

## **The Investigation of the Effects of Privatization Implementation on the Performance of Post Office: A Case study in Guilan General Post Office, Iran**

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### **Abstract**

The present article aims at the investigation of privatization of Iran Post Office. The emphasis here is placed upon Guilan Province General Post Office. Therefore the main question of the present article is whether the operation of Guilan province General Post Office after the implementation of privatization has improved in comparison with the previous years before it was put into practice or not. The present study is quantitative (survey research) and library data collection in nature.

**Keywords:** privatization, post office, efficiency, income, satisfaction, traffic of postal mails

### **Introduction**

After the Islamic Republic of Iran, because of the dominant revolutionary atmosphere among people and the authorities and also feelings of aversion the majority of them felt towards capitalist system, many of the factories and properties were confiscated and were nationalized or rather, they were governmentalized. Unfortunately, the economic structure of Iran became receptive of a kind of socialist economy. After the end of the war and the passing of the crisis, the authorities in charge of the affairs gradually became cognizant of the inefficiency of the state system, yet, practically no particular action was taken to reduce state economy. When the privatization organization was established and the state organizations were required to transfer their share, the issue of privatization was taken seriously. But, there were major problems and difficulties in the process of implementing privatization.

Transference of state-run companies is one of the approaches to privatization. But, it is not necessarily the best one. The main problem is that the state or rather the state system must prepare the way for the privatization companies and their activities by reducing the privileges and rents of state-run companies, holding in respect of private ownership and by removing the obstacles and difficulties which cause the manufacturer and the authorities who are active in the private section to change their minds. Unfortunately, the purpose of the transference of the state-run companies is compensation of the budget deficit, payment of debts and the giving of work balance sheets in the case of privatization which altogether are carried out under the veil of privatization.

Normally, one expects to observe a marked development in the transferred sectors and companies after privatization implementation, also an increase in income and the rate of interest and an improvement in investment rate and machinery. But, unfortunately, according to some available evidence, it seems that during the first and second programs of development no improvement has been achieved in the sectors transferred to the private sectors, whether in the service sector or the industrial or agricultural sectors. According to the authorities, the objectives of privatization implementation during the first and second programs of development have failed.

The government can interfere with economic and social relations relevant to nation in three different methods including the enactment of laws and regulations, the independent management of the industries and in the end, preventive measures of encouragement and support. The achieved outcomes of the above-mentioned policies are different.

Concerning the dominant conditions in country in 1358 and the legislation of the constitutional law in that year, the government has maintained a monopoly over postal services and activities alongside activities such as telecommunications, power and heavy industries and this trend has continued until 1373. Although postal services have lasted for a long time in Iran, it has not achieved its true position yet. Some of the major difficulties which are noticeable include the customers' dissatisfaction about the quality of postal service, post office's failure in punctual delivering of the mails in keeping with the given time table, lack of sufficient authority granted to postal agencies and communication centers, the failure of the schemes of establishing rural offices, and imposition of heavy costs from the companies on the government. In such a manner that not only the postal per capita income of the country is less than developed countries but also it is less than the income in developing countries like Turkey and Pakistan. Also, there is one post officer per 350 people in European countries whereas there is one post officer per five and six thousand people in Iran meaning there are approximately 11, 500 post officers in Iran and the per capita postal mails is approximately 6/2 in 2003. Whereas, the average of the per capita postal mails in developed countries is 415 and 17 in developing countries.

From 1994 onwards, when the issue of privatization implementation was approved by the board of directors in the form of "scheme of the establishment of urban postal agencies" we have witnessed lots of ups and downs in this office.

This study aims at the investigation of the relationship between the outcomes and effects of transference of part of postal operation to the private sector which have been called "urban postal agencies" and also communication offices and the level of performance from vantage point of the level of income, traffic of postal mail, efficiency of personnel and the level of customers' satisfaction with the given services. It particularly strives to provide an answer to this main question "has the performance of Guilan's general post office after the privatization implementation improved in comparison with the previous years before it?" in line with these issues, the main hypothesis of the research is "the performance of Guilan's general office after privatization implementation in comparison with the previous years before it has improved". The secondary hypotheses are as follows:

1. The income of the general post office after the privatization implementation has increased.
2. The traffic of postal mails in Guilan's general office after the privatization implementation has increased.
3. The efficiency of human resources in Guilan's general office after the privatization implementation has increased.
4. The level of customer satisfaction with postal services is more in private sectors than in state organization.

### **Methodology**

#### ***Population of the study***

The study population consists of the entire system under the jurisdiction of Guilan province general post office including one general post office, office of Rasht's postal services , 15 post office of counties, 37 postal agencies and office of communication service.

