

# PRIVATIZATION PROCESS EFFICIENCY AND COMMUNICATION PROBLEMS

Ousanee Sawagvudcharee\*

## Abstract

The aim of this paper is to report an analysis of one aspect of a wider research study. It is focused on demonstrating faults of internal communication in the form of internal marketing. This paper employs a case study approach wherein qualitative data collection was conducted. It used interviews to identify key issues from the perspective of those employed in the case study organization. With special reference to Thailand, the case of the privatization of the Provincial Electricity Authority was examined. It is anticipated that the paper will present internal communication in a positive light, thus encouraging more widespread application to assure successful outcomes in similar projects.

**Keywords:** Privatization, Internal marketing, Internal Communication,

## บทคัดย่อ

บทความนี้มีจุดมุ่งหมายเพื่อนำเสนอการวิเคราะห์ด้านหนึ่งของงานวิจัย โดยมุ่งเน้นการแสดงให้เห็นถึงความผิดพลาดของการสื่อสารภายใน ในรูปแบบของการตลาดภายใน โดยใช้วิธีการในรูปแบบเชิงคุณภาพในการเก็บรวบรวมข้อมูล และใช้การสัมภาษณ์เพื่อเข้าถึงข้อปัญหาต่างที่เกิดขึ้นจริงกับบุคลากร โดยมีการใช้กรณีศึกษาการแปรรูปรัฐวิสาหกิจของการไฟฟ้าส่วนภูมิภาค ประโยชน์ที่ได้รับจะเป็นการช่วยกระตุ้นให้เห็นถึงความสำคัญและประยุกต์ใช้รูปแบบการสื่อสารภายในที่มีประสิทธิภาพ เพื่อให้มั่นใจถึงผลลัพธ์ที่ประสบความสำเร็จในโครงการที่คล้ายกัน

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\*Dr. Ousanee Sawagvudcharee holds a Ph.D. in Business Administration from Institute of International Studies, Ramkhamhaeng University, Thailand. Currently she is working as a researcher in Centre for the creation of coherent change and knowledge (C4K), Liverpool John Moores University, President of M.S.N Consultancy Management Co., Ltd. and President of M&J Development Co., Ltd. She also holds Master degree in Information Systems from University of Tasmania, Australia.

## INTRODUCTION

Change is essential for organizations to develop and survive. Because of this most people manage it since they want to move organizations forward effectively and efficiently. In order to solve deficiencies in state-owned enterprises (SOEs), some governments consider privatization to develop capacities and solve investment problems (Basu, 1994; Cunha and Cooper, 2002; Kulshreshtha, 2008). It is difficult trying to make a transition successful with the purpose of providing better services to the population. It requires appropriate plans, methods, and tools which are well-suited to handle each state-owned enterprise (SOE). The concept of internal marketing should be adopted in order to make and drive a successful privatization.

In dealing with this topic, it is essential to bear in mind that privatization transitions these SOEs into the competitive market (Clutterbuck *et al.*, 1991; Parker, 1995; Kahn and Minnich, 2005). It develops SOEs through improving performance, productivity, service, and profit (Parker, 1999; Conklin and Hunter, 2001; McAdam *et al.*, 2003). However, if the privatization process is not done correctly, then the results can be contrary.

During privatization, some change agents of privatization and governments forget to look back at the key features of SOEs (Nwankwo, 1996; Potts, 1999). Instead, they just focus on benefits, finance, regulation, and the desired format in a manner similar to other privatized SOEs (Potts, 1999; Jelic *et al.*, 2003; Stephen and Backhaus, 2003). This reveals flaws in the privatization process and the crucial fac-

tors that impact on employees and others who will be directly affected in a period of drastic change. For this reason, a large number of privatized SOEs have had problems with staff and the general public ever since the idea of privatization evolved in Britain during the Thatcher government of the early 1980s (Clutterbuck *et al.*, 1991; Nwankwo, 1996; Potts, 1999). Failures of privatization will necessarily be revealed in due course, since it will be reflected throughout the systems and in each of the SOE's functions. Some possible outcomes include invisible organization collapse, poverty increase, corruption increase, and unfairness to the population of countries, particularly with respect to the distribution of social utilities - in particular, the poor and socially excluded (Lodhia and Burritt, 2004).

