

Determinants of a Winning Tender in the Parastatal Privatization Process in Tanzania

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Privatisation is a new concept in Tanzania. It aims at deregulating the state control over the economy and increasing the role of private enterprise and ownership. This study reviewed the procedures used in the parastatal privatization process as managed by the Presidential Parastatal Sector Reform Commission (PSRC). It also collected views through questionnaires on what could be the determinants of selecting a potential investor in a parastatal organization being privatized. Tanzania being a less developed economy lacks an enabling environment for placing share sale, it also lacks a developed scrap or secondary market which makes it difficult to sell parastatals. The selection of a party to acquire a divested parastatal has to be undertaken through a tendering system which due to the nature of the activity is done out of the public eyes. Due to this the selection of winning tenders, and the determinants thereto have remained unknown • Four hypotheses were advanced ranging from offers(price) made to acquire shares, a combination of Business Plan and Bidder Experience, a combination of price, Business Plan, Experience and Reputation and lastly the agreement of the views advanced by the professionals and the general public was tested. This study showed that it is a combination of factors which lead to a winning bid with a particular emphasis on the potential bidders' contribution to the future performance of the company, that price is not the most important and lastly that nationality as factor is insignificant but that it should be reviewed with an intention to increase emphasis on the participation of indigenous entrepreneurs.