#### ***Sample analysis***

The sample which is satisfied with private sectors is compared to the satisfaction with state offices consists of a customer of the postal services office. But, when the general indices are compared with each other within a span of time (the years before the privatization implementation and after it), it consists of the entire system under the jurisdiction of Guilan General Post Office.

Also, the sampling frame of this study in which the samples of satisfaction are analyzed consists of state and private postal offices.

#### ***Sampling method***

It is necessary to explain that the sampling method utilized in this study is cluster sampling. The clusters are state and private postal offices of the towns in Guilan province, in order to cover the entire province; an attempt has been made to take samples from all the towns in Guilan province (16 towns). Consequently, in each town two sampling frames are (postal office or counter) have been selected randomly. These units comprise the research clusters. Then sampling of sampling units (customers) is carried out systematically. In order to determine the sample size the Kukran formula is utilized which is described as follows:

N= the sample size

T=probability

P=the number of satisfied people

Q=the number of dissatisfied people

D= sampling error, (accuracy)

Regarding the estimation of ratio of satisfaction and dissatisfaction in pre-test which has been calculated via 30 questionnaires, the sample size is calculated as follows.

P= 0, 70 ratio of satisfied people

Q=1-p=0,30 ration of dissatisfied people

If we put the above-mentioned quantities in this formula, the sample size amounts to 323 people. An equal number of questionnaires have been designed and distributed.

#### ***Data collection tools***

*Library data collection* : By using library data collection method the documents and statistics related to the volume of postal mail traffic, income, number of personnel, value of equipment and population have been collected from the statistics and information unit of Guilan province General Post office. These statistics are related to Guilan province post office for 14 years from 1366 to 1380 ( 7 years before privatization implementation and 7 years after privatization). Moreover, the year 1373 was not calculated as the beginning of privatization implementation. (the base year).

*Quantitative method (survey method)* : In this method, a questionnaire has been designed by the researcher for measuring the amount of people's satisfaction with private and state postal services and comparing them with one another and was distributed using cluster sampling method and collected at the end after completion.

#### ***Method of questionnaire design and its process***

As it was mentioned before, two methods or two groups of instrumentations were used for collecting data (Library data collection and quantitative methods). Because of the lack of access to data and parameters related to satisfaction in previous years, for evaluating the effect of privatization implementation on people's or customers' satisfaction with postal services in state and private postal service sectors, we are compelled to use questionnaire in order to collect the data concerning the ration of people's satisfaction.

Concerning the fact that satisfaction is a qualitative index, the above-noted questionnaire has been designed and distributed in a package in the form of 5 grades likert spectrum (very much- very-medium- small and very small) to change it into a quantitative index.

Regarding the completion of the satisfaction questionnaire, 320 questionnaires were distributed in 32 postal offices during one day and were collected after completion.

Regarding the features of the questionnaire, it should be mentioned that since the above-mentioned questionnaire was only used for collecting data about customer satisfaction with postal

services in private and state sectors and for collecting other data about this research library data collection method was used, therefore, the number of questions are 10 and all of them are designed for the fourth hypothesis.

#### ***Validity and reliability of the questionnaire***

Validity of the questionnaire determines the extent according to which the provided instrumentation estimates a particular concept and its reliability determines the extent according to which it estimates the compatibility of the concept. Validity shows us whether we are estimating the real concept whereas reliability deals with the compatibility and stability of the estimation. Validity and reliability verify the consolidation of a research. They should be estimated before the distribution of the questionnaires. The viewpoints of professors, researchers, postal operation experts have been used as arbitrator in order to determine the validity of the questionnaire. After the collection of the viewpoints of the above-noted arbitrators, the questionnaire was corrected and adjusted.

Thirty questionnaires were distributed and completed among the customers of postal offices in Rasht in order to determine validity. The collected questionnaires were analyzed by means of SPSS software and its reliability was estimated by means of Chronbach alpha coefficient. Also, the relation between question 4 and ten questions of satisfaction has been estimated using Pearson and Spearman correlative coefficients described as follows:

Cronbach Alpha test was used for the purpose of estimating reliability and the tenfold questions relating to satisfaction with postal service have been tested.

The results of this investigation which were achieved before the final distribution of questionnaires and were initially tested among 30 people are as follows:

Concerning the result obtained by means of Alpha, it can be claimed that the reliability of the questionnaire is very good and there is an internal compatibility between the questions. In addition to the above-mentioned method, question 4 was inserted in the questionnaire which generally asked the respondents to express the extent of their satisfaction with postal services. The score obtained from this question that was meant to control the questionnaire and the main questions of satisfactions (10 questions) was linked to the total score of satisfaction scale by Pearson and Spearman correlation coefficient and the rate of correlation between them was estimated. The outcomes are as follows:

The correlation rate between question 4 and satisfaction scale is:

Pearson  $r = \%559$   $n=320$  significance  $p$  (Sig)=  $\%000$

R Spearman=  $\%564$   $n= 320$   $p$ (Sig)= $\%000$

Based on the results obtained from the correlation coefficients, it can be said that there is a direct correlation between the score of satisfaction scale and this correlation has significance with a minor error about 1 %.