Internal marketing implies the combination of dealing with employees as internal clients and focusing on marketing techniques to reach an appropriate solution (Wilson, 1995; Papasolomou, 2006). Ahmed and Rafiq (1995) defined internal marketing as a focus on employees which is equivalent to a customer-focused organization. It includes work that employees must be made equal to the product in order to satisfy the needs and wants of customers (Ahmed and Rafiq, 1995). This must happen internally. Additionally, internal marketing helps privatization change agents gain true awareness of and thereby pay closer attention to the resources and activities associated with organizational transformational (Piercy, 1995; Papasolomou, 2006). It is also a stimulus for employees to adopt 'E' behaviors - traits that energize, enable, and empower

the individual (Piercy, 1995; Papasolomou, 2006).

In the brief introduction, one of the key components of internal marketing is internal communication. The paper is designed to demonstrate the importance of internal communication during the privatization process. It is also designed to seek to understand how it should be used to facilitate the efficiency of the change process. Accordingly, the paper is focused on the perspective of employees who are subjected to privatization and who often have little understanding why change is taking place. The next section will address the objective and question of the paper.

## **OBJECTIVE AND QUESTION**

The objective of the paper is to analyze the lack of internal communication within the concept of internal marketing. The researcher realized that the development of communication within a state-owned enterprise during the privatization process can be an effective tool to help people involved. It can make the process more effective. This raises the central question of this paper - 'In what kinds of key issues of internal communication should be developed to facilitate the privatization process more efficiently?' This is due to the fact that in order to effectively deal with a turbulent period of transformation, such as privatization, a government and a privatization change agent have to let employees have a clear understanding of the privatization's objectives. In order to reach their objectives, they should use communication within state-owned enterprises as

a tool to efficiently facilitate a process of privatization. This can help to develop an understanding of the process and also generates goodwill among all the stakeholders, particularly the employees. The next section will establish a background for the research with a review of the relevant literature.

## **LITERATURE REVIEW**

Privatization is a popular solution. Many governments have applied it by implementing the privatization of SOEs (Clutterbuck *et al.*, 1991). It aims to provide services more professionally to satisfy the population rather than state-owned bureaucracies. An additional aim is to reduce the size and the cost of subsidies from the governments (Clutterbuck *et al.*, 1991; Parker, 1999; Burnes *et al.*, 2004). It is more complicated than most people realize or expect. In order to implement privatization, some SOEs undergo a transformational change. This allows the organizations to deal with the three factors of processes individually: - (1) individual, (2) group, and (3) organization processes (Coghlan, 1994; Nwankwo, 1996; Chapman, 2002). These reactions can occur in any viable system within a complex organization, such as an SOE. This can lead many privatized organizations to confront mistakes and will sooner or later return to affect the whole system of the SOE.

Apart from these factors, the concept of internal marketing should provide the opportunity to seek an appropriate approach to handle privatization efficiency. It encourages the people involved to pay

more attention to the employee, a significant resource of SOEs. It helps to motivate employees to 'love' their organization by paying more attention to the employees than they had been previously shown. Furthermore, internal marketing should be able to help some change agents of privatized organizations and governments deal with the effects of privatization on the stakeholders. It is for these reasons that this paper highlights internal communication as one of the key components of internal marketing. Therefore, this part concerns privatization and internal communication.

### **Reforming state-owned bureaucracies as privatization**

The aim of privatization is to focus on the efficient development of quality products and services. Fundamentally, it is about a transfer of assets, facilities, services, and ownership from being state owned to privately owned (Clutterbuck *et al.*, 1991). In other words, privatization can be about a transformation of services, products, and facilities or improving patterns of work/performance from the public sector state-owned enterprise as an effective private entrepreneur (Taylor and Warrack, 1998; Prizzia, 2001). This includes developing public sector state-owned enterprises to become more responsibility effective for the population. However, Clutterbuck *et al.*, (1991) stated that "*Many newly privatised companies made the mistake of attempting to deal with their problems with a sequential approach*".

