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The Performance of Private Sectors in Developing Countries

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Abstract:- It has been noticed that, the private sector plays an important role in the growth of economies in the developed countries.It has been taken as the engine of the economy and welfare of the population in the developed countries. The situation is different in the developing countries of which the sectors play a minor role in developing countries` economies. This paper has attempted to examine the performances of the sector in developing countries, setback, challenges and the way forwards. The results show that, the performances of the private sectors more advantageous than public sectors, but in developing countries actually has been performing poorly over overtime. Several factors have been identified as hindrance towards playing the theorized role. The factors are; Lack of market, Lack of skilled labor and sectoral experts,poor Infrastructure,Low capital and poor government support to the sector.

Keywords:- *Private Sector, Developing Countries, Performances and Welfare*

I. POPULATION AND PRIVATE SECTOR.

The Population may be used to refer as the collection of all entities found within the community, nation and world at large. The term Private sector may encompass groups of private individuals who invest within the nation. The world population is estimated to be 6.8billion in 2009 as a project by the United Nation.

The Private sector is the part of the economy sometimes is referred to as to as citizen sector, which is non by private individuals or groups. Usually as a means of enterprises for profit and is not controlled by the state, Developing countries observed the situation and not dynamic or expected direction of progress. Developing countries include Afghanistan, Armenia, Brazil and the countries of below the Saharan desert. In private sector activities are guided by the motive to earn money as employment. In some countries like China, the private sectors contribute a lot to the state revenue. Consider private sector in developing countries.

II. DEVELOPING COUNTRIES AND POSITIVE PERFORMANCE OF PRIVATE SECTORS.

Developing countries may include all countries that are in transition towards attaining developed like status by adapting the improved social services (i.e. Hospitals, schools, dispensaries and others) as they are supported by Non-Governmental Organizations (NGOs), improved infrastructures (i.e. transport networks like roads, railways, airports, harbors e.t.c), advanced trading system and others.

Private sectors may include all investors both internal and external contrary to the government that led services to the people in improving social matters (i.e. Educational centers, health centers, hygiene, e.t.c), economic matters (i.e., trade system, financing, budgeting e.t.c.) technological matters (i.e. Computer system, etc)

Yet we agreed there is a positive performance of private sectors in developing countries. Consider below the positive performance of private sectors in developing countries.

A. Employment of excess population.

Most developing countries have rapidly grown population. The situation, increasing difficult to find employment for all people on the land or in services.Despite the fact that agricultural activities ,mining, trade contribute much to the provision of employment opportunities the work done by private sector enhance much into the attainment of the goals to the mentioned entities. The mechanization hybridization, engineering and other agricultural science as employed by private sectors, enhance the development of developing countries.

B. Raising of living standards of the people.

It is generally to say industrialization, agriculture, forest and others improve living standards of the people. Though there is income variation for istance, industrial workers have the greater income compared to farmers, the private sectors with the services it renders in various sectors it enhance development. Through various sectors within intersectoral employment the people’s condition is imposed. As the matter of facts, private sectors inculcate its performance in various sectors. People also achieve their earnings through these sectors.

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C. Self sufficiency.

Increasing self sufficiency gives greater political and economic strength and makes a country more independent. By developing industries, a country can provide consumer goods, textile, sisal and others. Through the income obtained from the private sector in mining and agriculture, trade contract and others. The government can be self-sufficient to deal with economic matters such as expanding the international trade and diplomacy. The countries, especially Nigeria, Uganda, Tanzania and others found in Latin America can struggle on increasing self-sufficiency.

D. Diversification.

The case study of Rio de Janeiro, Brazil, Dar Es Salaam, Tanzania and Bangkok, especially in the year of 1987 did some contract regarding the private sectors. The economy diversified and reliance reduced. In notation of that, there is the intersectoral relationship that boosted the diversification of the economy especially in developing countries. The sector for economic trade, especially, mining and industries may be by developing them, a correct way of diversifying the economy is attained and hence reducing reliance.

E. Reformation of other sectors of economy.

In most countries like those which are below Sahara desert such as Ethiopia, Rwanda, Burundi, Kenya, Uganda and many others, the sectors of the economy, such as forestry, tourism, trade, industries, mining, agriculture and others are reformed as a result of presence of private sectors to boost their poor archievability. Achievements in management principles such as initiatives, authority of responsibilities may be triggered as the result of well and better functioning of such sector of the economy.

In accordance to Levine (1995), has termed of performance of private sectors the participation. The argument from his book relies on cost recovery, efficiency, public accountability, management, finance, economies of scale, legislation and institution. Consider below the ideas explained in his book as the major tenets.

- *The cost recovery context.*

There is argument that public good should be paid for by public funds and delivered by public agencies, while private goods should be paid for by private individuals (through the use of charges) and delivered by the private sector.

- *The efficiency context.*

According to the World Bank Development Report (1991), public spending in developing countries is relatively high for their level of development and provides very low reforms. Within local government of developing countries, expenditure, especially for municipal solid waste services is usually optimum efficiency does not occur when there is no opposing competitive forces.

