

PLS 308 – Public Administration

Topic: Introduction

What Is Public Administration?

- Lots of different definitions (See Stillman 2000)
 - One I tend to like:
 - Process by which government supplies goods, and services, make and enforce regulations, manage resources, and resolve conflicts in an efficient and equitable manner while remaining accountable to the public for both means and outcomes
 - Most definitions tend to be preoccupied with
 - The executive branch of government
 - The formulation and implementation of public policies
 - The involvement of a considerable range of problems concerning human behavior and cooperative endeavors
 - A field that can be differentiated in important ways from private administration
 - Production of public goods and services
 - Rooted in law as well as the functions necessary to carry out laws
 - Multidisciplinary in character
 - Some think the lack of a common definition contributes to the field's identity crisis
- The task of administration is to carry out policies - government's choices of action - in an organized fashion
 - Examples of implementation tools include: cash payments, construction and maintenance of infrastructures, provision of services, regulation of behavior, improve capacity to govern
- Important to distinguish between government and politics
 - Government: the legal entity and process used to maintain order and provide goods and services to society
 - Politics: Concerned with governments use of authority to distribute costs and benefits among members of society
- Like law or medicine, public administration is both a profession and an object of study
 - Practitioners must act amid uncertainty about whether their actions will achieve desired ends, yet they must have available to them a body of knowledge that can guide their actions
 - Academics are concerned with how the job is done, how it can be done better, and what the outcomes of these efforts are
 - Public administration has changed from clerkship, to a profession to a cluster of professions as government got larger and more diversified in its roles and responsibilities
 - There is a need for both specialists and generalists
 - Multiple disciplines: political science, sociology, economics, law, psychology, business management, and engineering

Competing Values in Public Administration

- Rosenbloom (1983) argues that the central problem of contemporary public administration theory is that it derives from three disparate approaches to the question of “what is public administration”. Each emphasizes different values, promotes different types of organizational structures, and views individuals in markedly different terms
 - Managerial approach
 - It promotes the values of efficiency, effectiveness, and economy.
 - Strengthened by work of Taylor and others.
 - Promotes organization along the lines of Weber’s ideal type.
 - Promotes and impersonal view of individuals.
 - Political approach
 - It stresses the values of representation, responsiveness, and accountability.
 - Grew out of the observation that public administration was anything but devoid of politics.
 - Rather than emphasizing clear lines of functional specialization, hierarchy, and recruitment based on neutral administrative competence, the political approach emphasizes the advantages of political pluralism within public administration.
 - Tends to view the individual as part of an aggregate group and does not depersonalize the individual. Individuals represent some group’s interests.
 - Legal approach
 - It stresses the values of procedural due process, individual substantive rights, and equity.
 - Movement towards the judicialization of public administration.
 - Preferred structure is one that maximizes the use of the adversary procedure.
 - Considers the individual as a unique person with a unique set of circumstances.

Development of Management Theory

- Why learn this history?
 - It shows that the major contributors to the field have usually treated management as being generally similar in all contexts with little distinction between the public and private sector
 - Many of the names, terms, and ideas that form the vocabulary of management (e.g., theory x and y) come from this history and well-prepared managers need to recognize this vocabulary
 - It is hard to appreciate any field of study without having some knowledge of its development and the great debates/questions confronting those that came before you
 - What follows is an abbreviated summary. See Rainey (1997) Table 2.1 for a detailed summary.
- Politics/Administration Dichotomy (1887 to 1926)
 - Woodrow Wilson’s (1887) essay “The Study of Public Administration”
 - Often cited as the founding father of the field of public administration
 - He notes that much of political science is focused on politics –developing a constitution – yet more work needs to be done on learning how to administer these laws

