Privatization of Chemco: Birth, Growth and Sale of an Indian PSE

Vijayalakshmi B
Institute for Financial Management and Research
viji@ifmr.ac.in

Satish Kalra
Management Development Institute
skkalra@mdi.ac.in

Rajen K Gupta
Management Development Institute
rgupta@mdi.ac.in

Presentation Mode: Paper Format
Abstract

Since 2000, fourteen Central Public Sector Enterprises have been divested to Private sector strategic partners in India. However, there is a paucity of empirical work on the process of privatization and changes that take place post privatization. A study was carried out to trace the genesis, growth, eventual sale of a PSE to its competitor. The findings were presented using the Burke-Litwin model. Our study showed that the performance and morale of the PSE declined during the privatization phase. Post privatization experiences of the PSE indicated that there was a marked improvement in the efficiency, leading us to conclude that the PSE changed from being a proud family of nation builders to an efficient factory with obedient workers.

Key words: Sale of Public Sector Enterprise, Privatization process, Post privatization experiences, Burke-Litwin Model

INTRODUCTION

The Public Sector across the world has undergone a series of structural and managerial changes over the past 20 years, the most radical change being the strategic sale of Public Sector enterprises to Private sector partners (Ramanadham, 1989). Privatization of Public Sector Enterprises (or PSEs) was carried out not only in Britain but also in 80 other countries across the world. The UK experience in privatization has been considered by many as the forerunner of Privatization efforts across the world (Galal et al, 1994, Dhameja and Sastry, 2002). Other European countries like Portugal, West Germany and France also embarked on large-scale privatization programmes (Cunha and Cooper, 1998, Dhameja and Sastry, 2002). Privatization in the USA had included utilities such as garbage collection and prison management (Dhameja and Sastry, 2002). Cook and Kirkpatrick (1995) have argued that in highly centralized countries, privatization was a means of developing and strengthening the private sector. In the case of mixed economy countries like Chile and Mexico that followed aggressive privatization adopted employee friendly practices adopted that included no lay offs of employees, gain sharing of post privatization profits and preferential allotment of equity shares to employees. In Asia, Malaysia followed, a “no layoff policy”
of privatization. Other countries that adopted rapid privatization include Pakistan, Sri Lanka, Bangladesh, Jordan, Kenya, Nigeria, China, Ghana, Ethiopia, Malawi, Peru, Jamaica, Trinidad, Tobago to name a few. Arun and Nixson (2000) claim that, “It may be noted that in many developing countries privatization was carried out as a response to the need for fiscal austerity so as to reduce the public sector requirements through reducing deficits generated by state enterprises”.

PUBLIC SECTOR AND PRIVATIZATION IN INDIA

Post Independence, India followed a development policy largely based on import substituting industrialization through heavy investment in the public sector with a mandate ‘to reach commanding heights of economy.’ In 1991, radical economic reforms were ushered in to increase the efficiency of Public Sector investment. As on March, 2006, twelve other Central PSEs have been sold to Private Sector strategic partners. The Government of India has collected a net realization of INR 492,140.3\(^1\) million (approximately equivalent to $ 10.9 billion) through disinvestment of Central PSEs during the period 1999-2000 to 2004-05, of which INR 102,571.9 million (approximately equivalent to $ 2.28 billion) has accrued through strategic sales to the Private sector (see website of Department of Disinvestment http://www.divest.nic.in/performance.htm for complete details of restructuring of Public Sector Enterprises in India). Several other Public Sector organizations have been identified for future restructuring, including the Airports Authority of India and Neyveli Lignite Corporation. Enormous public debate and tough resistance from employees have marked every announcement by successive governments to disinvest from PSEs.

Though there have been several studies on the impact of Privatization on Indian workforce and labor markets from a macroeconomic perspective, there is a paucity of Indian studies that have analyzed the the effect of Privatization on PSEs that have been sold to Private sector partners. Hence, we carried an ethnographic study of a PSE that was sold to a strategic partner, with the objective of understanding the Privatization process and the post privatization transformation of an Indian PSE.

