The Privatization Profits

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Privatization is the transfer of ownership from the government to the private sector. It is considered to bring more productivity to the business which the government isn't able to bring out. The main advantage of privatization is that it brought efficiency and more profits to a company due to the competition in the market with other private companies. Private companies always ensure that they focus more on improving their operational efficiency which will help them in reducing their operational costs and improve their profits. Privatization helps in lowering the political interference in the company because some times organizations have to take hard decisions, but they feel difficulty in making decisions because of other political parties pressure on them.

Privatization helps in competing with the other brands in the market because when any organization is working in government, they have some set of rules and restrictions which they must have to follow, but when they are free from government protection, they must have to work according to the market. These organizations have to provide better services & products in order to be competitive in the market for their survival. Privatization has been involved in many international financial institutions from some years and helped them develop their economy (Estrin & Pelletier, 2018).

According to researchers, due to privatization is has been observed there is a significant improvement in the industry which helped in increasing the quality of government activities, the shrinking size of government and lowering the taxes. Privatization has given a lot of profit to the companies as they have reduced the business cost and providing more attention to satisfying customers. Since 1990s privatization has been spread all over the world in many fields. There are many government sector institutions which have been converted into the private sector to gain more profit from them (Estrin & Pelletier, 2018).

Throughout the world, governments are focusing on hiring private managers to perform their business operations. It has been observed that from railways to education, from electrical utility to gas utility and from utility stores to hospitals everywhere privatization has taken place. This has given a massive profit to the government as they were able to sell off $25 billion in the 1990s and have seen a continuous increase in the economy in state-owned enterprises due to privatization (Harvard Business Review, 1991).

Privatization has also changed the business in the united states. There are about 11 states which are currently using privately built facilities, and other states are even thinking of privatization. From the last several year's many local companies have adopted privatization and gain a lot of profit with the help of privatization in the united states. Many critics are against privatization and still don’t believe that privatization has increased the efficiency in the businesses. There are many private welfares which are working are providing health care and education to poor and needy people as compare to the government level institutions. Private organizations are providing more profit overall and performing their duties more accurately as compared to the government that’s why privatization has become an essential need for the organizations (Chin, 2016).

However, privatization will only provide benefit to the organizations and will be effective if private managers would have enough assets to act in the public interest. It is very important to be competitive in the market for organizations to become a successful private firm because that will be the only way for them to survive in the market. Researchers claim that if these conditions are not appropriately met, then it will be difficult for the firms or organizations to enhance the quality of services and increase the overall economy of the company (Harvard Business Review, 1991).

**References**

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