- “It is getting harder to run a Constitution than frame one”
- Administrative problems grew as government became increasing complex
- Rational for new field is that these things must be studied to be well done
- Wilson (1887) calls for establishing a new science of administration that would make the business of government more businesslike, “to strengthen and purify its personnel”, improve the quality of personnel, and improve the organization and methods of government
- Calls for a comparative approach looking to what is going on in Europe, which he claims is much more advanced
- He claims that as far as administrative functions are concerned, all governments have a structural likeness
- The question for the U.S. is how shall out series of governments within governments be administered
- Maybe best known for proposing the politics/administration dichotomy
- *Politics/Administration Dichotomy*:
 - There are two distinct functions of government - politics and administration.
 - Challenge to effective administration in this country is that we have “enthroned public opinion”
 - Much easier to administer when your task is to carry out the plan of a single sovereign ruler (challenges imposed by federalism)
- Public administration should focus on the government bureaucracy.
 - “there is no Republican way to build a road”.
 - Once politics is removed, “the field of administration is a field of business”
 - “administration lies outside the proper sphere of politics. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices”
- Some still want to maintain the illusion that there is a dichotomy or don’t explicitly reject the idea that such a dichotomy is possible while others explicitly reject the notion that such a dichotomy is possible or desirable
- Scientific Management
 - Frederick Taylor (1911) is often cited as one of the pioneers of managerial analysis and was one of the major figures in the “scientific management” school, which involved the systematic analysis of tasks to be performed by workers.
 - Taylor was the foreman of the Pennsylvania Steel Company at the turn of the century and he attempted to replace old, inefficient methods of production with a more scientifically based approach
 - Main techniques are simple and rational. Strategy was to discover and elaborate on the best way to do a job. Techniques include
 - Strict accounting of workers time
 - Control over the use of materials and equipment
 - Analysis of work processes and the time used to complete each work process.
 - Taylor also developed techniques like time-motion studies which are still in use today
 - Human beings are perceived of as being adjuncts to the machine and the primary objective was to make them as efficient as the machines they operated.

- Bureaucratic Theory (Weber)
 - Weber and his peers were interested in learning how bureaucracies functioned and why they functioned as they did.
 - Weber’s focus was on specifying the defining characteristics of the bureaucratic form, which he argued was a desirable form of social organization. He equated the spread of bureaucratic organizations in society with the movement towards more legal and rational forms of authority and away from authority based on monocratic power or charisma
 - According to Weber, the “ideal type” bureaucracy would have the following characteristics:
 - *Static and clearly defined jurisdictional areas* exist and are determined by law or by administrative regulations.
 - Organization and distribution of activities are based on the *division of labor and specialization of functions*.
 - Authority to give commands necessary to discharge organizational duties is not arbitrary but stable and prescribed. Emphasis is on *rules and procedures*.
 - Bureaucratic management is based on *written documents* known as “the files” which are preserved in their original form
 - Organization of officials is *based on hierarchy*; that is, each lower official is under the control and supervision of a higher one, and so on. The superordinate has the authority to issue directives and subordinates have the duty to obey. The nature of directives is fixed by law, but the system affords lower officials to appeal decisions to a higher office
 - Officials are offered positions on the basis of contracts freely entered into and binding. Personnel are selected for their professional qualifications and thorough expert training is presupposed for management positions. Ideally, recruitment is based on examination or educational certification congruent with the office. Goal is the development of a *career system*
 - Weber argues that the principal advantages of the bureaucratic form are
 - From a purely technical point of view, the bureaucracy is capable of obtaining the highest degree of efficiency and is the most rational known means of controlling human beings
 - It is capable of achieving economies of scale by reducing the duplication of activities and the efficient concentration of resources
 - It depicts the organization as a simple tool in the hands of a master. It does not ask questions or state opinions, it is cold and depersonalized, but it is a rational instrument designed to produce predictable results.
 - Weber had reservations about the use of the legal-rational model for democracy. He feared that
 - Increased bureaucratization and rationalization would have the effect of separating people from their means of production
 - Because access to university education (at the time) was tied to economic advantage, he was concerned that the higher level education requirement for entry into the upper levels of bureaucracy would create a new elite