The concept of privatization was first implemented in the 1980s during the Thatcher era, as the government wanted

to improve some SOEs in order to increase their effectiveness (Clutterbuck *et al.*, 1991). Since then, the concept of privatization has expanded globally (Prizzia, 2001). It is widely recognized as an effective strategy to improve performance and increase productivity. It has been established that privatization can help governments reduce the subsidies they provided initially as well (Clutterbuck *et al.*, 1991; Burnes *et al.*, 2004). Generally, they cut costs first and then move into investing, thinning out management, and improving customer service. In countries such as Canada, New Zealand, China, India, the United States of America, and many countries in Europe, privatization was introduced after the 1980s (Yonnedi, 2010). However, in each country, privatization has been introduced and implemented differently. It depends on how well each government and privatization change agent understands, applies, and manages the transformation process. This is because different SOEs in different countries must do different things. This depends on the environment of the SOEs. There is no ideal method to implement privatization.

In order to deal with an organizational transformation change, such as privatization, three core issues must be emphasized (Chapman, 2002). According to Chapman (2002), these issues are: (1) understanding of environment of organizations, (2) adopting appropriate strategies that match each hierarchical level of organizations, and (3) allowing stakeholders to participate in a smooth manner. There needs also to be an organizational shift in order to enter a period of transformational change. This change involves a general

change in three factors; (1) attitudes, (2) beliefs, and (3) cultural values of individual people in a SOE (Coghlan, 1994). These three factors are essential in order to reform an organization as they will be most affected by the change.

Moreover, Yolles (2001) indicated a concept of culture that intertwines values, beliefs, attitudes, and behaviors. This notion of culture is defined as sharing perspectives, values, beliefs, norms, and the expectations of the members of an organization (Lewis, 1994; Lund, 2003). This should explain why culture can lead to unique organizational characteristics and different behavior. This can also explain why prominent organizations can represent aspects of their culture of origin.

### **Reducing the gap by communicating internally effectively**

Dunmore (2002) indicated that an aim of internal communication is to apply pressure on the internal culture and behavior of employees. It supports an organization's objectives and strategies (Greenberg and Baron, 1993; Dunmore, 2002; Spitzer and Swidler, 2003). Internal communication helps people to develop better relationships with stakeholders, especially during a transformational change of privatization. It encourages and distributes information, knowledge sharing, and commitment to all stakeholders. It helps to reduce resistance as effective communication can develop openness among stakeholders and change agents, particularly during a period of turbulent change like privatization. Having good and suitable internal communication helps to identify strengths and weaknesses

in the decision-making process (Drake et al., 2005). It also helps to understand employee needs and satisfy their wants. This will include understanding employee attitudes, beliefs, cultural values, and knowledge.

### **THE PROVINCIAL ELECTRICITY AUTHORITY (PEA)**

In Thailand, privatization has been implemented in several SOEs in order to integrate them into a market economy (Smith, 2003). A factor leading to the decision by the Thai government was the economic downturn at the end of the 20<sup>th</sup> century (Dempsey, 2000; Smith, 2003). This situation led the International Monetary Fund (IMF), the World Bank, the Asian Development Bank, and other lending institutions to tie financial support to promises to privatize SOEs (Dempsey, 2000). After the decision was made, the Thai government decided to implement the plan by designating which SOEs should be privatised (Smith, 2003). However, the SOEs included in this group have been changed from time to time due to the shift of power between political parties (Dempsey, 2000; Smith, 2003). After that, privatization had been implemented in some transportation, finance, communications, oil, and tourism SOEs (Smith, 2003). These SOEs are Thai International Airways, Bangchak Petroleum, the Tourism Authority of Thailand, the Electricity Generating Company (EGCO), the Petroleum Authority of Thailand, and Airport Authority of Thailand (Smith, 2003). Significantly, the Thai government has failed to address the concerns

of Thai people, particularly SOE employees and the general public's fears and insecurities (Smith, 2003). Fears and insecurity are significant factors to organizations due to the deleterious consequences on profits, benefits, productivity, and performance of organizations (Appelbaum et al., 1998; Burnes, 2005; Alatrasta and Arrowsmith, 2004).

