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Expert Group Meeting on  
the Role of the Public Sector in  
the Industrialization of the Developing Countries  
Vienna, Austria, 14 - 18 May 1979

**CONTROL AND MANAGEMENT OF PUBLIC SECTOR ENTERPRISES**

**SOME NOTES AND RECOMMENDATIONS\***

by  
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When organizing the expert group meeting on the role of the public sector in the industrialization of the developing countries, UNIDO put on the agenda an important problem of our day and age which has not been fully analyzed.

It is a fact that the public sector is not a new phenomenon in the modern economy, but its evolution and strengthening are becoming so important nowadays that its effects, as well as the conditions and consequences of its operations create economic relations of a new type. These influence to a considerable degree the allocation of capital, enrich our concepts on economic efficiency, and modify our views concerning the relationship between ventures and society. Whereas we are comparatively familiar with another venture of economic significance - trans- and multinational companies-, we have only a fragmentary, less systematized knowledge of the public sector. Moreover, it is sometimes queried whether its existence is justified at all.

All this does not change the fact that public sector is a reality of our age, not only in socialist countries, but also in market-economy countries. As for the developing countries, it can be stated that, in general, the realization of their socio-economic development is inconceivable without a public sector.<sup>1/</sup>

It need not be explained that the operation and conditions of public and private enterprises differ accordingly in countries with planned, market or mixed economies. It is a result of the nature of the public sector that its growth-related energies and benefits can be effectively applied under the planned-economy conditions. Therefore, an examination of the experience of countries with central planning and an appraisal of the development of concepts on the role, management and control of public enterprises may provide several guidelines that

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<sup>1/</sup> Participants in a round-table conference of the International Economic Society held in Mexico City, 9 - 14 January, 1978, came to the same conclusion, Seminario sobre "Empresas Publicas Y Privadas En Una Economia Mixta".

are also of use to the developing countries.

The strategic function of the public sector is of relevance to the developing countries. Of primary importance is the clarification of the question whether the public sector should be developed solely in those fields where there is no interest on the part of private enterprises or whether it should be established in all fields of industrial activity. The two concepts reflect basically different development strategies: in the first approach the public sector has only a complementary role, while in the second it stimulates development and thus has a leading role in economic growth.

No general answer can be given to this fundamental question. Apart from the historical, social and geographical situation prevailing in the individual developing countries, this question will be decided in the final analysis by the plans and priorities which individual governments have set in respect of the mobilization of their own resources and the character of their socio-economic development.

Two countries with a large surface area and population - India and Brazil - demonstrate how situations are judged differently and how different strategies can be adopted.

In India, the public sector was explicitly complementary in character at the outset insofar as it was restricted to the field of infrastructure. Subsequently, the attainment of independence, it was gradually extended to the sphere of raw materials and primary processing and, even later, to the competitive sphere of industry. Therefore, the public sector in industry is an important economic growth factor in the development of the Indian economy, and it plays a pioneering role in technological development.

Brazil has chosen a different strategy. Here certain strategic fields were identified, such sectors as infrastructure, - transport, -

communication and social public consumption, - as well as strategic industries such as the oil industry, heavy chemical industry, iron and steel manufacture and energy. Both sectors and industries are largely or fully dominated by public ownership.

In Brazil, the State invests in those branches, where, though returns are slower, the development projects can also exert an indirect influence upon the development of the private sector in terms of capacity utilization and the nature of the activities undertaken.

Unlike India, the complementary character of public sector in Brazil is more strikingly marked insofar as a division of labour has developed between the public and private sectors, where the latter has established itself in competitive branches of the classical processing industry where relatively high profitability results in rapid returns.

These are the principles on the basis of which enforcement of the leading role of public sector is justified in the development of the developing countries. Lord Kaldor enumerated convincing arguments in support of this standpoint.<sup>2/</sup>

The theory whereby the profit criterion secures the best allocation of resources is only applicable under highly unreal assumptions, whereby market mechanisms operate perfectly, both the labour force and the funds available are to be taken as given, and the profit accruing from any particular investment provides a measure of the net addition to the national output attributable to that investment. There are a number of convincing reasons for rejecting such postulates. The additional flow of output resulting from a given amount of investment may be very much greater than the flow of profits resulting therefrom, and it may be more reasonably measured by the value of the net flow of