- Bureaucracy might become over dominant in a democracy fearing that a politician, who was less likely to be an expert than the bureaucratic expert, would therefore be unable to control the bureaucratic expert
- Bureaucracies tend to accumulate power such that in Weber (1909) lamented: “It is horrible to think that the world could one day be filled with nothing but those little cogs, little men clinging to little jobs and striving towards bigger ones . . . The passion for bureaucracy is enough to drive one to despair”
- Most of us are also aware of bureaucracy’s failings and images of “paper shufflers” and “red tape” are common.
 - Due to society’s low esteem for bureaucracy, the term “bureaucrat” has almost become insulting
 - Bureaucracies have two interrelated failings:
 - They are designed to be static and thus are resistant to change. This resistance to change stems from their authoritarian, centralized, top-down nature.
 - They often have a dehumanizing impact on their workers who are viewed as cogs in a machine. Often the only individual that matters is the leader.
- Administrative Management (Principles of Administration)
 - Gulwick and Urwick (1937) promoted seven principles of administration entailed in the anagram POSDCORB:
 - *Planning*: working out the broad outline of things that need to be done and the methods for doing them to accomplish the goals of the organization.
 - *Organizing*: Establishing the formal structure of authority through which sub-divisions are organized, defined and coordinated.
 - *Staffing*: The whole of personnel functions including bringing in and training staff and maintaining the favorable conditions for work.
 - *Directing*: Task of making decisions and embodying them in general and specific orders and instructions and serving as the leader of the organization.
 - *Coordinating*: The all-important duty of interrelating the various parts of the work.
 - *Reporting*: Keeping those to whom the executive is responsible informed as to what is going on. This includes records, research, and inspection.
 - *Budgeting*: All aspects of budgeting including planning, accounting, and control.
 - Examples of principles
 - *Span of control*: it should be kept narrow and limited to between 6 and 10 subordinates
 - *One master*: each subordinate should have only one master
 - *Technical efficiency through the principle of homogeneity*: tasks should be grouped by their degree of homogeneity
 - The difference between bureaucratic theory and administrative management was basically one of theory
 - Weber and his peers were interested in learning how bureaucracies functioned and why they functioned as they did.
 - Gulwick and his colleagues thought they understood how bureaucracies functioned and were more interested in helping administrators function more efficiently.
 - Biggest critic of the principles approach was Herbert Simon (1946)

- He demonstrated that for every principle there was a counter principle, which thus makes the whole idea moot.
 - “Look before you leap” vs. “He who hesitates is lost”
- One example he uses is that the literature argues that the span of control should be small which results in tall, hierarchical organizations but the same literature also argues that there should be as few hierarchical levels as possible
- Dahl (1947) notes three problems. Public administration should:
 - Rethink its normative assumption that are based on a sharp dichotomy between politics and administration
 - Expand its conception of human behavior beyond the narrow, technical “rational man” and explain more realistically how humans act within organizations
 - Embrace the way broader historical, economic, and social conditions influence administrative results, not just the techniques or the technicians (role external environment plays)
- Birth of the Neobureaucratic Perspective
 - Herbert A Simon gives birth to a whole new perspective of public administration - the Neobureaucratic perspective.
 - Focus was on the process of decision making instead of finding the best organizational structure.
 - Developed his theory of bounded rationality to counter criticisms of the rational model and to illustrate the strong role that incentives and inducements play in organizational decision making
 - Was very influential in influencing subsequent research on organizational decision making (e.g., Cyert and March 1963)
 - We’ll discuss in more detail in the decision-making section
- Human Relations Movement
 - These scholars challenge Weber’s theory of bureaucracy, Scientific management, and administrative management on a variety of ways.
 - *Hawthorne Studies*
 - In 1924 Elton Mayo and Fritz J. Roethlisberger began a series of studies later known as the Hawthorne Studies. Studies took place at the Hawthorne plant of the Western Electric Company.
 - Experimenters were forced to abandon their notion of “economic man”, a man motivated primarily by economic interest, because the actions of workers could not be understood apart from a wide range of feelings and emotions.
 - Path-breaking illustration of the influence of social and psychological factors on worker behavior.
 - Lowered lights, but productivity increased because the workers responded to the fact that they were in an experiment. Their focus on the physical conditions actually altered the social conditions and that apparently stimulated productivity
 - *Hawthorne effect*: tendency for people to change behavior when they know they are being observed
 - Actual results of these studies have been challenged overtime on methodological and statistical grounds