\(^1\) INR- Indian Rupees. Approximately 45 INR= 1 USD
METHODOLOGY

Privatization is a complex phenomenon with multitudinous effects on the PSE that has undergone Privatization, its employees and other stakeholders. As our objective was to trace the history of an Indian PSE, its various phases of existence from inception, Privatization and post Privatization, we chose an ethnographic study of a single PSE. Ethnographic research comes from the discipline of social and cultural anthropology where an ethnographer is required to spend a significant amount of time in the field. Ethnographers “immerse themselves in the life of people they study” (Lewis, 1985) and seek to place the phenomena studied in their social and cultural context (Rosen, 1991).

Chemco (pseudonym for the PSE studied) was chosen as it offered the widest variability in terms of products, locations, age of plants, technology, size (in terms of employee strength) and employee profile, so as to ensure as many embedded cases as may be built within a single context (Eisenhardt, 1989, Yin, 1994). Armetto and Caren advised that “in small-N samples, researchers should pick their cases with care, making sure to provide as much variation as possible” (Armetto and Caren, 2002). The other selection criterion was the generalizability of findings to other contexts. Hence, we decided to choose a PSE that was as similar to other PSEs earmarked for Privatization. Finally, Chemco had been privatized 18 months before the commencement of the study, ensuring sufficient time for the strategic initiatives taken by the Acquirer Company to have a bearing on the PSE and its employees.

The entire data collection phase lasted for a year, when the researcher spent extensive periods in the field. In-depth interviews with employees across levels and functions, Trade Union leaders, family members, erstwhile employees who have either retired or resigned from the organization were carried out, including employees of the Acquirer Company. Other data sources such as the company website, annual reports and News paper reports of Privatization were collected. The data was content analyzed and presented using Burke-Litwin’s model (1992). In the following sections, we briefly describe the history of Chemco, its achievements, Privatization process and, finally, summarize the changes across the years using the Burke-Litwin Framework.
CHEMCO: AN OVERVIEW

Operations
Chemco was incorporated in the late 1960s, with a mission to develop Indian capabilities in production of industrial raw materials. It owned and operated three manufacturing complexes along with a smaller catalyst manufacturing unit, located across Western India. It produced over one million tonnes of merchant products and had a turnover close to INR 9000 million during the period of study. It consistently maintained high capacity utilization of 90% and above in all its plants. Chemco’s R&D Center, at BC\(^2\) was established even before commencement of commercial operations. Chemco had 68 patents for catalytic processes and specialty products filed across the world.

Marketing
In the initial years of Chemco’s operations, its products were neither widely known, nor used by Indian manufacturers. Hence, the role of marketing was to introduce these products to the Indian market. The best compliment to Chemco’s marketing efforts came from a well-known Indian entrepreneur who said, "Chemco was not selling products but marketing investment opportunities.” Chemco was the market leader in the 1980s and had a 100% share in several vital industrial products. In the 1990s, several competitors set up plants in India, including ABCL. Also, with liberalization of the Indian economy, imports from foreign manufacturers increased. Hence, Chemco’s market shares came down to 25-40% for most of its products. Export operations of Chemco began as early as 1974-1975. During the research period, Chemco was one of the leading exporters of petrochemicals, and certified as “Export Trading House” by the Government of India. Chemco had exported many of its products to more than 35 countries in South Asia, Europe, the Middle East and Africa.

Financial Management
Chemco’s equity capital invested by the Government of India was to the tune of INR 186 million. It had not sought any budgetary support from the Government of India since 1981. Chemco enhanced its equity base by issuing public equity in the early 1990s for the first time, followed by a rights issue. It also

\(^2\) BC, NC and GC are the locations where the three manufacturing facilities of Chemco are located.
mobilized funds for establishing subsequent manufacturing units (NC and GC) through internal resources, a World Bank loan and other borrowings. Chemco was among the first few Indian public sector undertakings to go to the investors with a public issue in India and to the overseas market with global depository shares (GDS). Chemco's Euro-Currency Convertible Bonds were rated higher than the sovereign rating of the country.

**Environment and Safety**

Barring a major fire incident at NC that claimed the life of 33 employees, Chemco had few fatal accidents. Chemco had been consistently rated high in safety audits. Chemco had won several certificates of merit and awards from both national and internationally acclaimed agencies.

