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# **Impact of Management Changes on Performance of the Government Coconut Plantation Companies in Sri Lanka**

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## **Abstract**

During the past three decades economic reforms in the world were designed to reduce the role of public sector while expanding the market economy through privatization. Most of the researchers have strongly documented that after being privatized, firms became more profitable and operating efficiency and dividend payments have significantly improved. Further, debt levels and leverage ratios of the business have decreased after privatization.

The economic turnaround in Sri Lanka came about in 1990's when privatization was pursued aggressively, with a view of expansion of private sector, promotion of foreign investments and elimination of loss making public sector business organizations. During this period most of the public sector commercial organizations including the plantations managed under public sector were privatized.

This research compares the financial performance, physical performance and employee perception about the human relation management of the two coconut plantation companies under the management of private sector and government during the period from 2000 to 2009. Data was collected using annual reports, progress reports of the Kurunegala Plantations Limited and Chilaw Plantations Limited and questionnaire of the two companies. Data was analyzed by using descriptive statistical methods such as mean, standard deviation, co-relation and co-efficient.

It is documented that significant increases in profitability, efficiency and liquidity of both the companies after the management of the companies taken over by the government. Further it is documented here that improvements in the physical performance and employees' job satisfaction of both the companies under government management are also statistically significant. When compared to the previous studies these results strongly reject that private management system is more efficient than government management.