- Most of the leadership and motivation research is best placed in the human relations school. These will be discussed later
- Contingency Theory and Systems Theory
 - Criticisms of the human relations approach, increasing attention to general systems theory, and new research findings led to a more elaborate view of organizations.
 - *Contingency Theory*
 - Researchers began to see that organizations would adopt different forms under different circumstances.
 - Frequently examined contingencies include tasks and technology, organizational size, environment and other factors specific to the nature of the organization.
 - It became the dominant form of organizational analysis in the 1960s and 1970s. It still provides a guiding framework, although many organizational theorists have now moved in new directions.
 - *Systems Theory*
 - Maturation of the systems concepts followed their successful use during W.W.II. Approach gained prominence during the 1960s and 1970s
 - Despite divergent perspectives this perspective has a number of characteristics that are important to note
 - Modern organizations receive inputs from the environment, transform them into outputs, and return them to society
 - Through constant interactions with the environment, organizations learn, and must be able to adapt to environmental changes
 - Thus, environment, change, adaptability, and purposive goals are some of the key features of system theory
 - Other key characteristics include interrelatedness and interdependence of internal parts and subsystems of organizations in achieving common goals
 - There are two types of systems - open and closed
 - One area of disagreement is whether the environment determines organizational structure and actions or whether organizations can make strategic choices to adapt to changes in its environment or can even manipulate its environment
 - More influence in the policy analysis literature than the management literature
- Reassertion of Democratic Idealism (1968 – 1988) (See Stillman 2000)
 - 1968 Minnowbrook Conference had young scholars in their 30s criticizing the conventional approach and encouraged a “new public administration” based on the ideals of participation, consensus-building, sharing ideas, mutual trust, etc.)
 - Vincent Ostrom’s (1973) *Intellectual Crisis in American Public Administration* is also critical of the conventional “Wilson-Weber Paradigm” and its emphasis on hierarchical, centralized structures and instead notes the ways that democracy is enhanced through polycentric structures with diverse decision-making centers and fragmented, overlapping, decentralized authorities. This, he argues enhances public choice (individual choice)
- Present day there are many different streams of research. Some examples include:
 - Organizational theorists
 - Tools approach (Salmon 1989) which focuses on studying the tools of service delivery

- Reinventors (Osborne and Gaebler 1992) and others concerned with performance measurement, TQM, strategic management, etc.
- Public management movement focuses on applying generic management theory to public organizations and making necessary modifications (still strong support for generic management theory traditions)
- Postmodernists, interpretivists, and refounders (VMI)

What are Public Organizations?

- Any organization that isn't private?
 - Public organizations
 - Examples include federal (e.g., EPA), state (e.g., Indiana DNR), and local (e.g., Bloomington Planning Department) agencies
 - Many different kinds of administrative agencies
- Quasi-governmental organizations
 - Examples include government corporations (e.g., port authorities, pension funds, solid waste corporations) and regulated enterprises (e.g., utilities).
- Third sector (nonprofit/nongovernmental)
 - Examples include hospitals, schools, universities (e.g., IU), philanthropic organizations (e.g., Red Cross), community service groups (e.g., Salvation Army, boy/girl scouts), churches, advocacy groups (e.g., Sierra Club).

Why Do Public Organizations Exist

- Robert Dahl and Charles Lindblom (1953) in *Politics, Economics, and Welfare* provide a useful rationale for why public organizations exist
 - Accordingly to Dahl and Lindblom (1953) two alternatives exist for nations to control their political economies
 - Political hierarchies
 - Economic Markets
 - Markets have limited ability to deal with certain types of problems and government action is thus required
 - *Public goods and free riders*: Certain services once provided benefit everyone and individuals have the incentive to act as free riders and let others pay
 - *Individual incompetence*: People lack sufficient education or information to make wise decisions so government regulation is required
 - *Externalities or Spillovers*: Some costs spill over to people who are not involved in market exchange
- Public and Private Goods Typology
 - Two characteristics can be used to distinguish between public and private goods
 - Rivalry (subtractability): When what one person consumes cannot be consumed by anyone else
 - Excludability: Some particular person has exclusive control over the good (legal and physical)
 - Rivalry, excludability: Private goods
 - Nonrivalry, excludability: Marketable public goods/toll goods