**Social Responsibility**

Prior to privatization, Chemco had established several Trusts to promote social welfare in the areas where the plants were located. Their activities included construction and upgrading of infrastructure facilities, such as school buildings, playgrounds, wells, approach roads, Primary Health Centers, provision of drinking water to nearby villages. Chemco had been actively promoting art and sports in the region. It had sponsored a contemporary sculpture that is a landmark in the city where their oldest manufacturing unit exists at BC.

**Noteworthy Achievements**

In the 1990s, Chemco became part of the elite PSEs (Navratna or nine precious gems) that were entitled to additional autonomy in matters related to administration and finance. Chemco was rated the best performing company worldwide in recognition of its outstanding performance on all fronts. A significant feature of the achievement was when Chemco was selected as Business leader - a year which marked a particularly difficult period for the industry as a whole. In subsequent years, Chemco received several recognitions including the prestigious Economic Times-Harvard Business School Association of India Award for outstanding overall performance.
PRIVATIZATION OF CHEMCO

As a part of the economic reform process, several PSEs were identified for privatization. In 1998, the Government of India (GoI) decided to disinvest Chemco by selling part of its equity shares to a strategic partner, retaining only 26 per cent of its holdings. In 1999, GoI advertised, inviting expression of intent, and received responses from several parties, including a few international industry leaders. They inspected Chemco and its facilities, and placed their bids for the strategic purchase of equity shares of Chemco. However, the sale was not finalized. In 2000, GoI decided to bifurcate Chemco, offering BC to an Indian PSE and selling NC and GC as a package to a suitable strategic partner. In 2001, the idea was dropped to sell BC separately and decided to disinvest 26% of its shares with a commitment to further disinvest at least 25%. Hence, GoI finally called for another round of bids when three parties evinced interest - two private sector companies and a Public Sector enterprise. As ABCL’s³ bid was more than double that quoted by the Indian PSE and the other private sector bidder, GoI divested 26% of the company's equity shares in favor of ABC Ltd. for over INR 200 per share. The price was around 70% higher than the closing price of Chemco's shares at the National Stock Exchange, Mumbai. ABCL subsequently acquired an additional 20% of equity shares through a public offer and held 46% of the company's equity shares. The board was reconstituted, all existing members being replaced except the Director (Operations), who was retained as the Whole Time Director of Chemco. Six new members nominated by ABCL, two members nominated by GoI and four independent members were inducted onto the Board.

ABCL: AN OVERVIEW

The ABCL group was one of India’s largest business houses, whose activities span the entire value chain from exploration and production of Industrial raw materials to marketing of downstream products. ABCL was established by a charismatic entrepreneur in the late 1950s, initially as a commodity trading and export house. The first manufacturing operations started in the mid 1960s. In the year 1975, a technical

³ ABCL- Pseudonym for the Private sector partner that acquired Chemco
team from the World Bank certified that the manufacturing facility was "excellent by developed country standards." ABCL went public in the mid 1970s and had an impressive shareholder base of 3 million shareholders. The group was also a significant player in several crucial industry sectors. ABCL was credited with a number of financial innovations in the Indian capital markets. It exported products to more than 100 countries worldwide. ABCL had three world-class manufacturing units and a downstream plant in Western India. The group had won several accolades in India and internationally for their efficient manufacturing practices. The promoters of the ABCL group have been acknowledged as Business Leaders across the world. The ABCL Group revenue was equivalent to about 3.5% of India's GDP. The ABCL group contributed to nearly 10% of the country’s indirect tax revenues and over 6% of India’s exports.

Two important features of ABCL that need special mention are

1. When ABCL was commissioned, several Chemco employees across levels quit Chemco to join ABCL. Several top management employees of ABCL were erstwhile Chemco employees.

2. ABCL was a key competitor to most of Chemco’s products. Post privatization combined market shares of Chemco-ABCL made them the single largest Indian supplier for most products.