One such case in Thailand is that of the Provincial Electricity Authority (PEA). The PEA is one of a number of profitable SOEs in Thailand. In the early stages of the organization, the old PEA exclusively supplied electricity and utilities to the households of the royal family (PEA, 2005). After that, a company from Denmark won the contract to continue producing and supplying electricity to the rest of Thailand (PEA, 2005). After the contract ended, the new PEA was established and governed by the Ministry of the Interior under the 1960 Act by Royal Decree, which was enacted on September 20, 1960 (PEA, 2003). In 2009, the PEA was responsible for seventy-three provinces in four regions of Thailand: the northern, northeastern, central, and southern regions (PEA, 2009). It excludes Bangkok, Nonthaburi, and Samut Prakarn (PEA, 2009).

In 2001, the PEA has had to administer processes of change to achieve the goals of privatization (PEA, 2003). This is seen as a move whereby the organization would be better able to serve the Thai population. The PEA aims to keep on improving its productivity while maintaining its safety practices at the maximum levels of reliability, feasibility, and satisfaction (PEA, 2003). This is one of the facets of the many areas of change that has resulted from the intro-

duction of the privatization process at the PEA. Under the plan, the PEA has to reorganize the organization to make it become a private enterprise (PEA, 2005). As a nationwide entrepreneur, the organization employs a large staff with a large diversity in levels or authorities (PEA, 2005).

Moving from the traditional SOE to a private enterprise firm is easier said than done. It seems to be referring to a practical reformation process in an organization. Pitfalls may occur but it is difficult to determine clearly what these pitfalls would involve (Appelbaum *et al.*, 1998). This can affect employees in particular and other stakeholders in general (Nwankwo, 1996). This is one of the facets of the many areas of change that has resulted from the introduction of the privatization process at the PEA. Furthermore, in striving to improve relations with customers, management can concomitantly help the organization to improve its attitude regarding customer service. This includes developing a good relationship with customers and implementing a new methodology to gain insight into customer needs and wants. In order to achieve this, the organization has to educate the internal customers - employees - to understand how to act and perform in a for-profit organization. This is seen as serving to reduce problems and other critical issues regarding providing products and services for customers. It can also help internal customers be aware of what is going on and enable them to develop a better appreciation for delivering products and services to customers (Piercy, 1995; Papasolomou, 2006). Instead of leaving the solution of problems until they reach a critical level, it would be possible to address

them on an immediate basis. This creates a greater chance for the organization to satisfy customer needs and wants, and to deliver the best possible service to them.

The privatization process of the PEA here periodically speeded up or slowed down, depending on various factors. These factors include the role of government, the influence of political groups and power, public concern, and the economic situation. These factors engendered a problematic state of affairs. Until now, the privatization has been put on hold due to a decision by the Supreme Administrative Court (SAC) resulting in opposition to the ideal of privatizing the Electricity Generating Authority of Thailand (EGAT) (Chareonwongsak, 2007). The significance of the PEA is that it services regional offices located around Thailand. This illustration shows that the organization has differentiations in the organizational environment that develop from community life-style, backgrounds, and the lifestyles of the employees.

Furthermore, the PEA changed the organizational structure from time to time since the privatization program was implemented (PEA, 2005). The structure of the organization is still complex and there is more diversity between levels or authorities. There is still a strong line of central command. The organization structural change shows that the organization has continued to maintain a bureaucratic structure. Additionally, the Marketing Department was eliminated, even though it would have been useful in transition to a private enterprise firm. Since the privatization began, there has been heavy resistance and numerous adversities stemming from that resistance. Consequently, failures cannot be

seen or noticed in the short-term, but they will be in the long-term, at least internally. These failures will also be reflected throughout the system and within each function of the organization.

