CHAPTER 2 − THE LITERATURE REVIEW

The perceived success of privatization plan launched by the United Kingdom government in the early 1980s, changed the initial doubt about privatization to widespread great interest. The world has since witnessed governments' worldwide privatization program of state-owned enterprises (SOEs). The objectives to achieve were broad and fundamentally involve the improvement of microeconomic efficiency; generally: (1) improved efficiency in term of source allocation and productivity; (2) stronger role for private sector within the economy; (3) advanced financial health of public sector; and (4) generating revenue (Vickers and Yarrow 1988).

During the first decade of privatization program In the UK, more than £15 billion generated from the sales of assets as reported by Megginson and Netter (2001) and afterward exceed 69.6 billion of revenue for the government up to 2007[1].

From 2000 to 2007, the sale of state-owned assets reached $497.7 billion in OECD countries. Some developed countries including France, Spain, Japan, and New Zealand have engaged in significant divestment of governmental assets. For example, France privatized more than US$ 98.2 billion state owned enterprises from 2000 to 2007; while Germany's and turkey's privatization raised nearly 65.0 and 25.0 billion US dollar respectively at the same period. To illustrate the relevance of this policy, table 4.1 shows how the change in European state-owned enterprises shares in GDP,

[1] Sources: www.privatizationbarometer.net.

grouped with income level in accordance with the OECD's classification, for the year 2006. Developing economies, such as South Africa and Nigeria and Transition economies, such as china and Russia have also followed privatizing the state owned enterprises significantly. By the way, only the first decade of privatization has generated trillions dollar for governments worldwide (Megginson and Netter 2001).

2.1. Economic justification for Privatization

The success of any organization depends on managing the employees to act in some ways that best achieves the corporations' objectives, whether be privately or state-owned. Within an organization, the agency problem arises when the interests of the agent are not fully arranged in a line with those of the owners and the principal doesn't have proper control over the employees' actions (Vickers and Yarrow 1988). Principal-agent relationship exists in both public and private sector where the objectives of principals and agents might differ. By the way, the ability to reduce this agency problem across the public and private sector varies. Private ownership Supporters argue that close supervising the organization by the private share holders through the capital market is likely to be more efficient than monitoring by the state officials with political considerations (Mitchell, 1988), because these debates may affect the firms' priorities in short or long run and consequently lead to those products and services that are not profitable. Economists argue that the agency problem is more probably to be overcome by private-owned enterprises than state-owned companies.

2.1.1. The Ownership Effect

Efficiency comparison of private owned versus state owned firms in previous empirical studies, which usually measured in terms of production cost and productivity, prove this idea that the private enterprises outperform their counterparts in state sector and show that the efficiency of state firms experience significant improvement after privatization. This proposition of superiority performance of the private companies over state owned enterprises supported by Jensen and Meckling (1976). They argue that the differences in the principal-agent relationship cause these divergences. The agency theory assumes that managers prefer their own benefit and in case of any conflict they favor their interests at the expense of the shareholders. However, there are several internal and external control mechanisms that control the private sector managers such as: rewards incentives, compensation, and market for managers (Cuervo and Villalonga, 2000). Ramamuriti (2000) argue that under government ownership, property rights are inadequately defined. He, like other theorists, focuses on the threat of bankruptcy, marketability of property rights, takeover, and preventing managers to seek their own benefits. In SOEs, lack control on these elements may cause the managers to have fewer tendencies to maximize profits and prefer to protect their benefits like prestige and power over the resources. Profit maximizing desire of private shareholders in a publicly traded corporation; push to act in a way that increases the value of their shares (Vickers and Yarrow 1988). Moreover, monitoring the firm’s performance by the shareholders, through share value comparison in capital market, enable them to evaluate the managers’ performance and execute the rewards system in more accurate manner. Shareholders' power to change the directors by election right could lead to optimal managerial performance.

A share value reduction threatens the future employment of managers by reducing the firms' ability in fund raising by IPOs; in addition, takeover or firms failure also lead to bankruptcy and consequently job loss. Therefore, the share prices visibility provides incentives for managers to operate in some way that mitigate the bankruptcy threats to keep their employment. Additionally, the possibility of monitoring the manager performance through stock market lead to more effective compensation program, based on the outcomes, to persuade optimal effort. Furthermore, in SOEs the people (real owner) have two agents, management and government; whereas in private companies, there is only management that acts as agent; so, lower agent may mitigate agency problem in private sector. Furthermore, this possibility of buy and sell for private firms provide another incentive for management.

