

PUBLIC AND PRIVATE MANAGEMENT: WHAT'S THE DIFFERENCE?

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ABSTRACT

Critics of New Public Management argue that differences between public and private organizations are so great that business practices should not be transferred to the public sector. In this paper the theoretical arguments on the differences between private firms and public agencies are reviewed, and 13 hypotheses are identified on the impact of publicness on organizational environments, goals, structures and managerial values. Evidence from 34 empirical studies of differences between public agencies and private firms is critically evaluated. Only three of the publicness hypotheses are supported by a majority of the empirical studies: public organizations are more bureaucratic, and public managers are less materialistic and have weaker organizational commitment than their private sector counterparts. However, most of the statistical evidence is derived from studies that use narrow measures of publicness and fail to control for other relevant explanatory variables. Whether the existing evidence understates or overstates the distinctiveness of public agencies is therefore unclear. A research agenda and methods are identified for better comparisons of management in public and private organizations.

INTRODUCTION

A central element of the reform programme associated with New Public Management (NPM) is that public organizations should import managerial processes and behaviour from the private sector (Box, 1999; Carroll and Garkut, 1996; Newman and Clarke, 1994; Hood, 1991; Keen and Murphy, 1996; Metcalfe, 1993). In particular, public managers should seek to emulate the supposedly successful techniques of their private sector counterparts (e.g. management by objectives, total quality management, devolved management, performance-related pay). This was one of the earliest features of NPM, and remains one of the most enduring (Ferlie et al., 1996). Indeed, this formula for public sector success predates NPM, and has been a recurring theme in public policy. For example, the 'reform movement' in US municipal government during the early decades of the twentieth century emphasized the benefits of business-like behaviour (Welch and Bledsoe, 1988). Similarly, the 'corporate revolution' in UK local government

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in the 1970s drew directly on the enthusiasm for corporate planning in large private companies at that time (Cockburn, 1977; Dearlove, 1979).

The adoption of private sector models has been viewed with much scepticism in the literatures on public administration and public management (Boyne, 1996a; Parker and Subramaniam, 1964; Ranson and Stewart, 1994). The core objection is summarized in Sayre's (1953, p. 102) view that public and private organizations are 'fundamentally alike in all unimportant respects'. This phrase has been given wider currency by Allison who proceeds to argue that 'the notion that there is any significant body of private management practices and skills that can be transferred directly to public management tasks in a way that produces significant improvements is wrong' (Allison, 1979, p. 472). If public and private organizations are fundamentally different, there is little point in seeking to draw lessons from management in the private sector. The adoption of this part of the NPM agenda, and others closely connected to it (such as marketization), would be at best fruitless and at worst counterproductive.

The argument of this paper is that Sayre's assertion is not supported by the empirical evidence. Therefore, the injunction that public managers can learn useful lessons from private managers is worthy of serious, but cautious, consideration. In the first part of the paper, the concept of publicness is analysed and theoretical arguments on the distinctive features of public organizations are critically examined. In the second part, the results of statistical comparisons of public and private organizations are reviewed and synthesized, and conclusions are drawn on the empirical validity of the theoretical arguments on the effects of publicness.

ORGANIZATIONAL PUBLICNESS: CONCEPTS AND THEORIES

Definitions of Public and Private Organizations

Similarities and differences between the public and private sectors have frequently been debated in the literatures on public administration, politics and economics. The main conventional distinction between public and private organizations is their ownership (Rainey et al., 1976). Whereas private firms are owned by entrepreneurs or shareholders, public agencies are owned collectively by members of political communities. This distinction is associated with two further public/private contrasts. First, unlike their private counterparts, public agencies are funded largely by taxation rather than fees paid directly by customers (Niskanen, 1971; Walmsley and Zald, 1973). Secondly, public sector organizations are controlled predominantly by political forces, not market forces. In other words, the primary constraints are imposed by the political system rather than the economic system (Dahl and Lindblom, 1953).

Bozeman (1987) has synthesized these three variables of ownership, funding and control into a 'dimensional' model of publicness. He argues that no organization is wholly public or private. Instead, private firms and governmental agencies can be arrayed on the three dimensions of publicness. Hence, in the words of the title of Bozeman's (1987) book: 'all organizations are public'. Yet his arguments imply that, in principle, an equally valid conclusion would be: 'all organizations are private'. The extent of publicness in the economy as a whole, or the location of any single organization on the dimensions of publicness, is an empirical issue.