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<sup>2/</sup> Lord Kaldor: "The Multiple Objectives of Nationalization" Seminario sobre "Empresas Publicas Y Privadas En Una Economia Mixta".

output or the value-added resulting from that investment. In general, when productive capacity is enlarged, it will be possible to increase the volume of employment, or to transfer labour from areas where its net contribution to the national output is very small or zero to new areas of employment where its productivity is positive and large and where the earnings of labour are also much higher. Consequently, the measure of social profitability should not be the profit imputed to the owners of the capital invested in an enterprise, but should also comprise the addition to other types of income generated by the investment. In principle, therefore, public investment can apply better criteria than private investment when deciding on the amounts and kinds of investment to be undertaken.

This is also confirmed by the fact that, when public investment is part of a national plan, it is possible to take all kinds of different indirect effects into consideration: this would not be possible with private investment. Keynes once said that, in the face of complete uncertainty, investors generally rely on a convention that the future will be just like the present, and for that reason "the effects of the existing situation enter, in a sense 'isproportionately' into the formation of long-term expectations". Hence capacity is only likely to be created insofar as its use appears to be profitable at the existing state of demand. Since the demand for commodities depends on the level of incomes which are generated in production, the additional production generated in the future by the sum of the investment decisions of the present will itself increase the demand for commodities in comparison with the present level. This factor cannot be taken into account, or only very imperfectly so by private investors, since they take their decisions independently of each other. Investment by public enterprise, on the other hand, can take into account the comprehensive effect of all investments when judging the social profitability of any particular investment project.

Furthermore, it should be noted that the market is underdeveloped in the majority of developing countries; in many countries market mechanisms are greatly limited, because the market economy itself is also limited and in some places subsistence agriculture, and prefeudalistic or feudalistic conditions still prevail. Under such circumstances, the state necessarily has an important part in the development policy; consequently, direct ventures of the state also play a decisive role.

Certain problems associated with the development policy and management of public enterprises are outlined below.

Size patterns in enterprises

State ventures are usually large: on an average, public enterprises are larger than private ones. The objective basis of this development concept is that:

- Public sector enterprises dealing with primary processing such as iron and steel manufacture and oil processing represent a relatively high proportion and their efficiency depends largely on the size of homogeneous capacity put into operation;
- The State initiates several such ventures which are aimed at the establishment of products or industries which are at the peak of their life-cycle or already at a mature stage, such as textile and clothing industry, or traditional machine-tool engineering. These activities are characterized by relatively stable and standard technologies, a high degree of capital-intensity and large size. History shows that the later a country enters the path of industrialization, the higher the capital concentration usually required for its realization;
- The State lays the foundations for several new industries, such as manufacture of rolling stock, power industry, or manufacturing of means of telecommunication. However, these industries have little or no specialized "back-up industry" such as the manufacture of parts and components or supply basis. State ventures are usually aimed at the realization of the production of some final product. Thus, it often happens that the manufacturer of final products also has to provide for the production of components and parts. This pressure for self-supply brings about entrepreneurial autarchy and, at the same time, forces increases in the size of enterprises. Thus, in some national economies, industrial enterprise "islands" are established, whose industrial and infrastructural environment has to be created in the future.



Subjective reasons also govern the foundation of major enterprises:

- State policy is also aimed at securing a basis in the economic structure, and large-scale public ventures form the economic pillar of political superstructure;
- Positive correlation between increasing size and higher productivity (efficiency) is conceived as an axiom, which is by no means verified in practice. Ensuring adaptability in competitiveness is often neglected. Sometimes there is inadequate harmony between the level of management and organizational structure, as well as the size of enterprises. 3/

Growth of private sector enterprises is more organic as opposed to the gigantism of public sector enterprises. Reasons for the poor performance of some of the public sector enterprises can be attributed to this mistake. 4/

While the ultimate plan could be for a large unit, the beginning should be reasonably sized with a modest outlay: the unit should be expanded according to a planned time horizon, as internal resources increase and managerial capabilities improve and in keeping with the demand of market conditions. In the manufacturing industries, the planning of the ultimate size of an industrial enterprise should be well thought out from the very beginning, and the manner in which the plan is to be achieved should be a gradual process and financed at an increasing rate by internal resources of the enterprise itself.