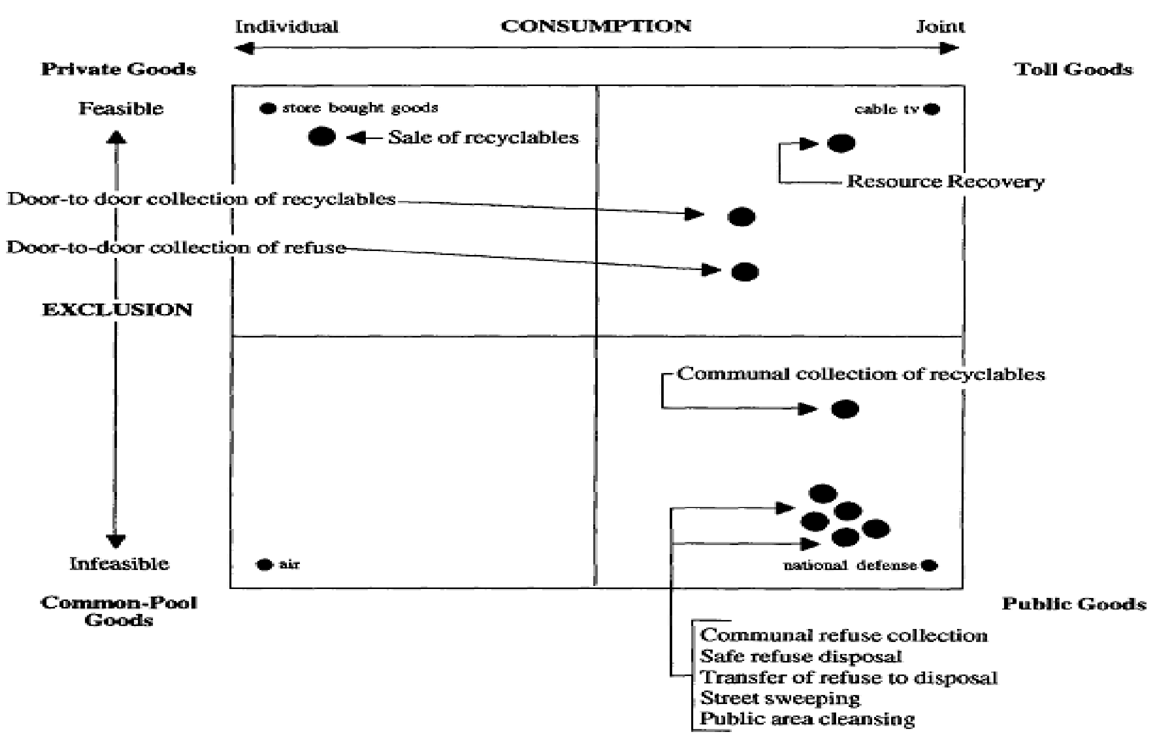

Fig 1:- Public Versus Private Goods In Solid Waste Management

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➢ *The public accountability context.*

According to Domahoe in his book "The privatization decision noted that "But efficiency, at the base is merely one aspect of a more fundamental quality, accountability. The term suggests that the idea of taking into account the consequence of one's action for the welfare of others.

➢ *A Management context.*

One of the most frequently advantages of the private sector over government is it management flexibility. This has been an important factor in the private sector participation as the case of Bogota.

III. PERFORMANCE OF PRIVATE SECTOR AND NEGATIVE PERFORMANCE OF PRIVATE SECTOR.

The private sector obviously lends the money to ensure the provision of services succeed to some extent to fill the position that is kept for the government. The Performance of the private sector can play bigger roles to impact within a nation or the hindrance towards an adopting private sector in a country.

Apart from the positive performance of private sectors, there are also negative performances of the private sector if not hindrances toward success to its practicability. Consider the ideas mentioned by Leang G.C and Morgan G.C (1982) in their book "Human and Economic Geography".

A. Lack of capital.

Private sectors may face lack of capital, for instance industries can only be established if sufficient capital is available. In underdeveloped countries (local people have insufficient capital or are unwilling to invest, especially in industries rather than in land and properties. State investment may not be very great because of the need to invest in other sectors at the sometime as the most developing countries they depend on investing in agriculture.

B. Lack of skilled labor and sectoral experts.

In most countries where by people depend on agriculture, there are few workers with sectoral skills especially industrial skills. Normally people have marginal skills and necessary experience for running sectorial activities. Private sectors need skilled and qualified people "experts" to run the investment established, failure to have the experts can person may hinder its achievability.

C. Lack of market.

Sector cannot succeed if there is a lack of market for the productions.In order to succeed it needs to search the market for their produced goods. Though many underdeveloping countries have a large population, the standard of living in low and most people have little money to spare for manufactured goods. Hence the poor the market the little the sale of manufactured goods is.

D. Lack of infrastructure.

Many developing countries have relatively few roads and railways. Fewer ports and harbor and other infrastructure network to run the private sectors. There are few organizations for handling goods on a large scale, a situation that prohibits the performance of the private sector. In countries such as Botswana, Lesotho, Namibia, Zimbabwe, Zambia and others, the situation is still the same.

E. Psychological reasons.

Because developing countries are still basically suppliers of primary products to developed countries, they are still the same as the time when they were colonies. Though politically independent they may still be economically dependent on foreign countries. The mentioned strategies may return to poor performance of the private sector as it dismantles the good performance of such sector to the maximum.

IV. CONCLUSION

Generally the performance of private sectors in poorly developed countries is poor.The central government does not encourage the development of private sectors through legislation and policies.If encouraged the private sector in developing countries may improve to be similar to those of; Hongkong, Taiwan, South Korea and others. The developing countries have to focus on developing intermediate industries before getting to heavy industries.The management of private sectors in Tanzania has well organized otherwise can lead to erosion of traditional values occupying the new way of life. Also the pollution in Hongkong, Singapore and others are the result of poor utility of the sectors within (i.e. Private sectors).

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