PRIVATIZATION PROCESS

The interim period from announcement of disinvestment till actual sale lasted over four years. During this period, several planned strategic initiatives such as expansion plans were not carried out, while competitors to Chemco including ABCL aggressively pursued expansions plans. As the marketing strategy was based on the volumes available, market shares of Chemco reduced progressively, as others were expanding their capacities. Many respondents opined that the top management took a “wait and watch” attitude, postponing decision making. Trade union activities were rampant and one of the Trade unions was making efforts to put together a plan to takeover Chemco with support from Chemco officials. Some respondents mentioned that ‘Everybody felt that it was the best time to demand benefits - if we do not get them now, we may never get them once Chemco was privatized. Employees were more aggressive and demanding and the management pursued a path of least resistance as they did not want any strikes
that would adversely affect privatization.’ Many also felt that employee discipline was at its worst as neither line managers nor the HR department could enforce rules on delinquent employees. Several senior managers resigned to join competitors, including ABCL. It was mentioned that erstwhile Chemco employees and some Board members who joined ABCL after their tenure with Chemco acted as resources for ABCL before and during the takeover of Chemco. Hence, the four year period between announcement of Disinvestment to announcement of sale, saw an overall decline of Chemco in terms of its production, market share and employee morale.

**POST PRIVATIZATION EXPERIENCES**

In the following sections, we describe major post privatization changes in Chemco.

*Mission and Strategy*

Post disinvestment, cost cutting had become important. Production targets were increased to 110-120 % of name plate capacities. Sweating of assets became a key strategic driver. Strict measures have been taken to monitor costs in terms of materials used and in manpower deployment by reducing overtime. Zero overtime was set as the target. Costs of utilities and materials were carefully monitored almost on an hourly basis. Along with increased targets and cost reduction, safety was given high priority to ensure safety was not compromised in Chemco’s efficiency drive. Safety audits were carried out regularly. Overall awareness and usage of safety measures had gone up substantially, post privatization.

*Leadership changes*

Chemco’s Board of Directors was reconstituted with ABCL’s CEO becoming chairman of Chemco. Several other members from the top management team of ABCL were inducted onto the Board. Only one Chemco nominee, who was earlier Director (operations), continued as Whole Time Director in charge of Chemco’s operations. When the President of NC retired, he was replaced by an ABCL employee, an erstwhile Chemco officer. In the GC plant, another ABCL employee was posted as second in command to the President. The President (Marketing) of Chemco became head of marketing for only one product division, reporting to the President (Marketing) of the ABCL group, an erstwhile Chemco employee. In
most crucial functions such as Finance, Materials, etc., ABCL employees became heads of the departments. The HR function continued to be under Chemco employees, though they were under the control of ABCL’s HR group head for all strategic decisions. The unique feature of Chemco’s take over was that Chemco was controlled by ABCL employees, formerly from Chemco. Most respondents opined that these erstwhile Chemco employees, who were their former colleagues, were less cordial than other ABCL employees. As one respondent claimed “They were very cautious so that they would not be blamed for supporting us, and were constantly trying to prove their loyalties lay with ABCL and not with Chemco.”

**Structural and Systems changes**

The first sets of change were carried out in the finance and materials departments, immediately followed by changes in the marketing department. ABCL had appointed its officials as heads of departments for Finance and Materials.

*Even before the payment was made to the Government of India, their team of managers had landed in BC and started taking control of the Finance and materials departments.*

The marketing officers were shifted across the country and had to report to ABCL’s head of marketing. Other departments, including Operations, maintenance and technology, R & D, HR and administration, continued without major manpower changes, though every department was controlled and monitored by ABCL’s heads of departments. As mentioned earlier, the Board was reconstituted.

Before privatization, Chemco had limited computerization, though the process of linking functions using an Enterprise Resource Planning (ERP) system was on the anvil. Post privatization, large scale computerization and implementation of SAP’s ERP system had been implemented in phases throughout Chemco. In the first phase the Finance, Sales and distribution and Materials modules were implemented within the first six months of take over. In the second phase the HRIS module - including payroll

---

4 SAP- A well known ERP brand  
HRIS- Human Resource Information Systems- HR module of ERP
processing - was implemented. Currently Chemco systems are fully integrated with ABCL’s systems and are operated from a master server in the ABCL Knowledge Centre.

**Work Climate and Relationship with Trade Unions**

Several change initiatives that had a major impact on the work climate were taken. We describe some key initiatives below.

**VRS**

One year after Privatization, Voluntary Retirement Scheme (VRS) was announced for supervisory cadres. Around 1800 officers, of whom 1200 were from BC, availed the scheme, costing Chemco INR 140 million. The scheme was implemented smoothly and the retirees were very appreciative of the training given pre retirement that helped in their smooth transition to a retired life. However, as a result of VRS, BC lost most of its experienced officers in all functions. This sudden reduction increased the work load of the officers who continued with Chemco.