It should be noted at this juncture that the author has not, or only occasionally, seen forms of co-operation exceeding traditional trade relations among public enterprises that function in developing countries. Efficiency of human and capital inputs would surely improve, if permanent forms of direct co-operation were to

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3/ Out of 142 public-sector enterprises in India 71 utilized their capacity to the tune of more than 85 per cent in 1977-78. Capacity utilization in 31 units ranged between 50-75 per cent, while 27 units operated below 50 per cent capacity. Deccan Herald, 24 February, 1979.

4/ S.M. Patil: Note on the Management of Public Sector Enterprises. Gokhale Institute of Politics and Economics. March, 1979. Poona.

develop among public enterprises - e.g. various kinds of associations - in research and development, marketing, etc. However, such forms of co-operation can only be efficient, if they are based on mutual advantages.

### Relationships between the State and enterprises

Management of public enterprises and relationships between enterprises and the State give rise to many debates. Practice is very diversified, and generalizations should also be avoided in this respect.

There are many signs to the effect that the development of an efficient operation of public enterprises will sooner or later necessitate an occasional modernization of the division of labour between the State and enterprises in many developing countries.

It is understandable that, in the initial stage of industrialization, direct methods of state control are predominant and that state organs decide on production tasks, sales, etc. The reasons for this is often that public enterprises do not initially dispose of skilled and experienced managers.

However, as a higher degree of industrial development is attained and as the demand for decision making increases, the methods of control and management should be developed and harmonized with the higher level of economic and industrial development.

For example, state control and management of India's industrial enterprises need further modernization according to both Indian literature and the experience of the author.

Although many Parliamentary Committees, commissions and experts, etc. have recommended greater autonomy to the management of public sector enterprises, in actual practice the latter have been hamstrung by controls from all wings of the government, even in respect of

day-to-day matters. The Board of Directors of public sector enterprises are in reality not policy-making bodies. Instead, they are controlled most of the time, and overruled by the administrative Government Ministry. Recently, the Ministries have instituted a sort of super Board Meetings of public sector enterprises known as "Review Meetings", where discussions are made, directions given and even the Board decisions which do not fully meet with the approval of the Ministry are changed and revoked by the Secretary of the concerned Ministry. Hence, the real Chief of a public sector enterprise is not the Chairman and the Managing Director, but the Secretary who does not take full responsibility for the outcome of the decisions and directions given by him. <sup>5/</sup>

Thus, the present organization of public sector enterprises and the direct control and interference by the administrative bodies take away a great part of the autonomy and responsibility of the Board and of the Chairman and Managing Director of the public sector enterprises.

My visits to Indian public sector enterprises and consultations with scientific researchers have convinced me that they consider the reformation of the relationship between State and enterprises topical.

In Hungary, we have obtained abundant experience concerning the development of planned economic control and management by the State. Without recommending any adoption of Hungarian methods by anybody - so much the more since we are working on the perfection of these methods even now - certain conclusions of principal importance and thus applicable to generalization at the expert group meeting are submitted below.

a) The sphere of action and of entrepreneurial and managerial functions should be made clear in principle. We have experienced that when State organs practically took over the tasks of management

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<sup>5/</sup> S. M. Patil

(they prescribed production tasks, raw and basic materials to be used, sales directions, prices, etc.) sooner or later strategic and economic policy activities of the state receded into the background; in state control and management, short-term processes were necessarily given predominance (e.g. in the control of national economy, the role of yearly and even quarterly plans increased).

Separation of entrepreneurial ownership and managerial functions, respectively, is a precondition for the elaboration of a system of economic policy conditions regulating the operation of enterprises and of long-term development policy and should be given predominance in state control and management. This could moderate factors of uncertainty in the activity of enterprises and create **more advantageous** conditions for adaptation of the longer term for the management.

b) Naturally, no one will dispute the right of the State as owner of the enterprise to utilize also direct methods of management and control in case of necessity. This might also lead, however, - partly for want of adequate experience - to well-intentioned exaggerations.

In Hungary, for example, experience in the 1950s and 1960s showed that the sphere of action and freedom of movement of leading organs (e.g. ministries) were by no means too great. At that time, leading organs controlling the economy were not given considerable concentrated power at all. Just on the contrary: leadership was very dissipated, and there were hardly any more important questions which could have been decided upon by a single leading organ through its own competence.