Two profit measures of share price return and profit which are main components of market for corporate control send additional signal to managers. takeover threat for a company implies this believe that the firm do not well and could be managed more efficient. In another word this situation signals that the management must be replaced. Thus, this threat of hostile takeover pushes the managers to act efficiently in order to maximize the returns and retain their jobs.

Without any signal about firms' revenues and share returns, any comparison about performance will not be possible and consequently cannot use any incentive system to promote employees for more efforts (which is the case for public sectors). Additionally, lack of monitoring system may leads to Hiring and promoting the managers based on principals like political consideration instead of the ability measures (Harris Clive, 2003).

Lastly, based on short terms political consideration in public sectors, the priorities in actions may be changed especially during elections. The environmental instability and expropriating the resources will be the consequence of this kind of decision making process with respect to the objectives of firms. Furthermore, Managers may engage in empire building, by spending public resources in order to expand their power, and their own wealth at the expense of citizens (Smith and et al. 2001). In light of earlier mentioned perceived faults of state ownership, the exclusion of these considerations is the main benefit of privatization (Shleifer, Andrei 1998).

2.1.2. The Competition Effect

Competition is a further aspect that leads the firms to perform efficiently. The market force caused by competition leads a firm to be more customers oriented, uses superior technology and has greater flexibility when a new markets signal comes about. The impact of competition on firms, not only pushes them to survive better but also to try to overcome the competitors; ultimately a reduction on cost and price will be the consequence and is conducive to productivity. In competitive market inefficient companies need to improve their performance because the existent competitors or newcomers attempt to expand their market shares in expense of inefficient rivals. By the way, these potential benefits to provoke economic growth, efficiency, productivity and constant technology innovation are now well recognized. This is because intense rivalry improves incentives for costs reduction, innovation and productivity improvement. Michael Porter (1990) argues that a competitive domestic market is conducive to a discipline which is major inducer to success abroad. Firms which experienced cost reduction, efficient operation and innovation in domestic market with intense competition have given an immense superiority when they expand into foreign markets. Furthermore, managers in a market with intensified rivalry are more vulnerable to risk of bankruptcy or takeover and these threats reinforce them to speed up the adoption of new technical knowhow (Aghion et al. 1999). Altogether, firms under such pressure caused by intense rivalry should enhance their technology to survive (cf. Porter, 1990). Finally, the idea that private ownership is more efficient than public ownership is less well supported by evidence or proof and there is also more argument about competition effect in less developed economy, given their inefficient market conditions. Even though, the issue that the competition improves the economic performance of developing countries is supported by the available empirical evidence (e.g. Evenett, 2005) , but there is still quite limited evidence confirming the economic benefits of a competitive market environment in developing countries.

2.1.3. Theoretical Conclusions

The advantage of private sector over public sector to deliver product and service more effective and efficient in a privatization program is well supported by theorists. Actually, the lack of stimulus in state to control SOEs closely implies lower quality and higher cost in production and consequently state firms would not able to achieve their goals. The growing body of literature has documented huge losses that generated by the state inefficiency. The estimation of US$55 billion loss a year, in the early 1990s, is assigned to public sector of rail, water, road and energy (Gray, 2001) in developing countries.

Lack of incentives for SOEs to seek competitive advantage by initiating cost leadership and differentiation strategies lead us to a conclusion that the privatized firms especially in an intensified competitive environment should be superior to their SOEs counterparts. However, with regard to the anticipated advantage of privatization, Shleifer, and Vishny (1997) argue the strong motivation to cost leadership in private companies and suggest that this desire may dominates the firm's commitment to product quality. They conclude that privatization should occur when cost reductions do not have a significant impact on quality or can be restricted by contract or competition.

2.2. Empirical Evidence

There are many studies conducted by the researchers to answer these questions: if the firms in private's hand outperform the state-owned companies and does the privatization of government owned firms increase their performance? Much of those studies found that state-owned enterprises experience considerable improvements in efficiency measures after privatization even these results require intense scrutiny to find that in what extent privatization affect the firms' performance.