## **METHODOLOGY**

As established above this research involved a case study approach conducted at the PEA. It was chosen as this was seen as the most suitable way to assist the researcher to have an ability to pinpoint the attributes and characteristics of a specific organizational context. The choice of a case study also helps the researcher to have a clear understanding of the real situation, employee' attitudes, beliefs, behaviors, culture values, knowledge, and their reactions to the privatization. The research data collection was undertaken between the years 2004 and 2005. It used a qualitative form, involving interviews as the details are provided in the next section.

### **Qualitative Data Collection**

In this data collection, qualitative interviews were employed. The main round of interviews was preceded by a pilot round, involving five interviewees. Four of these were from inside the organization, representing operational, management, senior management, and executive levels. The fifth participant came from outside the PEA. This participant was chosen to take part because he or she could identify irrelevant questions that required editing. It could also help to estimate an approximate time that would be required for each inter-

view. The pilot interviews were successful in assisting with a refinement of the proposed interview questions.

Semi-structured interviews were used with the initial questions developed by drawing on key terms from the relevant literature. The aim of this interview was to encourage the interviewees to explore, explain, and describe what happened in their own words without exerting bias and undue influence. The main interviews were conducted with the support of twenty people, again representing the four levels of positional hierarchy, who were based across the geographical operations of the PEA. The interviews were conducted in a setting where privacy could be assured.

At the beginning, the interviewees were told of the time required to complete each interview, a guarantee given of the anonymity, and confidentiality of any information, they would provide. With permission the interviews were audio recorded to enable the researcher to concentrate on interactions within each session. This also allowed the researcher to transcribe the interviews to facilitate the coding process. It was important that the researcher undertook this task because of being familiar with what transpired within each interview, so guaranteeing the accuracy of the data. At this point the services of a native English speaker were utilized. This was necessary to assist in the translation of the interviews from Thai to English. This work was undertaken only following the completion of a confidentiality agreement. To assure that none of the information from the interviewees would be disclosed to any third party. This agreement included protecting the information from copying, re-

cording, or retention after transcription and translation were performed. Once the data transcription was completed an adaptation of thematic coding was then used for analysis.

## FINDINGS AND DISCUSSION

This section presents the key findings that have been identified through in-depth questioning during the study conducted in the case study of the PEA. This data is, in effect, an expansion of the content of the in-depth interview findings explicated in the qualitative method. This part consists of preliminary qualitative findings.

From the time when the PEA had a privatization agenda since 2001, the process has been slow moving as the quotes below clearly show:

*"Sometimes, the process was stopped suddenly without anyone knowing any reason because the government would not tell the truth."*

*"The privatization of the PEA had been interrupted from time to time because of many factors. These factors were the role of government, power, and the influence of political groups."*

*"The privatization process was often interrupted because of the role of government, power, and public concern."*

*"We often saw the privatization process of the organization had been interrupted because of the role of government, the influence of political groups, and the eco-*



*conomic situation. Until we did not know what was going on about it.”*

The study found that most of the time, the employees received unclear communication about the privatization. There were also many unclear viewpoints presented to them. In addition, during this period, certain occurrences were glossed over. During each step of the process, there were sometimes informed sources that impacted the process. This led some employees to distrust both the organization and the process. The following statements from the interviews offer support for this:

*“What I know was there was no problem because what we have been doing was following orders, as the bureaucratic system was still here.”*

*“We did not receive proper communication about the privatization at the PEA.*

*“What we have been doing was following orders.”*

*“However, it depended on informed sources, such as from news, newspaper, and the talk among colleagues. If there were many informed sources, we would see many things happen.”*

*“There were informed sources which caused opposing information about the same situation of privatization.”*