At the same time, the considerable strengthening of the authority of the leading organ of economic control and management (e.g. National Planning Office) is almost always a concomitant phenomenon of organizational measures carried out in the spirit of decentralization.

In our practice, the contents of centralization - and thus also that of central state control and management - were interpreted in such a way that it is a transfer of action to organs at higher levels in the economic hierarchy, even if - in the meantime - various related actions are not at all concentrated in one hand. According to this concept, the relevant criterion for centralization is that the right to make decisions should be in the hands of the "central organ".

Centralized direction is an objective necessity to be proved theoretically and verified also by practice in the economy of the developing countries. However, the economist following practical facts may find some contradiction: theory and economic logic prove the advantages of centralized economic control and management; still practice seems to have verified (and could verify in some developing countries) that parallel with the large-scale concentration of action with state organs of economic control and management, some decrease of the adaptability of the economy can also be experienced.

We have tried to eliminate this contradiction in Hungary by introducing the notion of "exaggerated centralization". However, an obstacle arose precisely in this connexion: adequate criteria to determine when centralization is exaggerated, and when it is insufficient were missing.

Striving for a solution to the problem we had to overcome the habit of making differences only on quantitative basis. Centralized (or decentralized) direction cannot be applied in the same way as a cook uses salt repeatedly tasting the soup to see if it is enough or not. The issue is not solved by determining how much centralization is desirable and, at the same time, sufficient, but rather, where and what (action) should be concentrated - that is the question.

Parallel with the development of productive forces, harmonized management is required at increasingly higher levels (on all-social scales). But, this harmony is needed not only with respect to entire society, but also on lower levels of the national economy, i.e. on the levels of industries, enterprises and even plants. In order to

create local harmony, it is absolutely necessary that the person or organ directing the given field should be able to realize a kind of management, co-ordinating various activities belonging to his or its task. Consequently, it is an indispensable precondition that he or it should dispose of enough power to control all the relevant factors belonging to the activity of the field falling under his or its direction.

However, if the necessary centralization of action is not realized, contradictions may arise in the reproduction process, the preliminary recognition of contradictions becomes more difficult, and, consequently, **the** entire process will take place more or less spontaneously, with unforeseen and immeasurable difficulties and disturbances.

However, centralization of action so as to form a precondition for harmonized direction is not identical with cramming together spheres of action on the highest levels possible. Furthermore, centralization of action in necessary places can even be impeded, if they are centralized at a level higher than necessary, just as if they are left at a lower level than necessary. For example, direction will be dissipated, instead of one organ or person (a director of the enterprise) disposing of the various factors necessary for coordinating activities in respect of problems to be decided at the enterprise level, three different departments of the supervising ministry are involved. In such a case, we cannot speak of real centralization, though spheres of action were transferred to a "central" agency (to a ministry instead of an enterprise). On the contrary, a dissipation of action has taken place.

Experience has also shown that cramming together action at higher levels in the system of control and management (which is precisely what we usually call exaggerated centralization) necessarily leads to the division among several agencies of spheres, whose centralization is an important requirement for economic management. While decision-making is shifted to an increasing degree towards central agencies, the dissipation of management seems to be a paradox, but it can be easily explained.

If spheres of action are crammed together at a higher level than necessary and if such details of production and sales processes are controlled and directed at higher stages of the system of control and management, whose control could be better solved on lower levels, the increased tasks of control and management can only be solved by an ever growing and simultaneously more and more divided apparatus.

In this way, "decentralization" (as we usually call such reforms which are aimed, - inter alia -, at increasing the independence of enterprises and widening the sphere of action of local management agencies) properly carried out means centralization even in a double sense:

- 1) Spheres of action necessary for the control of production processes at low levels (enterprise and regional levels) are centralized in the hands of enterprises and local management agencies, respectively;
- 2) More advantageous conditions are created for organs dealing with coordination at a high level.

One of the starting points of the reform of the Hungarian system of economic control and management (1968) was that decisions should be made at those levels of the economic hierarchy (enterprise, ministry, government, parliament) at which the information necessary for the decision is available.