The evaluation of performance improvement follows by several concerns about the assessment procedure. The sample selection bias is one of those concerns that arise due to the governments' desire to increase public support for future programs by recording high returns for privatized firms. The study's results my affected by this selection bias and over estimate the privatization's benefits. In addition, the manipulation of financial data by the managements especially in international companies is a problem which showed in literature (Megginson and Netter, 2001). Additionally, in evaluation of the privatization consequence, there is no general agreement about performance proxies (i.e., cost ratio, share prices, output quality and quantity, staff retention, etc.) that should be used. The fact that governments objectives differ from private sector objectives (profit maximizing) and diverge in several areas are further complication. Increase in costs may appear in SOEs due to pursuing the other objectives. These objectives are not considered in performance analysis methods. Lastly, the deregulation and other initiatives that simultaneously come along with privatization have their own effect on firms' performance and elimination of these factors' impacts is difficult.

2.2.1 Privatization Methods

Most empirical evidences show that privatization bring outperform efficiency for privatized firms over SOEs; the question is that which method of privatization obtains the best performance? Public offering and (SIPs) are the most commonly methods used in privatizations. By these two methods share directly is offered to buyers. Share issue privatizations can be executed in the method of selling all the shares at once or limited sales at first followed by seasoned equity offering or secondary equity offering (SEO) over time.

The difference between SIPs and asset sales tested in a study which conducted by Megginson, Nash, Netter, and Poulsen (2000). They examined 1992 privatized companies and found that 1225 of the firms under study have sold by direct asset sale and the remaining of 767 divested by SIPs. Another finding suggests that countries with inefficient capital markets use share issue privatization, probably in order to reinforce the development of their market. Furthermore, the companies with low profitability found to be sold by direct sales while the other profitable firms with huge amount of property and resources in hands used SIPs. The authors observed that the governments of countries with stronger property rights have more probably to use asset sale instead of SIP.

2.2.2. Firm Restructuring

Regarding the success of privatization plan, restructuring is another issue that considered by researchers; the question is whether the company should be corporatized before privatization or changed by the new share holders. In a study of Mexican firms Lopez-de-Silanes (1997) investigate the privatization in Mexico from 1983-1992. He suggests that one year delay in privatization due to restructuring diminished the government revenue of divestures. It means if the government had sold the firms one year earlier could raise more revenue while the change of management was the only restructuring process that happened. Finally, he concludes that corporatization before selling reduces the government revenue received due to postponement.

2.2.3. Firms Valuation

In the course of privatization, the firms pricing is one of the crucial issues that a government encounter. To answer the best pricing question, in a study Lopez-de-Silanes (1997) observed that open auction which held by government increases government revenue from privatization because, this process will maximize the number of bidders. In SIP the process of pricing is more complex. While the governments need to make the decision about the way to offer the shares (i.e., offer the shares all at once or partial offering) they must also price the shares; Furthermore, the decision making of who should be permitted to buy the shares is another issue. Regarding the fact that SIPs are usually much larger than the IPOs, firms' valuation in SIPs is extremely important.

2.2.4. Efficiency in Non-transition Economies

The growth of productivity and reduction in cost of full-, partial-state owned and privately-owned airlines are examined by Ehrlich et al over the period 1973 to 1983. They found that private firms have lower cost and higher rate of productivity than the government owned companies in long run. Their study shows 1.7 to 1.9 percent decrease in cost while1.6 to 2 percent growth in productivity during a year and conclude that the transition from state hand to private sector results in both cost reduction and productivity improvement. Moreover, controlling for competition and regulation they suggest ownership effect as the essential source of efficiency gains. At last, the study found that these efficiency improvements occurred in only fully privatized firms and company with mixed ownership didn't yield significant efficiency. The finding is in line with a study conducted by Boardman and Vining (Boardman and Vining, 1989).

In a later study on Canada's 500 largest non-financial firms, Vining and Boardman (1992) report considerable performance for private enterprises over state and mixed firms. Mixed enterprises were found to be more efficient and profitable than SOEs. In another study Galal et al. (1994) employed counterfactual technique which expresses what could or would happen under different circumstances of ownership. Using several welfare criteria, including employees, shareholders, government and consumers welfare, they conclude that productivity and performance improvement increase social welfare.