- Nonrivalry, nonexcludability: Pure public goods
- Rivalry, nonexcludability: Common property resources

Public and Private Management are They Similar or Different

- Wallace Sayre coined the phrase government and business are “alike in all unimportant respects” (Allison 1979).
- Many organizational theorists, especially contemporary organizational theorists, don’t make a distinction about public and private organizations
 - Look in contemporary organization theory section for which organization theories apply to public and private organizations
 - Public organizations tend to be found in a greater number of contexts (e.g., determinism vs. choice typology)
 - Some recent effort to identify a theory of public organizations (e.g., Davis 1996)
 - Simon (1995), Cyert and March (1963, 1992) and others from the neobureaucratic perspective argue there are no basic differences
 - Thompson (1962) argues that there are more similarities than differences
- Rainey, Backoff, and Levine (1976) argue that there is reason to approach the subject of public-private comparisons carefully and to avoid premature dismissal of its significance
 - *Normative, prescriptive implications*: There are widely discussed concerns over whether various aspects of the convergence of the two sectors are good or bad
 - Which techniques or attributes of public or private organizations should be preserved, abolished, exchanged, or kept separate
 - *Implications for knowledge and understanding*: Prescriptions can be no better than our understanding of a phenomenon.
 - To the extent that there are differences, they should be studied to improve our understanding of the workings of organizations in a complex society
 - *Theoretical implications*: Will help systematize knowledge about organizations including choices about the level or unit of analysis
- Rainey, Backoff, and Levine (1976) argue that the inquiry into differences between public and private organizations involves two tasks
 - Clear definition of “public” and “private” sector organizations which would specify and draw a clear line between the two
 - This has been elusive
 - Specify the full range of variation which is empirically and logically related to the defining differences
- Rainey (1997) argues that the distinction between public and private and private organizations often involves three factors
 - Interests affected: whether benefits or losses are communal or restricted to individuals
 - Blau and Scott (1962) distinguish between commonweal organizations which benefit the public and business organizations which benefit their owners
 - Public interest is hard to measure
 - Access to facilities, resources, information
 - Agency: whether a person or organization acts as an individual or for the community as a whole

- This is the basis of Benn and Gaus’s (1983) approach. See below.
- Rainey, Backoff, and Levine (1976) identify 4 basic approaches to defining the line between public and private organizations
 - *Common sense approaches*: Don’t use explicit definitions and assume everyone has an adequate idea of what he/she is talking about (e.g., Weidenbaum 1969)
 - *Practical definitions*: Unsubtle rules of thumb are applied due to the need for a definition (e.g., Bureau of Labor Statistics includes the Postal Service and TVA as private)
 - *Denotative approaches*: A sector is delineated by simply listing the activities or organizations which fall within its purview (e.g., Emmerich 1968)
 - *Analytic approaches*: attempt distinctions on the basis of defining factors or sets of factors (e.g., theory of public goods)
 - None of these has drawn a clear line between public and private organizations
- Examples of Prominent Typologies
 - Wamsley and Zald (1973): create a typology based on public vs. private funding and public vs. private ownership (Rainey 1997, 66); public ownership and funding subjects public organizations to unique political and economic environments and unique public expectations
 - Allison (1979, 1983): defining concepts are functional in nature; general management functions; public-private distinctions are *important*
 - Bozeman (1987): uses two dimensions political authority and economic authority but treats them as continuums rather than a typology (Rainey 1997, 68); public-private distinction *is irrelevant*
 - Perry and Rainey (1988) defining concepts are ownership, funding, and authority; the public-private distinction is *important*; suggest that researchers compare organizations in different categories to determine whether they are influenced primarily by polyarchies or markets (Rainey 1997, 70)