This variety of informed sources came from many communication channels. Some of them came from news of the talk among colleagues and items on the news or in newspapers, instead of receiving the infor-

mation from the privatization change agent, particularly with the employees at lower levels of the organization. As the quotes below clearly show:

*“We often talked among colleagues about the privatization instead of receiving proper communication from the change agent of the privatization. This was because we were at lower levels of the organization.”*

*“We did not often receive appropriate communication from the change agent of the privatization. This was because we were at lower levels of the organization and the organization was nationwide with a huge hierarchy.”*

This is one of the problems that stem from a lack of internal communication that can cause conflict and opposition against the PEA privatization. For this reason, having proper internal communication helps the privatization change agent and the government to identify strengths and weaknesses in a process of decision making (Drake *et al*, 2005). It also helps to meet the employees needs and satisfy wants (Burnes, 2004).

As a state-owned enterprise, the PEA is bureaucratic in structure, as evidenced by the following statements: *“It was bureaucratic with a huge hierarchy”* and *“The culture of the organization was the bureaucracy”*. This kind of hierarchal structure could lead to gridlock and a reduction in the efficacy and effectiveness of internal communication. Additionally, the privatization change agent was unable to gain some insight into the organizational

environment and could not develop a clearer understanding of this culture. One cause was the structure of the communication chain was long. This led the process of communication be slow. The distribution of communication took a length of time to filter down in the numerous levels below. This caused the organization to face internal communication problems, as well as having problems in achieving internal communication development. Most of the employees, particularly those at the lower levels of the organization, had less chance to communicate properly. They also had less chance to provide effective feedback about what they thought, liked and disliked. This is because there could be negative repercussions for doing so, as the evidences had shown:

*“However, we had to follow what they said. Even if we could say anything, that would not be good for us. In fact, we could not say anything out loud.”*

*“The communication about the privatization was lack. Although there were public hearings but you knew they were made to have only. Not thing would be carried on, eventually. That was it. This was the privatization in Thailand. It privatized our nature resources by hidden private interests such as hidden agenda, sale of shares to business, and send their own people to work in executive positions for private interests. You knew, it happened almost the privatised SOEs in Thailand.”*

As the PEA is a bureaucracy with a

large, complex hierarchy, it has an impact on employees who receive communications. The study found that the employees at higher levels typically had more opportunities to receive communication than the employees at lower levels of the PEA. The study also found that those employees at higher levels in the PEA were more likely to receive communication than those working at lower levels in the organization. This is because the huge, hierarchical organizational structure prevented the privatization change agent and the government from distributing or sharing information or suitable communication, particularly with the lower levels of the organization. It led to a lack of lower level employees being involved in the process. In addition, this was caused by the working environment of a public sector state-owned enterprise. This means that an employees of the public sector state-owned enterprise have to obey orders which sometimes have an influence on politicians and groups of power as the evidence shows:

*“As you knew that basically we had to wait for the government order. We did not have the authority to make change just as we would like.”*

*“The government was the influence factor in the PEA privatization.”*

*“However, the major factors were the government, politics, and groups of power.”*

The study also found that no one came to discuss the situation with the employees. There was also no reasonable explanation for the privatization given to the em-

ployees to obviate their confusion. In contrast, they were ordered to agree to follow the plan instead. Internal communications regarding the PEA privatization did not flow properly. Interruptions and errors frequently occurred. There was limited knowledge of or a lack of understanding of the employees and their feelings. These were caused by poor communication internally.

There was no proper communication technique applied during the course of the PEA privatization. This led to an impact on the information. For example, the information was unclear and so the employees could not properly understand it. Consequently, there was a misunderstanding regarding the process. There was no reliable source that the employees could receive impartial information from, thereby gaining their trust in the privatization strategy.

Moreover, the privatization was practically reforming the entire organization and this affected the employees directly. During that time, the study found that the PEA had to implement privatization to meet the Thai government's decision to improve the organization. However, the organization was too large; its structure was too deep. It also had too many branches in regional areas around the country. These factors made it extremely difficult to provide suitable internal communication at all levels and in the branches in an efficient manner.