The leverage burden, profitability change and Labor intensity are also examined by Dewenter and Paul (2001) in a study of 500 largest private- and state-owned international firms. They found that privately-owned firms outperform their SOEs counterparts in profitability and have lower debt and Labor intensity. Notice that the higher leverage burden may refer to low constraint for SOEs while Labor intensity could contribute to union power.

In a Benchmark comparison study of 241 privatized firms from 42 countries in time horizon of 1981-2003, Megginson et al.(2010e) found that in long-run the performance results are highly sensitive to weighting methods, benchmarks, abnormal return calculation methods. When domestic indices are used as proxy for performance comparison the outcomes are the same as previous studies and show outperform return in long run for previously SOEs, but when we use alternative indexes, the significant level drop or even we see no significant change. Altogether, their results prove earlier research results that show long-term excess performance of private IPOs versus various indices, but show lower significant level when alternative benchmarks are employed.

Pre- and post-listing performance comparison on 61 privatized SOEs of 18 developed and developing countries shows improvement in profitability, output and efficiency (Megginson, Nash, and van Randenborgh, 1994). In another study La Porta and Lopez-de-Silanes (1999) investigate the Mexican privatization and found not only performance of privatized firms improved after IPOs but also they do quickly as well as existing private companies in efficiency measures. Similar result found by Laurin and Bozec (2000) for Canadian National Railway with Canadian Pacific and Boles de Boer and Evans (1996) for Telecom New Zealand.

The results of studies on privatization effect are not always consistent with performance improvement in privatized firm, as an example Martin and Parker (1995) found that less than half of sample firms experience performance improvement after SIPs. In another research conducted by Patricia Bachiller (2009), the results show that an increase in firm efficiency is not attributed much to the privatization. The study analyzes efficiency of five of the biggest Spanish enterprises in period of 1984 to 2005; the conclusion doesn’t show positive effect of ownership change in privatized companies. Because, even in those which experienced increase in efficiency, we cannot assess that in what extent outcomes are related to privatization. These results are in line with those studies on other EU countries, which found limited evidence of performance difference between private and public enterprises (Borins and Boothman, 1985; Eckel and Vining, 1985). .

The Gerhard Glomm and Fabio Me´ndez (2009) studied 23 and eight countries for the time horizon of 1985–1990 and 1990–1997 respectively. They found that intensified competition can improve the benefits of privatization significantly, which is similar to Li and Xu (2002) findings. The samples are selected from the firms in developing and least developed countries hence we conclude that the results are applicable mostly to less developed economies.

2.2.5. Efficiency in Transition Economies

While the research findings show significant improvement in firms' efficiency, the studies outcomes from transition economies are vague. Much of them have concentrated on privatization failure to succeed in performance improvement. Frydman et al. (1999) have compared the performance measures of productivity, efficiency and profitability between state-owned and private-owned enterprises in Poland, Hungary and Czech Republic. They found firms in private hand outperform the state-run companies and when the ownership is in hand of outsiders the firm shows even more efficiencies. Black, Kraakman, and Tarassova (2000) in their study on Russian privatization conclude that the lack of property right and widespread fraud are the main factors behind privatization failure.

Another study by Miller and Tenev (2007) contrast experiences of CEEFSU and China and conclude that the difference could be explained by government's preferences in privatization program. Actually the government In China gave the priority to managerial reform, precisely adjusted incentives and local independency; while in Russia, mass privatization took the priority over firm restructuring without enough capacity in state to protect newly established property rights.

2.3. Privatization of Enterprises in Iran

Iran's Privatization plan was launched in late 1980s, only a decade after massive renationalization program which makes the Iran's experience unique, since most other countries privatize enterprises that have been in govemment domain for many decades if not centuries. The reverse strategy through privatization was due to firms' inefficiency and their increasing dependency to government subsidies.

Iran's industrialization plan was emerged during the Decade 1960-1969 when oil revenue increased steadily. During this period, the government owned and operated many of the major industries, while no privatization policy exists. Limited government plans, however, were prepared to help workers gain a small stake in ownership of some industrial and agricultural production units.

After the 1979 Revolution, nationalization of enterprises became popular as the government and quasi-government agencies and foundations took over many companies. Among these were banks, insurance companies, and heavy industries, some of which belonged to the associates of the previous regime. Many of these enterprises soon became financially or operationally distressed, as they increasingly had to rely on government subsidies for survival. The resulting fiscal drag along with pressure from IMF and the World Bank were the main reasons for Iran's privatization initiative. An outline of recent Privatization efforts in Iran derives from official governments and press releases, follows.

