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Private sector and productivity

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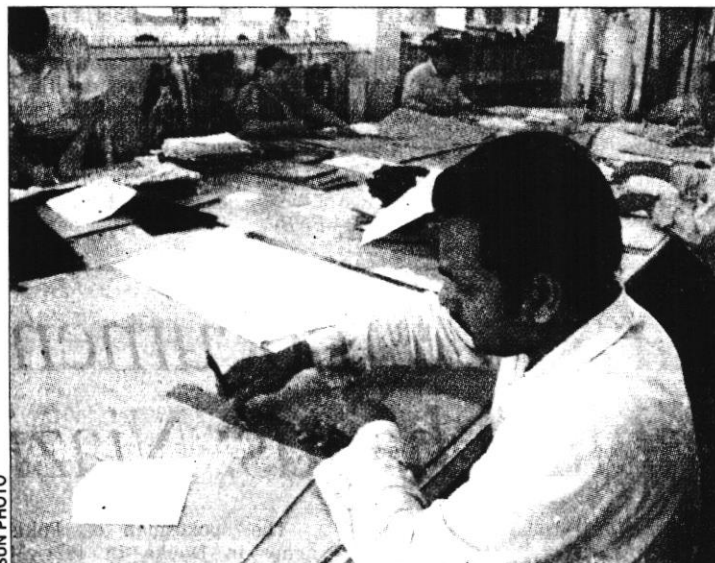
A COUNTRY'S overall development depends on agriculture, industry, health, service-sector, communication, housing, technology and their simultaneous improvement. Food, cloth, education, health, accommodation, entertainment are the basic needs of human being. To produce these things government and private sectors should come forward. In some cases both government and private sectors have to work together. In this modern age, the development of life and living quality, Gross Domestic Product (GDP) and development of Net National Product (NNP) statistically depends on the production and productivity of private sector. The development of the standard of living depends on the successful initiative of private business sector. Many countries in the world like China, Russia, East European countries, South Korea, Taiwan, Indonesia, Brazil, Nigeria, Turkey, Egypt, Israel, Malaysia and some parts of India as Delhi, Mumbai, Chennai are taking part in private industrialisation coming out of unproductive feudalism. The expansion of private sector has some logical reasons.

The owners of a private industry can be individual entrepreneurs, one or more than one person, an institution or a society, a private organisation and so on. If there are a very few owners of a company, that is called a limited company. If the numbers of owner is large, we call it a public limited company. Government organisation can be of different types such as government, semi-government and autonomous body. Everything is in one way or another controlled by government, productive or service-based, whatever it is in reality. The owner of government institution is the government. In the innate sense there is no owner of a government institution. In private organisations there is one or more than one individual owner.

The basic idea of production and productivity of different organisations is to take and carry on the risk. It is said that, the higher the risk is, the higher is the return. Owners of private organisation are the most

risk-takers. They try their best to cover risk and gain success in business. In private sector, a successful individual is called a 'Risk Lover'. Government organisations are also not free from risk but there is no intention and responsibility for covering a risk in business. The problem is the lack of real owner; because government ownership means no ownership. There is no business without a risk. In public sector nobody takes the responsibility to cover the risk. This problem is called 'Free Riders Problem'. If anyone buys a horse, the others can also ride on it. That is,

government institutions perform as less productive. These organisations very often face danger. If there is bankruptcy in a government organisation, it doesn't hamper anyone. But if a private organisation goes under lock and key, it hampers a number of owners. That is way, the owners of private organisations invest their capital very carefully and take care of it. The qualities that contribute for the development and success of the private sectors are skillful and productive management, law, rules and discipline, appointment of eligible people, liability and so on.



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every one does not need to take the risk of buying horse and taking care of it. Adam Smith is called the father of economics. According to the invisible power and selfishness theory of Adam Smith, we are by born selfish. For being selfish, we try to work hard for the overall welfare of our own wife, children and our family. As a result, our neighbour, society and country also get the benefit. My organisation is my child, whose welfare depends on my care and hard work. No government organisation takes the care. In this sense, a government organisation is like an orphan. Here, there is no opportunity to apply the selfishness and invisible power theory. Because of the lack of care,

Management and keen care are limited to some owners who can take large risk on industrialisation. They are very rough and tough for the timely and fruitful implementation of their plans.

In private organisations there is strict rules and discipline and so there is less chance for politics, for getting salary without performing responsibility, unnecessary clash, hampering the organisation by corruption. This is why, though the motion is very slow, private sectors are productive and long lasting. Only skilled and eligible people are appointed in private sectors. Nothing is wasted for unnecessary corruption. Private industries are profitable,

that's why officers and workers get congenial environment to work hard. In private sectors, officers and workers feel socially secured by getting high payment, festival bonus, promotion, regular increment and they consider the organisation as their own organisation and in return company gains profit. In government organisation there is a lack of these positive qualities. Moreover the employees in private organisation get better knowledge and education, experience and skillful training than in government organisation. One employee can do various works. For these reasons the private employees have many incentives. For example, the managing director of a private bank sometimes gets Tk one million or more as salary where in a government bank a managing director never gets rid of his poverty.

'People do not work' -- this proverb is not suitable for private organisations. Private institutions make people work hard under a close supervision. The contribution of skilled workers is praise-worthy in private sector. For example, though bamboo, woods are very valuable, we cannot use them directly. But for the necessity of life, we make valuable furniture made of bamboo and wood with the help of skilled workers. Then their market price becomes higher. The addition price from the price of raw material is called 'Value Addition.' A large of this 'Value Added' credit goes to the workers. So they should not be deprived from this added value which can only be ensured by private sectors.

From the above discussion it is understood that ownership does not matter. Whether the owner is government or private — is not important. Our nation and economic objective is to increase income and develop the country by paying tax regularly. In this way the living quality can be increased and a happy and enriched society can be built. The real source for that is the development of private sector. The western countries have better living quality as they have developed their private sector.

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