#### ***Data analysis methods***

There are two approaches for analyzing the obtained results in this research:

##### ***A. Parametric tests***

1. t-test was used to compare dependent variables of two independent groups in the years before and after privatization implementation
2. Partial correlation was used to control variables like population, technology and personnel, in the relationship between dependent and independent variables.
3. Determinant coefficient  $R^2$  and multiple regressions were used to estimate the amount of the total effect of independent variable on each one of the dependent variables.

***B. Nonparametric statistics*** was used to analyze the data obtained from questionnaire which is described as follows:

1. Because of the lack of access to the data and the parameters relating to satisfaction in previous years, for measuring the effect of the privatization implementation on people's and customer's satisfaction with post office postal services in private and state sectors we were forced to measure the current rate of people's satisfaction separately and compare them with each other. The existence of significant difference between satisfaction of these two groups were tested by non-parametric statistics X<sup>2</sup> (K2).

### Results

1. Testing of first hypothesis: traffic of General office of Guilan province postal mails after privatization implementation has increased.

H<sub>0</sub> – the traffic of General office of Guilan Province has decreased after privatization implementation

H<sub>1</sub>- the traffic of General office of Guilan Province has increased after privatization implementation.

T-test was used for the purpose of testing the above-mentioned hypothesis and the results are illustrated in the chart below:

**Table 1. T-test for the traffic of General office of Guilan Province**

Duration	Number of years	Traffic mean	SD	Index average error
Before Privatization	7	11283635	51.3952	1929113
After Privatization	7	7757129	51.3952	348588

$$T=1,9d.f=12 \quad p(\text{sig})=0,04$$

Since the hypothesis of this research is directional, therefore, based on t student for independent samples, it can be said the traffic of postal mails has significantly decreased and the research hypothesis is not verified, meaning H<sub>0</sub> is accepted.

2. Testing of the second hypothesis: the income of post office after privatization implementation has increased.

H<sub>0</sub>- There is no significant difference in the level of Guilan province post office income in the years before and after privatization implementation.

H<sub>1</sub>. The level of post office income has significantly increased.

Regarding the goals inserted in privatization implementation which pursues the increase in profits and incomes and also the decline of the current overcharged costs, this hypothesis was put forward that the level of income has increased after privatization implementation. The results which were obtained are illustrated in the chart below:

**Table 2. T-test for the level of post office income**

duration	Number of years	Average of income	SD	Index average error
Before privatization	7	1119232596	715283463	270351737
After privatization	7	6274531374	2420805371	914978426

$$T=5, 4D.f= 12$$

$$P(\text{sig})=0, 000$$

Based on the comparison of the average of incomes of previous years before and after privatization implementation through t test, it can be said that the income of the years after privatization implementation has significantly increased.

3. Testing of third hypothesis: the rate of customer satisfaction with private postal sectors is more than their satisfaction with state postal sectors.

Since one of the objectives of privatization implementation is providing people with satisfaction and promoting the service coefficient and its quality, therefore, this hypothesis was proposed that private sectors provide people with more satisfaction than state sectors do. The results obtained from it are illustrated in the chart below:

**Table 3. T-test for the rate of customer satisfaction with private postal sectors**

Total	State	Private	Ownership/Satisfaction
10	8	2	Small
62	18	44	Average
155	79	76	Much
95	56	39	Very much
322	161	161	Total

$$X^2 = 18,22 \quad D.F = 3 \quad P(\text{sig}) = 0,000$$

Based on the amount of  $x^2$  calculated with 2 degrees of freedom, it can be claimed that there is a significant difference between the rates of people's satisfaction with private and state sectors. The rate of satisfaction of 83.8 percent of customers with private sectors is very and very much whereas in state sectors it amounts to 71.4 percent.

### Conclusion

In final conclusion, it can be claimed that income has increased significantly during the days after privatization implementation. Also, a significant increase in human resource efficiency during the days after privatization implementation in comparison with the previous years is observed in addition to the fact that the rate of satisfaction with private sectors is more in comparison with satisfaction with state sectors. Yet results show that the traffic of postal mails of Iran post office (Guilan Province) has decreased after privatization implementation. The examination of the reasons behind this issue is recommended to other researchers.

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