The weakness of a central decision-making system usually lies not in wrongly formulated objectives but in the assumption that good objectives are not formulated as concretely as details of enterprise management would require, and there is no possibility to enforce real requirements. It does not seem favourable either, that state organs take direct responsibility for development decisions being necessarily uncertain. In case of only partial realization or the eventual failure of a development, there is an undesirable temptation for the government to impede, by virtue of its power and by budgetary subsidies, the revelation of the failure. <sup>6/</sup>

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<sup>6/</sup> R. Nyers - M. Tardos: "Vállalatok Magyarországon a gazdasági reform előtt és után." (Enterprises in Hungary before and after the reform). Seminario sobre "Empresas Públicas y Privadas en una Economía Mixta.

All this does not contradict the principle that the enforcement of central economic development concepts and preferences is also necessary in the competitive sphere of the national economy. Central agencies cannot reject the planned selection of branches whose establishment or powerful development will result in the improvement of the efficiency of the entire economy with great probability. However, methods must be found for the enforcement of preferences accelerating development and for the protection of new industries which, at the same time, will not weaken creative force promoting the success of ventures and the adaptation of production to changing conditions.



### Management

The third conclusion to be drawn is that it is not expedient to consider the leader of public sector enterprise a representative of the government, an official carrying out national economic tasks.

As regards management personnel in public sector units, in the initial stages and to some extent even now, there has been a tendency to use civil service personnel on short-term deputations in order to man key positions. In many developing countries, considerable attention has been given by public sector enterprises, especially in technologically complex fields, to making special efforts to provide technical training, so as to set up appropriate cadres of technical and managerial personnel. In this respect, the public sector enterprises in many developing countries have made a special contribution to the creation of a pool of capable persons for manning new industrial units.<sup>1/</sup>

It can be debated whether management in the private sector of industry in the developing countries is better and more efficient, in general, than that in the public sector. In many cases, management of public enterprises seems to display less initiative and efficiency than that of the private sector, because the degree of freedom in decision-making is greatly restricted in the former and it occasionally happens that the trust public agencies have in them is not appropriate either. Therefore, a change of direction is desirable in this respect. At the same time, it can be expected from the enterprise manager that he acts according to the behaviour of a good businessman in his relations with public agencies. Should relations be temporarily disturbed, he should not strive to exploit the partner (the state or other public sector enterprise) but should take into consideration that mutual advantages constitute the basis of security.

High-level legal regulation of relationships between the State and enterprise is advantageous. A separation of functions will favourably influence the economic control and management of public agencies as well as the economic activities of the public sector enterprises. In Hungary, the Law on State Enterprises was formulated in 1977, and it unambiguously determines the organizations having the right to found enterprises, the management system

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<sup>1/</sup> In India the Sacher Committee recently recommended that only statutorily qualified personnel be taken as professional managers.

in those enterprises, and the rights and duties associated with economic activity. It also stipulates the enterprises' sphere of action, the methods of state control and supervision of the enterprises, the tasks relating to the participation of workers and employees in enterprise management and the conditions under which enterprises go into liquidation.

### Efficiency of public sector enterprises

There are no reliable data available, on the basis of which it could be proved in an exact manner that the public sector is more or less efficient than the private sector. It is a fact that in some countries the efficiency of enterprises in the two sectors is compared on the basis of standard indicators of returns. However, this fails to provide information on the contribution to the many-sided development of the national economy effected by the two sectors or the enterprises belonging to one or another of them.

Many economists in the developing countries are of the opinion that an assessment of the efficiency of a public sector enterprise cannot be based solely on its financial performance. It is presumed that the government of a country does not set up an industry with the sole objective of "profit making". There are other vital considerations, social, national and strategic in nature, which are of equal weight. It is here that any process for the measurement of efficiency in a public sector enterprise becomes complicated. Criticism is sometimes levied against public sector enterprises for having given more importance to social responsibilities and for having incurred losses in the process.

There are also other cases when the nature of investment will result in a relatively long duration of returns (e.g. in the case of capital-intensive investments). According to the author's experience, low efficiency in several public sector enterprises is caused by administrative prices. It also happens that, in some countries, prices in the public sector are kept at artificially low levels with the intention of supporting and stimulating the private sector.<sup>8/</sup> In addition, the role of the public sector is not only that of a financier, but also that of a saviour of "sick" units in the private sector.