**HRIS and CTC**

As mentioned earlier, SAP’s HRIS was implemented post privatization. Simultaneously the pay structure of the supervisory cadre was changed from Gross pay with fixed annual increments to a Cost to company (CTC) structure with performance-linked increments. While privatization per se had a differential impact across levels and locations, the CTC change affected every officer. This move invoked widespread discontent among all officers. Most of them had been expecting a substantial increase in their salaries, so as to make it on par with - or nearly equivalent to - ABCL’s officers. ABCL’s officers salaries were multiple times that of a Chemco officer. As the basic salary structure was revised, it was widely believed that superannuation benefits would reduce considerably along with a reduction in real value of the salary received on hand. Assessment centers and performance-linked salary are the other initiatives undertaken as part of the HR initiatives, post privatization.

**Uniforms**

Though Uniforms existed prior to privatization, adherence to the rule was not ensured. Post privatization, wearing of uniforms had been made compulsory for both supervisory and non supervisory cadres.
**Trade Unions**

Post disinvestment, the trade union activity had been nearly eliminated in all locations. The officers association, functional prior to Privatization, became defunct post a meeting with the ABCL CMD who is said to have claimed that if there is an officers’ association, it will be headed by him, as he is also an officer of Chemco.

Most managers agreed that they had greater control over their non-supervisory staff. During the course of the study, Trade Union leaders were interviewed across several months. It was observed that they were largely in acceptance of the change. However, in the second phase of the study, when the officers were disgruntled about their salaries post CTC implementation, the Union leaders were vociferous in claiming that “We should unite, if we together stop working, nobody can force us to do so. They (ABCL) cannot get workers from outside to run the machines”.

In the next section we discuss the changes at Chemco since its inception, using the Burke-Litwin model (1992).

**BURKE-LITWIN MODEL & ORGANIZATION CHANGES AT CHEMCO**

Armenakis and Bedeian (1999) posit that Burke-Litwin’s Causal Model of Organizational Performance and Change (Burke-Litwin 1992) is comprehensive in coverage, and appropriate to understand and evaluate large scale organizational changes. As the model has emerged from Burke and Litwin’s wide consulting and research experience dealing with Privatization of large PSEs and other corporate transformations, it was used as a base model to depict changes at Chemco across the ages from its inception to its growth phase in the 1980-90s, announcement of privatization, sale of Chemco and its experiences post privatization.

Table 1 below summarises the changes that Chemco had undergone across its three decades of existence along with some significant performance indicators.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External Environment</strong></td>
<td>PSEs as drivers of economy</td>
<td>Competition due to Liberalization and globalization of Indian economy, PSEs as ‘White elephants’</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mission and Strategy</strong></td>
<td>Technological excellence</td>
<td>Production driven</td>
<td>Maintenance of performance</td>
<td>Efficiency</td>
</tr>
<tr>
<td><strong>Leaders</strong></td>
<td>Industry leader</td>
<td>Bureaucratic</td>
<td>Lack of strong leadership</td>
<td>Leadership crisis</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>Open and Innovative</td>
<td>Bureaucratic</td>
<td>Task driven</td>
<td></td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Flexible</td>
<td>Hierarchical</td>
<td>Formal but no unity of command</td>
<td></td>
</tr>
<tr>
<td><strong>Management Practices</strong></td>
<td>Informal, Open communications</td>
<td>Formal</td>
<td>Lack of communication to mixed communication</td>
<td></td>
</tr>
<tr>
<td><strong>Systems, policies &amp; Practices</strong></td>
<td>Empowering</td>
<td>Formal but permitted individual excellence</td>
<td>Centralized at ABCL head quarters</td>
<td></td>
</tr>
<tr>
<td><strong>Work Climate</strong></td>
<td>Team work</td>
<td>Few excellent performers, rest came to work</td>
<td>Competitive</td>
<td></td>
</tr>
<tr>
<td><strong>Skills and job match</strong></td>
<td>High</td>
<td>High to low</td>
<td>Role erosion</td>
<td></td>
</tr>
<tr>
<td><strong>Motivation</strong></td>
<td>High</td>
<td>Stability seeking</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td><strong>Individual needs &amp; values</strong></td>
<td>Proud of being Chemco men</td>
<td>High to low</td>
<td>Work family conflict</td>
<td></td>
</tr>
<tr>
<td><strong>Turnover (INR Billion)</strong></td>
<td>16.05 -36.92</td>
<td>38.50-55.27</td>
<td>57.98- 135.42</td>
<td></td>
</tr>
<tr>
<td><strong>Profit After Taxes (INR Billion)</strong></td>
<td>0.58-2.44</td>
<td>0.29-1.0</td>
<td>2.04- 4.73</td>
<td></td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------</td>
<td>-----------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td>Employee strength</td>
<td>11845-13,319</td>
<td>13,904-13,740</td>
<td>13,306-11,294</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In a nutshell</th>
<th>Proud family</th>
<th>Competitive era</th>
<th>Chemco in limbo</th>
<th>Efficient factory</th>
</tr>
</thead>
</table>