2.3.1. The First Two Development Plans and Privatization process

The Islamic Republic of Iran Constitution sets forth the active participation in economic activities by all citizens. The First (five-year) Development Plan of the Islamic Republic of Iran, passed by the Islamic Consultative Assembly (Parliament) in 1989, urged the sale of some of the national-called for transfer of some of SOEs' control to the private sector (Valibeigi, 2001). The stated reasons include complying with the constitution, enhancing economic efficiency, and reducing the burden of running non-profitable operations. To implement the mandates of the Plan, the Council of Ministers drafted a preliminary privatization program in June of 1991 to identify target enterprises and develop a process for implementation and oversight of the transfer. Accordingly, 770 enterprises were evaluated and 391 were enlisted for possible privatization. The planned structure changed several times by The Islamic Consultative Assembly's in March 2, 1989 Legislation.

Privatization efforts continued during 1991-1993 period as some of the designated companies changed ownership via share issue privatization method. The Tehran Stock Exchange (TSE) officials announced in May of 1993 that, among the 122 government owned companies admitted 19 were completely sold to private investors. Direct offering of shares by the SOEs constituted 75 percent of transactions on the TSE in 1991-92 as mentioned in Tehran Stock exchange annual report. Officials from the Organization of Iranian National Industries reported in May of 1993 that 12 million shares of companies have been sold through the TSE and an additional 10 companies are sold to private investors through auction. This, however, amounted to only a fraction of the enterprises considered for sale.

The Second (five-year) Development Plan, passed in late 1994, reemphasized the importance of privatization, requiring the government to accelerate this process by changing laws, providing financial and banking support, and completing the essential investment in infrastructure. The employees of targeted companies were to be given priority in purchasing shares of privatized firms. The proceeds from sales of SOEs were to be marked for financing the government's unfinished industrial projects. The new five-year plan also called for an expansion of the TSE, establishment of capital market institutions, and development of a net work for disseminating financial information to the public.

The privatization goals stated in the second five-year plan were quite ambitious, but the achievement record turned out to be dismal. The pace of privatization, which was show during the first five-year planning period, is slowed down further. The generated revenues were also far below what the officials had anticipated. Meanwhile, the two agencies most involved with privatization, the Organization of Iranian National Industries and the Organization for Promotion of Ownership of Production Units came under sharp criticism from the deputies in the Islamic Consultative Assembly (Parliament) for mismanaging the SOE transfers. This led to the introduction of new protection, reorganization, and concentration of efforts to pursue privatization during the 1999-2002 periods.

2.3.2. Third Development Plan and Privatization Process

Share issue privatization through the TSE and private sale of enterprises through negotiation or auction were two main methods of privatization in Iran During the 1989-1999 periods. The negotiation method, which had led to bad transactions and reduced privatization revenues for the government, however, was banned by the Council of of Ministers in 2001. Third (five-year) Development Plan, passed in 2000 by the Islamic Consultative Assembly (Parliament), provided additional directives for an expansion of privatization programs, both in scope and scale, and the overhaul of the oversight process to safeguard against financial abuse. The plan authorizes that all SOEs whose operations in the public sector are deemed unnecessary be transferred to the private sector. To facilitate these large-scale transfers, first the government was to reorganize the SOEs under the umbrella of about 70 holding companies. The governance of these holding companies is required to be independent. The only enterprises to be kept in the government sector are those engaged in monopolistic activities.

To coordinate, supervise, and control the sales of public companies, the Third Development Plan mandates the creation of a seven-member "High

Commission of Divestiture" headed by the Minister of Economic Affairs and Finance. The Commission is charged with preparing an annual program of sale, confirming the list of companies to be sold, approving methods of sale, monitoring the sale process, and reporting to the Assembly (Parliament) on a semi-annual basis. To assist the Commission with its last, the government was authorized to modify the articles of associations of the Organization for Promotion of Ownership of Production Units. The Plan also requires that large companies be sold to the public (with company employees), and that small companies be sold to private entities. Revenues from the sales of these companies are to be allocated to the government treasury (48%). holding companies (50%) and a quasi-government organization (2%). these revenues must be use to restructure other SOEs, preparing them for sale.