Evidence of Similarities and Differences

- Lots of examples of typologies arguing for either similarities or differences (Perry and Rainey 1988).
 - However, empirical evidence of differences is more limited (Rainey 1997). People who argue that they are similar and those arguing that they are different approach the question from different perspectives (Perry and Kraemer 1983)
- Perry and Kraemer (1983, 55-56) conclude that there are similarities, but there are also differences and these differences are sufficiently clear to warrant consideration of public management as a special professional field and object of study.
 - People like Murray who conclude that public and private management are more similar than different tend to argue the following in response to four questions (p. 56)
 - Organization’s proper role toward its external environment is to achieve instrumental goals (efficient production is of utmost importance)
 - The similarities and differences can be understood by comparing parts of the organization (whole is sum of the parts, omits critical contextual factors, more of a closed perspective)
 - Similarities and differences are weighted equally (less subjective)

- Proof of similarities and differences between organizations should be based on case experiences
- People like Allison (1979) tend to answer the same four questions in a similar, but opposite way
 - Organization’s proper role toward its external environment is to achieve social goals (efficiency is important, but so are other social values like equity)
 - The similarities and differences can be understood only by comparing the whole organization (whole is greater than the sum of the parts, considers important contextual concerns, open perspective)
 - Some similarities and differences are more important than others (more subjective)
 - Proof of similarities and differences between organizations should be based on the dominant patterns with the entire population of organizations (many hybrid forms of organization, be careful when generalizing from small sample)
- Graham T. Allison (1979) in his now classic articles entitled “Public and Private Management: Are they Fundamentally Alike in All Unimportant Respects” concludes “that public and private management are at least as different as they are similar, and that the differences are more important than the similarities.” He presents two orthogonal lists of differences
 - John T. Dunlop’s impressionistic comparison of government and business
 - *Time Horizon*: Government managers have relatively short time horizons
 - *Duration*: Length of service of political appointees is short (18 months)
 - *Measurement of performance*: Bottom line in business, hard to measure in the public sector
 - *Personal constraints*: Conflict between civil service and political appointees and less discretion in dealing with workers in the public sector
 - *Equity and efficiency*: Private sector places more emphasis on efficiency and public sector has to be concerned with equity issues in addition to efficiency
 - *Publicness*: Government managers tend to be exposed to more public scrutiny while private business are more internal and less exposed
 - *Role of the media*: Government management contends regularly with media scrutiny. Private actions are reported less frequently
 - *Persuasion and direction*: Business seeks to mediate decisions in response to a wide range of pressures while private managers are more free to issue direct orders
 - *Legislative and judicial impact*: Government managers are more subject to legislative and judicial oversight.
 - *Bottom line*: Government managers rarely have a clear bottom line while profit serves as the bottom line for business
 - Richard E. Neustadt notes six differences between presidents of the United States and CEOs of major corporations
 - *Time horizon*: CEOs look forward a decade or more, while Presidents look forward no more than 4 years
 - *Authority and enterprise*: CEO is subject to review by a board of directors and can be fired. President’s authority is shared with Congress.

- *Career system*: Model corporation is a career system, while many of the key people are appointed in the President's administration
- *Media relations*: CEO usually speaks for the firm in exceptional circumstances. Much less visible than the President
- *Performance measurement*: CEO expects to be judged by profitability. President is viewed on a number of different measures
- *Implementation*: CEO not only chooses a strategy and oversees its implementation. The President rarely intervenes in implementation activities
- Rainey (1997) presents the most systematic list of differences between public and private organizations.
 - They conclude that the research does not provide clear, concise answers to support or rebut the propositions
 - For complete list see Rainey (1997, 73-74).
 - *Environmental Factors*
 - Absence of economic markets for outputs; reliance on government appropriations for financial resources
 - Presence of particularly elaborate and intensive formal legal constraints as a result of oversight by the legislative branch, executive branch hierarchy, oversight agencies, and the courts
 - Presence of more intensive external political influences
 - *Organization-Environment Transactions*
 - Public organizations and managers are often involved in production of public goods or handling of significant externalities. Outputs are not readily transferable to economic markets at a market price
 - Government activities are often coercive, monopolistic, or unavoidable. Government has unique sanctioning and coercion power and is often the sole provider. Participation in consumption and financing of activities is often mandatory
 - Government activities often have a broader impact and greater symbolic significance. There is a broader scope of concern, such as for general public interest criteria
 - there is greater public scrutiny of public manager
 - There are unique expectations for fairness, responsiveness, honesty, openness, and accountability
 - *Organizational roles, Structures, and Processes*
 - Greater goal ambiguity, multiplicity, and conflict in the public sector
 - Distinctive features of a public manager's roles
 - Administrative authority and leadership practices
 - Organizational structure
 - Strategic decision-making processes
 - Incentives and incentive structures
 - Individual characteristics, work-related attitudes and behaviors
 - Organizational and individual performance