It is important to distinguish between the three dimensions of publicness because they have different theoretical effects on organizational behaviour. For example, the economic theory of property rights suggests that common ownership leads to lower efficiency in the public sector (Clarkson, 1972). In private organizations, owners and shareholders have a direct monetary incentive to monitor and control the behaviour of managers. Similarly, managers themselves are likely to benefit from better performance, either because they own company shares or because their pay is linked to financial success. By contrast, property rights in the public sector are diffuse and vague. Monitoring is a 'public good' – individual voters have little to gain from expending effort on this activity. Moreover, managers do not usually obtain direct financial benefits from higher organizational efficiency. The potential significance of the funding dimension of publicness is emphasized by public choice theory. According to this perspective, organizations that receive revenues from 'political sponsors' are likely to be unresponsive to the preferences of the people who receive their services (Boyne, 1998a). Finally, organizations that are subject to political rather than economic controls are likely to face multiple sources of authority that are potentially conflicting. Bozeman (1987) argues that political control is the essence of publicness: 'all organizations are public because political authority affects some of the behaviour and processes of all organizations. . . . *Public* pertains to the effects of political authority'.

This last theoretical argument implies that common ownership and reliance on public funding will count for nothing if effective political authority is absent. Furthermore, organizations that are privately owned and funded may be more public than others that are formally part of the governmental sector. For example, a private firm that complies with state policies (e.g. on health and safety regulations, or on equal opportunities legislation) can be viewed as more public than a government agency that ignores the wishes of its political masters. Indeed, if public choice theorists are correct, the pursuit of private interests is rampant in public organizations. Such agencies that are 'out of control' display high levels of privateness, but not in Bozeman's (1987) sense of being subject to strong economic constraints. They are private because their behaviour is shaped by the selfish goals of senior bureaucrats rather than market imperatives or political priorities.

The three dimensions of publicness are not only conceptually but also empirically distinct. The limited evidence on this issue suggests that correlations between them are around 0.55–0.80 (Bozeman et al., 1992; Scott and Falcone, 1998). Thus ownership, funding and control are not perfect proxies for each other. This implies that all three dimensions need to be included in a comprehensive evaluation of the theoretical effects of publicness. It is to these theoretical effects that the discussion now turns.

Theoretical Impacts of Publicness

In this section, arguments on the organizational consequences of publicness are analysed. These arguments are derived from a variety of academic sources that contain claims concerning the distinctiveness of public agencies (Allison, 1979; Antonsen and Jorgensen, 1997; Box, 1999; Bozeman, 1987; Fottler, 1981; Metcalfe, 1993; Newman and Wallender, 1978; Nutt and Backoff, 1993; Perry and Porter, 1982; Perry and Rainey, 1988; Rainey, 1989; Rainey et al., 1976; Ring and Perry 1995; Stewart and Ranson, 1988). Four main theoretical effects of publicness have been identified in the literature on the differences between public and

private management. These concern the relationship between publicness and organizational environments, organizational goals, organizational structures, and the values of managers. According to Fottler (1981, p. 4) these variables create 'differences in how the basic functions of management are carried out' in the public and private sectors.

Publicness and organizational environments. Proponents of the view that 'public management is different' have drawn attention to several aspects of the external circumstances of public organizations:

- *Complexity.* Public agencies face a variety of stakeholders, each of whom places demands and constraints on managers. Metcalfe (1993, p. 174) argues that 'government operates through networks of interdependent organizations rather than through independent organizations which simply pursue their own objectives'. Furthermore, the requirements of the various external constituencies are likely to be conflicting (e.g. taxpayers and service recipients, consumer groups and producer groups).
- *Permeability.* Public organizations are 'open systems' that are easily influenced by external events. Indeed, it is the responsibility of public managers to protect and promote this permeability of organizational boundaries, in order to ensure that services are responsive to public needs. By contrast, 'private sector chief executives or boards of directors . . . may ignore most constituents' demands for direct input to the policy formulation and implementation processes' (Ring and Perry, 1985, p. 277).
- *Instability.* Political constraints result in frequent changes in policy, and the imposition of short time-horizons on public managers. According to Bozeman (1987, p. 20), the political cycle means that 'there is constant pressure to achieve quick results – results that can help the agency receive a larger share in the next round of appropriations; results that may be possible only so long as congressional allies remain entrenched; results that can help re-elect a president'.
- *Absence of competitive pressures.* Public agencies typically have few rivals for the provision of their services. Even when competition is present, public managers frequently enjoy a dominant position in the market, for example in education and health in the UK (Boyne, 1998b). Thus Stewart and Ranson (1988, p. 1) conclude that 'it is not meaningful to think of the competitive stance of the public sector except in certain fields'. Nutt and Backoff (1993, p. 214) also argue that 'public sector organizations often are expected to collaborate with other organizations offering similar services and not compete for customers. To do so would be seen as creating a duplication of services, universally [sic] regarded as undesirable in the public sector'.

Publicness and organizational goals. It has been argued frequently that public agencies have *distinctive* goals, such as equity and accountability, that are absent in the private sector (Ferlie et al., 1996; Flynn, 1997). These goals stem from the common ownership of public organizations, and from attempts to control their behaviour in order to achieve collective purposes. Such purposes, in turn, are believed to require distinctive management processes and values in the public sector (Ranson and Stewart, 1994).

