

ABSTRACT

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My research analyses issues in the relationships between the state and the market, including the roles of key institutions and organisations and their interactions in the policy and regulatory governance arenas. The findings, based on documentary analysis, focus group discussions, perceptions analysis and in-depth interviews with representative actors in the public policy system in Sri Lanka, focus specifically on the linkages between the country's institutional endowments, the reform process and regulatory governance; and the role of mental models, path dependence and ideology – specifically that of the donor and local epistemic community – in influencing economic reforms and regulatory governance.

The analysis set forth in this thesis draws on Douglass North's conceptualisation of New Institutional Economics as well as on the conceptualisation of public policy by seminal scholars in the field such as Harold Lasswell, David Easton, Bill Jenkins, Michael Hill and Wayne Parsons. These theoretical constructs are particularly useful in exploring and obtaining a rich understanding of complex institutional and policy processes and relationships, as well as policy outcomes. Moreover, this framework sits well with the interpretivist research philosophy, inductive approach and qualitative research methods which I use to gather "thick" information on privatisation, competition and regulatory governance in Sri Lanka and in Sri Lanka's telecommunications sector.

An overview of the existing literature on privatisation, competition and regulatory governance in general and in the telecommunications sector in particular, points to a paucity of public policy analyses in developing countries. As such, whilst acknowledging the limitations of single case study research in relation to policy transfer, I posit that my research findings do shed light on a number of critical issues that are relevant to scholars and practitioners interested in understanding the policy process in developing countries.

My research findings provide a real world illustration of the futility of dichotomising the state and markets; instead, constructs such as policy and regulatory space are more useful than those such as the regulatory state. Incorporating these constructs of policy and regulatory space also allows for a "thick" understanding of the dynamics between political and socio-economic institutions, organisations and individuals and their impact on policy outputs and outcomes. My findings also provide for a better understanding of regulatory governance in developing countries. Constructs such as responsive regulation, regulatory society and independent regulation that are typically conceived in the literature in a developed country context are critically explored in the Sri Lankan setting. Finally, my research findings extend the literature on privatisation, competition and regulatory governance by illustrating that forces of competition and contestability are more important than ownership change in terms of policy outputs and outcomes, and that – as reflected in the case of Sri Lanka's telecommunications sector - competition and contestability can in fact transcend forces of weak regulatory governance.

