11 |
| 10. Civil servants at risk of losing their jobs following privatisation | 2.98 | .685 | Agree | 2.5 |
| 11. Workload pressures are perceived to increase under Privatisation | 2.86 | .639 | Agree | 4 |
| 12. Remuneration expected to be linked to performance under privatisation. | 2.84 | .618 | Agree | 5 |
| 13. Recruitment and promotion expected to be objective and based on skills and performance under privatisation | 2.98 | .553 | Agree | 2.5 |
| 14. Changes in working environment | 3.06 | .512 | Agree | 1 |
| 15. Stress due to insecurity of job | 2.68 | .713 | Agree | 8 |

Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree

Results showed fear and apprehensions of employees towards privatization. Although they agree that there will be changes in the working environment, fear of losing their jobs and insecurity towards their employment is great. The effects of privatization usually on jobs are negative because public enterprises were overstaffed (Nancy and Nellis (2003) and on privatization, employees, feel job insecurity and have fear losing their jobs (Aghaei, et al. 2010).

In majority of privatization cases workers lost their jobs after privatization (Martin, retrieved June 2012), but in cases where employees lost their jobs as a result of privatization, such employees tended to receive generous severance packages Pamacheche and Koma (2007). Al-Modaf in 2003 examined the attitudes of the Saudi undergraduate college students toward the anticipated effects of privatization on the employment system of the Saudi privatized SOEs. Using survey questionnaire data collected in May 2002 from 672 Saudi undergraduate college students, the study results varied attitudes. On the one hand, large percentages of the respondents prefer working under close supervision of Saudi management, having a salary based on productivity, being promoted based upon performance (rather than seniority), and adhering to prescribed procedures in executing job tasks. On the other hand, high percentages of the study respondents tend to dislike the concepts of putting forth more effort to meet management's plans of working on nights and weekend, and of compromising job security in return for a higher salary. In addition, while the majority of the study respondents believe that privatization of state owned enterprises is best for the local economy, their support for privatization is qualified by their insistence or desire that it not negatively impact their own interests.

Davidson, Eggers, & Martin as cited by Al-Modaf (2003) found out that what workers fear the most is the loss of jobs. Although this issue is still the subject of debate, privatization has played a role in the layoff of workers and in general employment reduction. In order to survive in a highly competitive market, privatized SOEs must be able to reduce production costs, and this process inevitably leads to staff reduction. Such a situation can put extra stress on workers, who are never sure whether they will be affected next by a reduction in numbers. The atmosphere of insecurity leads to more tension in the work place, which negatively affects workers' productivity (Bickerton & Geldstein in Al-Modaf (2003) points out that the most negative outcomes of privatization involve an increase in workers' fears about job loss and a reduction in benefits. In order to feel more secure about their jobs, some workers even express a willingness to accept lower wages. When asked about their preference between a position offering an adequate income but high job security and a job offering high income but low job security, 80% of the workers in a privatized Turkish cement company said "they did not want to com-

promise over their job security in return for higher incomes”.

Difference of Responses on the Attitude of Employees Towards Privatization of State Owned Enterprises.

Based from the result on Table 2, all computed F-values were all less than the critical value at 0.05 level of significance; thus, the null hypothesis of no significant difference on privatization of state owned enterprises when grouped according to profile variables is accepted.

Table 2. Difference of Responses on the Attitude of Employees Towards the Privatization of SOEs when Grouped According to Profile Variables

| Profile Variables | Fc | Ft | p-value | VI |
|--------------------------|-----------|-----------|----------------|-----------|
| Sex | 0.165 | 4.04 | 0.686 | NS |
| Age | 0.395 | 2.58 | 0.811 | NS |
| Educational Attainment | 0.137 | 2.58 | 0.968 | NS |
| Years of service | 1.082 | 2.24 | 0.392 | NS |

Legend: Significant at p-value < 0.05; HS = Highly Significant; S = Significant; NS = Not Significant

This indicates that employees of National Food Authority in Batangas regardless of sex, age, and occupational attainment have the same perception towards privatization. NFA employees do not favour privatization of their organization as evidenced by the low mean seen in the table.

CONCLUSIONS

Majority of the respondents are middle aged female, college graduate and has been working with National Food Authority in Batangas from 26-30 years and 35 years and above. Privatization will bring changes in the working environment of National Food Authority. They disagree on the privatization of State Owned Enterprises. There is no significant difference in the attitude of NFA employees towards privatization.

RECOMMENDATIONS

National Food Authority in Batangas may give consideration to the impact of privatization on workers. Social factors such as job security, occupational stress. National Food Authority Batangas may support their employees sufficiently to enable them to adapt themselves to the

changes, through allowing their employees to participate in making decisions concerning organizational changes to prevent or reduce the subsequent job stress.

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