Differences Between the Public and Private Sector in Different Areas

- Formulating and achieving purpose in organizations (power, strategy, and decision making) (Rainey 1997, 166)
 - More political intrusions into the management of public organizations and a greater infusion of political criteria
 - More elaborate overlay of formal, institutional constraints governing the management process in public organizations
 - Goals and performance criteria are generally more vague, multiple, and conflicting for public organizations
 - Economic market indicators are usually absent and the organizations in the public sector pursue idealized, value-laden social objectives
 - Public sector must handle particularly difficult social tasks, often under vague mandates from legislative bodies
 - Public organizations must jointly pursue all of the complex goals such as accountability, responsiveness, representativeness, openness, efficiency, and accountability
- Context for motivation (Rainey 1997; Perry and Porter 1982; Perry and Wise 1990)
 - Constraints on public leaders and managers limit their motivation and ability to develop their organization
 - Relatively turbulent, sporadic decision-making process in public organizations can influence the manager's and employee's sense of purpose and their perception of their impact
 - Relatively complex and constraining structures in many public organizations including constraints on the administration of incentives
 - Vague goals for both individual jobs and the organization, unstable expectations, less cohesive and collegial work groups
 - Differences in the types of people that work in public organizations
- Effectiveness/Performance
 - Weiner and Vining (1992) in their book *Policy Analysis: Concepts and Practice* examined 87 studies which compared the effectiveness of public and private organizations in the following areas
 - Electric utilities, refuse, water, health related services, airlines, railroads, financial services, fire services, non-rail transit, miscellaneous industrial
 - Findings
 - The vast majority of studies found that the private company was more efficient
 - 19 studies found either no difference or the results were ambiguous
 - Only 7 studies found that public sector organizations tended to be more effective. These tended to be located in electric utilities and water
- Budgeting
 - Aims of national, state, and local governments are so diverse that there are continual conflicts over the use of limited funds
 - Because of unforeseen conditions in society, government must adjust to sharp changes in spending and revenue
 - By law government budgeting and spending must be an open process with key decisions made in the public arena

- Public money choices are subject to constraints imposed by law and political conditions outside of government
- Despite the tensions this can cause, like private enterprise, government tries to seek stability, control, and efficiency to give citizens the most service for their tax dollar

Problems with Identifying Differences

- Rainey, Backoff, and Levine (1976) and Rainey (1997) notes that there is a continued blurring of the two sectors
 - Intermingling of the two sectors (e.g., use of vouchers, privatization, public-private partnerships, etc.)
 - Increasing similarity of function, context, and role of the organizations in both sectors
- Lists of differences including those of Rainey (1997, 73-74) suffer from the same problem as the old lists of “principles”.
 - You can almost always find an example of a private organization that have similar characteristics or public organizations that don’t have these characteristics
- Tendency to view business or government in monolithic terms (Yates (1985, 1991))
 - Yates (1991) argues that what is most important is not simply identifying similarities or differences but what the apparent differences tell each other about the “management” of government and the “politics” of business
 - Yates (1991) argues that there are significant similarities and differences but that you can’t proceed much further without precisely specifying the character of the problem context and the management context we are talking about in either sector. Otherwise we are stuck in fruitless debate about whether the glass is half empty or half full.
 - Basic distinctness is the degree of political bargaining, divided structures of authority, number of contestants in the policy process in the public sector
 - Striking lack of analysis of different corporate structures and most comparisons of public and private organizations compare to the prototypical “business” but there are many varieties of the form
 - Argues some of the factors given great weight are in fact less important
 - *Notion of a bottom line*
 - While it is true, it really is not all that important. Private firms also have multiple goals (e.g., growth in size, stability, debt reduction, and diversification) so the concept of profitability is more complicated than it first appears and involves tradeoffs.
 - Bottom line, like batting averages is most useful in recognizing dramatic points of success and failure (e.g., .402 vs. .190) it is less useful if the differences are .270 and .259.
 - Yates (1991) argues that the real world is one where the statistical differences in performance are relatively minor.
 - Accordingly, business executives face far more uncertainty than the idyllic picture of a clear bottom line. Moreover, the differences are smaller and more arguable than many attribute to business.