**IMPLICATIONS AND RECOMMENDATIONS**

The study has thrown some interesting findings.

- Though Chemco’s shares were offered to both Indian and international investors, in early 1990s, major shareholding was with Government of India. There was no significant improvement in performance of the organization. There was steady erosion in the work culture and only a nominal increase in turnover and profitability.

- Chemco’s performance and employee morale was at its lowest during the four year period when Chemco was in the process of Privatization. While turnover increased due to commissioning of GC plants, profitability as indicated by Profit after Taxes were the lowest.

- Chemco’s performance both Turnover and Profitability has shown dramatic improvement after strategic sale of Chemco was completed. Though no new plants were commissioned, Turnover trebled and profitability as compared to 2001-02 increased four times.

We, therefore, posit that merely selling of PSE shares to Public may not be sufficient to bring about radical performance reforms. Our study indicated that transfer of ownership from Public sector to private sector along with implementation of strategic initiatives such as increased production through sweating of assets, cost reduction practices, enforcement of discipline and reduction in workforce through VRS, centralized systems to ensure stricter financial control and to derive volume advantages in purchases have contributed to increased turnover and profitability of Chemco.
**Implications for Government**

Our study highlights the deleterious effects of delay in privatization. In the four interim years from date of announcement till actual Privatization, Chemco changed from an elite PSE to a slowly waning organization in a state of limbo. This is a significant finding as we have been witness to several policy changes regarding privatization in case of other PSEs in the process of Privatization including Neyveli Lignite Corporation where the process has been stalled due to employee agitation. Frequent changes in decisions either due to changes in Government or due to external pressure such as employee agitations is potentially harmful to the PSEs and their employees. We wish to submit that consistent policy relating to privatization is essential for Public sector reforms. We emphasize the need to hasten up the process of privatization without protracted delays once the decision is taken to privatize a PSE, so that both the PSE and its employees are spared from long-drawn periods of anxiety and poor performance. We also suggest that an interim management team drawn from industry experts may be installed to carry out strategic decisions on behalf of the PSE instead of postponing them till the actual sale is carried out. The Indian Government may consider creating a team of experts who specialize in strategic transformation of PSE to a Private entity may be deputed to various PSEs that are in the process of being privatized.

**Implications for PSE managers**

The findings of the study indicate that PSE employees have to be coached and counseled to handle transition. The top management team needs to prepare its employees for eventual transition from being a PSE employee to a private sector employee. We wish to reiterate that top management team must provide continuity by taking strategic decisions without waiting for eventual sale of the PSE.

**Implications for Private sector partner**

The study shows that while performance of PSE improved, sense of insecurity among PSE employees increased dramatically after privatization. The Private sector partners must understand that while sale of PSE is an event transition from being a Public sector employee to a private sector worker is an emotionally stressful process that needs to be handled with sensitivity to ensure improved employee commitment and thereby improved performance.
SUMMARY

The focus of the paper was to understand the Privatization process and post privatization experiences of Chemco. We described Chemco, the PSE chosen for the study, the privatization process from announcement till actual sale of Chemco and a brief overview of ABCL, the Private Limited Company that acquired Chemco. A brief summary of the change processes at Chemco was presented using the Burke-Litwin model of organizational performance and change. Chemco declined from being the industry leader, whose employees were proud nation builders, to a corrupt and stagnant organization; and, finally, as an efficient factory whose employees were no more than obedient servants to their private sector bosses.
REFERENCES