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<sup>8/</sup> In India in the late fifties and early sixties the price policy of public sector enterprises was so organized as to make their products serve the profit interests of the private sector. Dr. H.K. Paramjape: The Public Sector in the Indian Economy. Gokhale Institute of Politics and Economics, March 1979. Poona.

According to the Hungarian experience, efficiency requirements took on only a secondary role in the initial period of industrialization, mainly until there were abundant resources for extensive development available. But, as resources became scarcer, and the country's dependence on foreign trade increased, efficiency came to the fore both in development and in the operations of the enterprises: efficiency that had to be measured according to an international yardstick.

Of course, Hungarian enterprises also have social tasks (cultural and educational functions, housing programmes, provision of sports facilities, activity, etc.), but experience has shown that it is not advisable to combine economic and social functions. Therefore, in the accounting system used by Hungarian enterprises, social expenses are registered separately: what is more, their development depends primarily on the efficiency of the enterprise activity.

Another conclusion is that state ownership does not mean an automatic guarantee for efficient operations. We should be aware of the fact that it is not a good starting point if we think that a state enterprise is always more efficient than a private enterprise (eventually on the basis of special criteria of efficiency). This is not so. Stimulation of, and the need for, efficiency should be "built in" to the public sector, since assuming that this will come of its own accord will not ensure high efficiency and competitiveness.<sup>2/</sup>

In developing countries where capital is in short supply, it is especially important that state ventures become economically efficient as soon as possible and thus contribute to an expansion of public resources. Permanent losses should not be compensated for by state subsidies, in general, since this does not encourage an improvement in efficiency. If subsidisation cannot be avoided, it, should, wherever possible, be granted only for a certain period and to an ever decreasing extent. In India, there are public sector enterprises whose calculation is based on individual costs plus centrally determined profit rate (e.g. 10 per cent). The more or less automatic recognition of individual inputs is usual in such cases, when the enterprise is in a monopolistic situation and where, at the same time, the main user of the given product is also the state. In the case of other enterprises - mainly oriented towards export

<sup>2/</sup> According to estimates of the Draft Five-Year Plan of India referring to the years 1973-1983 post-tax return should be increased on the average from 4.8 per cent to 10 per cent in the competitive sector of the industry.

markets - the price-determining role of individual costs decreases, since the demand effect of a competitive market also has to be reckoned with. It should be considered, however, whether it is correct to undertake export activities - and within this context to effect price differentiations - in a special foreign trade organization as distinct from a productive enterprise, especially in the case of special products.

In Brazil, the author has observed public sector enterprises are hardly or not at all withdrawn from the effects and value judgement of the market; both the utility and efficiency of their activities have to be proven, usually under competitive conditions.

Acknowledgement of permanent losses on the part of public sector enterprises is not advisable, even for political reasons, since it will strengthen forces opposing the development of the public sector. Therefore, it is expedient, after the running-in period, if the economic environment created for the public sector is as strict as that created for the private sector. Furthermore, an equally strong stimulation and interest can be enforced for both public and private enterprises competing with each other or operating in complementary fields. Any absolutely necessary (and justified) subsidization should be handled separately from the profit of the enterprise. Only preferences of a standard character, those uniformly granted to all enterprises, should be charged to returns accruing from sales (as a profit-increasing factor).

The above aspects of control and management in the public sector were selected without any claim to completeness. Methods of control and management have only a secondary, subordinate role as against development strategies, but they form an indispensable system of tools in the realization of strategies.

The system of control and management also functions as a signalling system influencing the flow of information between the State and the enterprises, the quality (reality contents) of information, the adaptability of the State's economic policy and that of public sector enterprises, as well as providing for necessary corrections in strategies in the course of time.

In this connexion, reference should be made to paragraph 21 of the report of the Executive Director of UNIDO on the Role of the Public Sector in Industrial Development<sup>10/</sup> which states among other things that "...few countries have formulated concrete strategies for the development of the sector... or

10/ ID/B/221, 15 February, "Activities of UNIDO related to the Public Sector".