As the first step in implementing the new plan, the Council of Ministers issued a decree in May of 2001 modifying the articles of associations of the Organization for Promotion of Ownership of Production Units. The new agency was named Iran's Privatization Organization (IPO). This financially independent organization has a corporation status and is affiliated with the Ministry of Economic Affairs and Finance. The main responsibilities of the IPO are to offer and divest shares of salable enterprises, to implement all other services necessary for execution of the program of divesting shares and management of govemment corporations, to implement policies sanctioned by the High Commission of Divesture, and to formulate proper Guidelines for promotion of the private sector. The organization's revenues come from fees charged for its services (IPO, 2002).

For the fiscal year 1380 (March 2001 through March 2002), the government revenues from the sales of SOEs were $50 million. For the fiscal year 2003, these revenues were projected to increase to $750 million. During the first eight months of the fiscal year, however, revenues reached $150 million or only 30% of their projection, suggestion that the revenue goals are perhaps too ambitious.

Nonetheless, achieving 30% of the projected revenue still amounts to a 400 percent revenue increase over a comparable period the prior year (IOP News Bulletin 1381/09/04 November 2002). The substantial jump is due to a major increase in the number of SOEs that were prepared for sale.

During the fiscal year 2003, the High Commission of Divestiture also approved the privatization of insurance companies and commercial banks. Asia, Alborz, Dana, and Iran are the first large insurance companies to be privatized in 2003. The major banks prepared to be privatized during this period include Tejarat Bank, Sepah Bank, Melat Bank, and Saderat Bank. Iran had 34 private banks in 1978, which were all nationalized after the 1979 revolution. Many of these banks have since been merged or dissolved, leaving less than one third in operation. The four banks identified for privatization make up about half of the Iran banking industry.

The privatization plan currently under consideration covers a variety of industries and institutions that historically have been owned and operated by the government. These include elementary and secondary education, mining industry, primary operations in the oil industry, airport management, mobile telecommunication, and organizations that never seen before.

2.3.3. Privatization Policies and Practices

During the past decade, Iran has used several privatization methods to transfer the ownership of its SOEs. Private sale through negotiation has perhaps been the most disappointing one. The use of this method was sharply criticized by the deputies in the Islamic Consultative Assembly (Parliament) for the resulting under pricing of assets and questionable transfers. This method has since been abandoned, except in especial cases.

Public sale of enterprise through auction or share issue privatization is the method currently used to transfer SOEs in Iran. In general, public sale of enterprises appears to have a good track record in Eastern Europe, and particularly in countries like Hungary where the private sector is relatively strong (Rotyis, J, 1994). This method has the potential to be successful in Iran as well because of Iran's long experience with free enterprise and the resolve of the current government to respect private ownership. In fact, many of the SOEs were private companies before being nationalized in 1979 and 1980. In addition, Iran has in place a system of property rights and a legal framework for corporate conduct. Therefore, public sale of companies through stock market (offering of shares) or auction appears to be the most appropriate method of privatization in Iran. The stock market has indeed become Iran’s most frequently used privatization mode.

The TSE was established in February of 1967 to facilitate the allocation of savings to productive activities. The volume of trading was initially low, with government bonds comprising a major portion of the trade. For example, total trade increased dramatically from 124 million Rials in 1968 to 44 billion Rials in 1977, while the number of companies listed on the exchange also rose from 6 to 102 during this period. Despite its enhanced TSE activity, the stock market never gained the trust of the investment community before the revolution. This was primarily due to the lack of public awareness, poor disclosure requirements, and easy access to bank credit by established enterprises. In 1978, the nationwide strikes reduced the stock market activities, and for many years after the 1979 Revolution, stock trading was either nonexistent or minimal.

The TSE was reactivated during 1989-90 periods, partly to implement the public sale of government owned enterprises. The volume of trade on the TSE skyrocketed from 64.7 billion Rials during the fiscal year 1990-1991 to 478.3 billion Rials. During the following twelve months, a growth of more than 700 percent. The stock market popularity has continued to grow, although at a more moderate pace. The TSE index (TEP1X) increased from around 5000 to 10,000 during the 2003. A similar increase in the transacted volume suggests that the stock market is gaining the much-needed acceptability by a public that has too few choices for long-term investment. Most of the recent activities on the TSE involve shares of the government-owned companies.