



**An Examination of the Financial Challenges that faces the Jamaica Public Service
Company and the island energy sector**

Dissertation

In the Department of Business Administration University of Liverpool

By

SAMUEL

Table of Contents

ABSTRACT.....	3
INTRODUCTION.....	10
1.1 Introduction	10
1.2 Background of the Study	11
1.3 Rationale of the Research Study	13
1.4 Objectives of the Study	15
1.5 Research Questions	16
1.6 Scope of the Study	16
1.7 Structure of the Dissertation	17
Conclusion	19
CHAPTER TWO	20
THE REVIEW OF LITERATURE.....	20
2.1 Introduction of the Literature Review	20
2.2 Review of Literature	21
2.3 The Case Study of Jamaica Public Service Company	27
2.3.1 Energy Overview of Jamaica and JPS.....	27
2.3.2. The Privatization and JPS.....	30
2.4 Corporate Social Responsibility of JPS and Impact on the Company’s Financial Performance.....	32
CHAPTER THREE.....	36
RESEARCH DESIGN AND RESEARCH METHODOLOGY.....	36
Theoretical Framework.....	36
3.1 Introduction	38
3.2 Conceptual Framework of the Research	38
3.3 Research Design	39
3.4 Data Collection Method and Techniques	40
3.4.1 <i>Primary Data Collection</i>	40
3.4.1.1 <i>Questionnaire</i>	40
Closed-Ended Questionnaire.....	41



Open-ended questionnaire..... 41

3.4.1. 2 Interview..... 41

3.5 Sampling Technique 42

3.6 Methods of Data Analysis 43

Stage 1 43

Stage 2 43

Ethical and Professional Issues 44

Conflict of Interest..... 44

Approval 44

Informed Consent 44

Data Protection 45

Plagiarism..... 45

3.7 Research Limitations 45

3.8 Conclusion..... 45

RESEARCH RESULT AND FINDINGS 46

4.1 Introduction 46

4.2 Findings..... 46

4.3 Analysis..... 57

4.3 Conclusion 63

CHAPTER FIVE..... 65

CONCLUSION and RECOMMENDATION 65

5.1 Introduction 65

5.2 Conclusion of the Study..... 65

5.3 Answers for Research Questions 66

5.4 Managerial Implications 66

5.5 Recommendations for Future Research 67

References..... 68

 Appendix A..... 84

Financial Measures for the Comparison Companies 93

 Appendix B 107

Close-Ended Questionnaire for the Case Study 107

Open-Ended Questionnaire..... 110

CHAPTER ONE

INTRODUCTION

1.1 Introduction

According to Zu (2008), many organizations' case studies have demonstrated an association between firm's financial statements and corporate social responsibility of an organization. To Bandler (1994), financial statement of a company presents the most significant data about it while analysis and evaluation of financial statement enhance the effectiveness of such financial statements. Different studies have found different level of capacities to assess the financial statements such as Gupta (1999) have explained the use of financial ratios to weigh the company's performance by applying the Multiple Discriminant Analysis to foretell the corporate failure. Other than that, Mulla (2002) conducted a study for evaluating the financial health of a company with the five weighted financial ratios. To consolidate the findings of the study, Bagchi (2004) emphasized that financial ratios are regarded as the most reliable, realistic and preferred application in appraising the financial health of an organization. Selvam (2004) adopts the same approach for revealing the financial health of an industry. However, financial statement of a firm is considered as the most reliable source of information that is used to measure the organizational performance and different studies have found that there are numbers of factors that affect the financial performance of organizations. Martin *et al.* (2009) provide that corporate social responsibility has both negative and positive impacts on the financial results of firms. There are various studies that evaluated this impact such as according to Herremans *et al.* (1993), when evaluating the impact of corporate social responsibility on a company's performance with respect to the major issue arises about ways to measure this impact. Herremans *et al.* (1993) argued that

observation can be effective depending on factors including firm's size, industry effects and risk and leverages.

Jamaica Public Service Company Limited is a subsidiary of Marubeni Corporation and its has been facing immense losses due to low services efficiency. However, there are numbers of factors causing the company to face performance issues, which is compounded by the high cost of fuel, and inefficient equipment both of which are major reasons associated with the low supply performance. Considering the emerging dilemma of the Jamaica Public Service Company Limited, this paper aims to consider the existing financial challenges of the island's electricity provider particularly those affected by global, regional market and other factors involving in the formulation of the financial performance of the company. This is necessary in evaluating the financial performance of the entity and in identifying the vulnerability and strengths of the organization that may present in confronting the future financial challenges. The corporate social responsibility (CSR) is also identified as an effective factor largely impacting the financial performance of the company, this paper also measures the role of corporate social responsibility of the company affecting the organization's financial performance. This chapter presents an introduction of the research paper and explains the background of the study that provides support to its purpose and rationale. Moreover, it also covers objectives, research questions and scope of the study...