- *Goal in private is profit while in public goals are conflicting*
 - Private firms also have multiple goals (e.g., growth in size, stability, debt reduction, diversification)
- *Hiring and firing*
 - While the public sector arguably uses its firing power in a less robust way, the “obvious” difference is not as simple and uncomplicated as it first appears
 - If a company constantly used a threat of firing, it would create all kinds of employee motivation and retention problems
 - Union agreements sometimes create additional constraints
- *Time Horizons*
 - Often it is argued that political managers have short time horizons while businesses are free have to long time horizons which lead to the private firm’s superior ability to plan and manage
 - Simply not true. Many government agencies do have long time horizons (e.g., Social Security Administration and Forest Service) while many businesses are pressured to perform rapidly to meet shareholder expectations, which leads to short time horizons.
 - Many private firms have relatively high turnovers in upper level executives, especially when the company is expected to perform better (e.g., Apple Computer).
 - There is considerable difference in the time horizons in both sectors and the character of the time horizon depends critically on the climate of organizational politics and the mood of the times
- Public leaders work in a *fishbowl environment* while private managers can go about their business in private and less exposed fashion
 - Overly simple and misleading
 - Many public agencies face virtually no public scrutiny or media attention. In fact there are many agencies that the public doesn’t even know exist. Press pays virtually no attention to daily operations, only major decisions and problems
 - Other private companies face a great deal of public scrutiny and media attention. Especially large companies whose earning and performance numbers are regularly in the news (e.g., Microsoft, Intel, Apple, and the big three automakers). Major corporate decisions in these large employee corporations regularly make the news and receive media scrutiny. Operations of companies the deal with public safety (e.g., food service, airlines, etc.) receive lots of public scrutiny
 - It is simply more complicated than it first appears
- Dispels other supposed differences related to division of authority, accountability, and decision making
- The story is more interesting and complicated than simplified distinctions between public and private organizations make it appear. There are almost always exceptions to all of the typical distinctions
- By simplifying the distinctions we miss what may be most important. There are subtle interconnections between the functioning of public and private organizations

- There are ways in which government problems and processes illuminate private management and vice versa
- Problem of hybrid forms.
 - Dunlop (as cited in Allison 1979) argues that “the real world of management is composed of distributions, rather than singular undifferentiated forms, and there is an increasing variety of hybrids”.
 - Thus organizations cannot be separated into two homogenous piles.
 - At a minimum you should consider distributional properties rather than basing conclusions on a limited number of cases
 - At worst, it is a moot question. All organizations are somewhat unique in that there are different contextual factors and the nature of the institutional arrangement within which it is embedded is different. Any of these could influence the way the organization is managed. What is likely to remain similar is the portfolio of tools available to a manager.
- Studies of variables such as size, task, and technology in government agencies show that those variables may influence public organizations more than anything related to their status as a governmental entity (Rainey 1997)
 - Government agencies become bureaucratic not because they are public, but because of their size
 - Future research needs to demonstrate that these alternative factors do not confuse analyses of the differences between public and private organizations (Rainey 1997, 69)
- Efforts to develop typologies have produced little evidence of a strict division between public and private organizations (Rainey 1997)
- Public and private sectors overlap and interrelate in a number of complex ways
 - Obviously many people and organizations in the public and private sectors perform virtually the same function
 - Hard to find a “business” or profession that doesn’t exist somewhere in a public agency (e.g., Military has everything from supermarkets to barber shops)
 - Nonprofit sector provides services similar to both public and private organizations
 - Public, private, and nonprofit organizations interact in a number of complex ways
 - Government uses laws, regulations, and fiscal policies to control private and nonprofit organizations