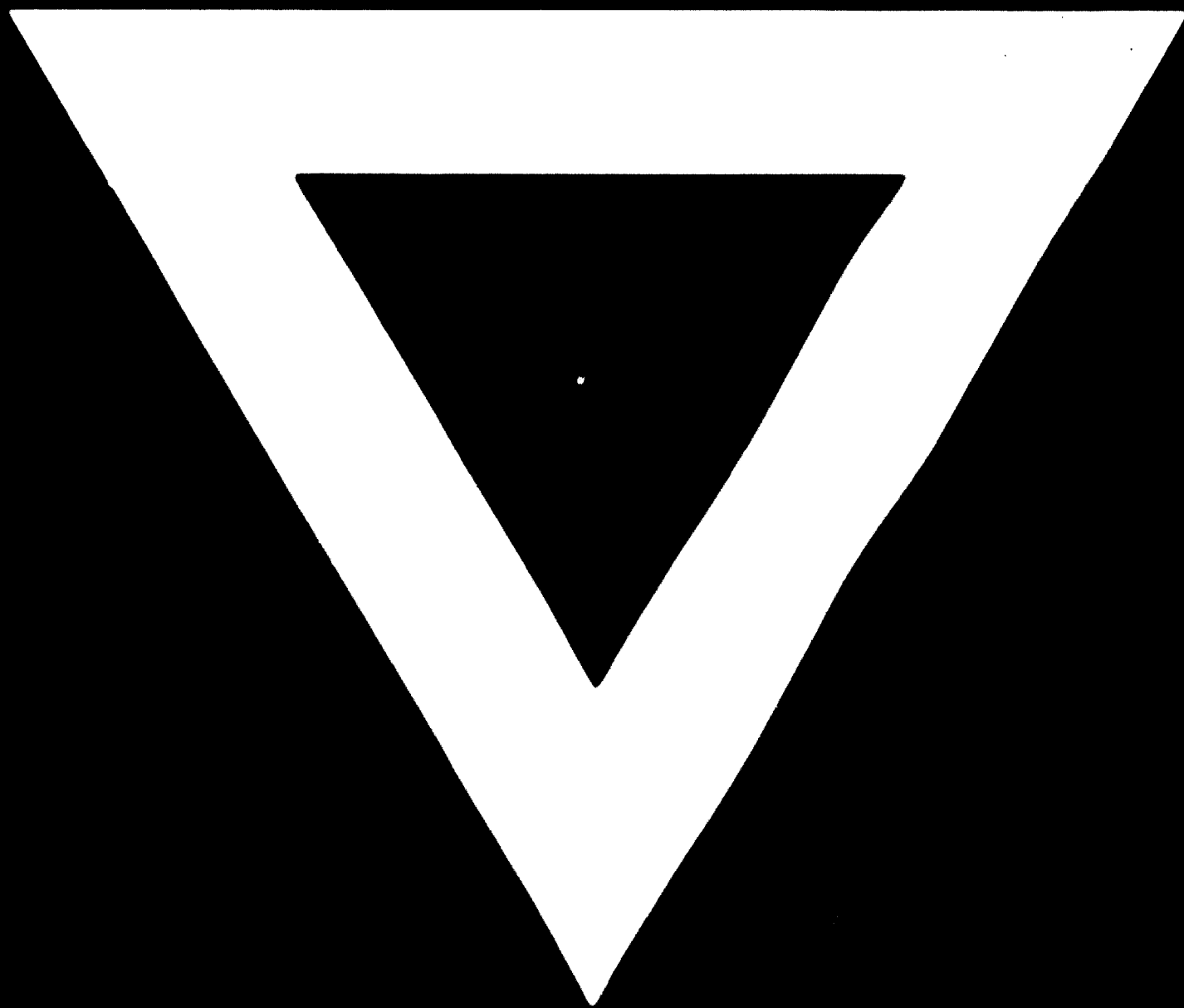
have established co-ordination and control machinery for the sector". I consider it important to emphasize the interrelation between the two aspects of strategies: the system of targets and the means.

Therefore, it would be good, were UNIDO to support the study and publication of experiences obtained in the field of control and management of public sector enterprises along the following lines:

- Conduct of country studies (e.g. choosing one country by region);
- Conduct of comparative studies (e.g. in the form of case studies to survey the management of enterprises belonging to the same industrial branch);
- Examination of the role and application of individual management methods (e.g. planning, income regulation, monetary and tax policy, subsidies);
- Solution of methodological problems of international comparisons (e.g. measuring);
- Examination of the experience obtained in enterprise management in the socialist countries having different conditions, and their application in developing countries.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards even though the best possible copy was used for preparing the master fiche.

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