In addition, there were many factors involved in the privatization process. These factors came from both inside and outside the organization. These factors caused the internal communication of the privatization process to become inefficient, as well as ineffective. Examples of the factors were

the government, politics, and groups of power, and the employees' conflict, as the evidences had shown:

*"The government was the major factor in the PEA privatization."*

*"However, the major factors were the government, politics, and groups of power."*

*"The employees' conflict was one of the major factors in the PEA privatization."*

*"The conflict of the employees affected the privatization process."*

Moreover, the privatization change agent was not keen on providing appropriate communication techniques with good resources to all employees around the country. Another problem was that most individuals, including the privatization change agent, were stuck with the bureaucratic system, in which they could give orders to employees without providing exact reasons for these orders. One major problem is because of the size of the organization, there were many branches, called area regions, around the country. This made it very hard for the privatization change agent to efficiently provide good communication to all branches.

Another major problem is a key factor from outside the organization, particularly from the government and other political groups. This influenced the organization not to provide a good internal communication system with clear resources to the employees. The lack of internal communication could have a huge effect on the privatization process. If the organization and in particular, the privatization change

agent, can apply the concept of internal marketing and start thinking of their employees as customers, then the organization will be able to implement an appropriate communication techniques (Ahmed and Rafiq, 1995; Dunmore, 2002). As a result, their employees or internal customers should not misunderstand the process of change. Moreover, the organization should allow the Marketing Department and the Human Resources Department to integrate their strategies to help deal with the process effectively. Therefore, to apply appropriate internal communication in a form of internal marketing to the privatization process can help the organization to create positive perspectives for the employees towards the process of change and can motivate the employees to help the organization privatizes effectively (Dunmore, 2002; Kinicki *et al.*, 1992; Keene, 2000; Ahmed and Rafiq, 2000).

Finally, in order to focus on the aspects of internal communication, it helped that the privatization change agent distributed better and more appropriate information throughout the nationwide organizational system (Kinicki *et al.*, 1992; Kitchen and Daly, 2002). From this, the employees could develop knowledge and create new mind-sets to go along with the privatization process. In addition, it also provided a chance for the privatization change agent to deal with many unexpected and uncertain factors concerning the employees (Drake *et al.*, 2005). These factors included attitudes, beliefs, and cultural values. As a result, these factors could not be accurately predicted. Likewise, it was essential that the privatization change agent must understand the attitudes, beliefs, knowledge, and

mind-sets of the employees to generate new perceptions.

## CONCLUSION

Since 1999, the Thai government has decided to privatize some wealthy state-owned enterprises (SOEs) in order to improve their capabilities (PEA, 2005). The government also wanted to enable them to provide better service to the Thai population (PEA, 2005). In implementation of the privatization program, the Thai government and the change agent of privatization have failed to address the concerns of Thai people particularly the fears and insecurities (Smith, 2003). Fears and insecurity are significant factors due to the deleterious consequences on the organization's profits, benefits, productivity, and performance of the organization (Appelbaum *et al.*, 1998; Altrista and Arrowsmith, 2004; Burnes, 2005).

The Provincial Electricity Authority (PEA) is one of the wealthy SOEs that have had to administer change processes to achieve the goals of the privatization program (PEA, 2005). There has been a demand for more effective internal communication techniques and clarification of the methods undertaken. Specific details, plans, and potential solutions for privatization have not been transparent. This failure is due in part to ineffective management of information leading to internal communication breakdown.

The application of the concept of internal marketing in regard to internal communication can positively support the understanding of stakeholders. It can encour-

age at the motivational level, improve the attitudes and knowledge of managers and employees towards the privatization process (Burnes, 2004). With significant characteristic of internal communication that help privatization change agents develop better understanding with stakeholders, particular with employees. It helps to reduce contradictory information about the same situation of privatization. It also protects against people who will use information about privatization as a political tool.

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