Public managers also have *multiple* goals imposed upon them by the numerous stakeholders that they must attempt to satisfy. Farnham and Horton (1996, p. 31) argue that private firms must pursue the single goal of profit: 'it is success – or failure – in the market which is ultimately the measure of effective private business management, nothing else'. By contrast public agencies are pushed and pulled in many directions simultaneously. It is therefore especially important for public managers to be able to balance and reconcile conflicting objectives.

Lastly, the goals of public organizations are more *vague* than those of their private counterparts. This is because organizational purposes are imposed through the political process, rather than selected by managers themselves. In order to get policies adopted, it is necessary for politicians to build support among diverse groups. Policy ambiguity is an asset in this context: the more crisp and clear the goals, the more likely that they will prove unacceptable to some members of a political coalition. According to Nutt and Backoff (1993, p. 223), 'this ambiguity provides a sharp distinction between strategic management in public and in private organizations'. The consequence for public managers is that performance targets are inherently unclear, and that private sector techniques such as management by objectives are likely to be inappropriate.

Publicness and organizational structures. The internal characteristics of public agencies are viewed as distinctive in three main ways:

- *More bureaucracy.* Organizations in the public sector have more formal procedures for decision making, and are less flexible and more risk-averse than their private sector counterparts (Bozeman and Kingsley, 1998; Farnham and Horton, 1996). These characteristics of public agencies reflect 'the lack of rewards or incentives for successful innovations and the penalties for violation of established procedures' (Fottler, 1981, p. 5). Bureaucratic structures may also stem from the requirements of monitoring bodies and from demands for accountability in the public sector. As Rainey et al. (1976, p. 238) note, 'the coercive nature of most government actions might be cited as a fundamental justification for constitutional checks and balances and extensive formal control mechanisms'.
- *More red tape.* This is often regarded as a pathological side-effect of bureaucracy (Bozeman and Scott, 1996). The existence of red tape implies an unnecessary and counter-productive obsession with rules rather than results, and with processes instead of outcomes. Bozeman et al. (1992, p. 291) argue that 'just as the original annoyance with red tape resulted from the delay caused by untying and tying the tape surrounding (official) documents, red tape today refers not to rules and procedures themselves but to the delays and subsequent irritation caused by formalization and stagnation'.
- *Lower managerial autonomy.* Managers in public organizations have less freedom to react as they see fit to the circumstances that they face. Allison (1979, p. 462) claims that 'private management proceeds much more by direction or the issuance of orders to subordinates by superior managers with little risk of contradiction'. Similarly, Weinberg (1983, p. 107) notes that 'private sector executives . . . are often assumed to be able to formulate and carry out "rational" strategies because they control tightly structured hierarchical organizations'. By contrast, public managers have the costs of hierarchy (rules and red

tape) without the benefits (the freedom and power to manage their subordinates). It has been argued that public managers' discretion on personnel issues is especially low because rules on hiring, firing and promotion are inflexible. For example, 'public employees enjoy greater job security because the procedures for taking greater punitive actions are so complex and time consuming that few people choose to pursue them' (Baldwin, 1987, p. 183; see also Perry and Porter, 1982).

Publicness and managerial values. The final main difference between public and private organizations concerns the attitudes and aspirations of their staff, both towards work and to life in general. This distinctive set of values has in recent years been characterized as a 'public service ethos' (Pratchett and Wingfield, 1996).

Public managers are believed to be less *materialistic* than their private counterparts, and are less likely to be motivated by financial rewards. Hence policies such as performance-related pay, or promises of financial bonuses and other perquisites, are unlikely to enhance staff commitment or improve organizational performance.

Secondly, it has been argued that managers in public agencies have a stronger desire to *serve the public*. This concern to promote the public interest has been contrasted with the desire of private firms to meet the demands of individual customers. Box (1999, p. 40) argues that 'the decision rule of ability to maintain or change a service in accord with the majority view of the public interest is different from the market-driven service rule that uses individual preferences as the basis for governmental response'. Similarly, Ferlie et al. (1996, p. 21) note that 'public officials are often seen . . . as driven by a strong sense of vocation, reinforced by the presence of strong self-regulating professions with their own ethical codes of practice'. The term *reinforced* is important here: clearly, professionals such as doctors and teachers work in both public and private organizations. The assumption in this argument is that public employment is associated with an especially strong concern by professionals to promote public welfare.

Finally, the level of *organizational commitment* is believed to be lower in the public sector, largely because of the inflexibility of personnel procedures and the weak link between performance and rewards. Perry and Porter (1982, p. 92) note that 'it is especially difficult for many public agencies to instill employees with a sense of personal significance. One reason is that it is often difficult for public employees to observe any link between their contributions and the success of their organizations. The absence of this linkage is the result of a variety of factors, among them the sheer size of many governments, the pluralistic composition of policy implementation networks, and the lack of clear-cut performance indicators or norms'.

In sum, public and private organizations are widely believed to differ in a variety of important respects. Furthermore, such differences act as barriers to the transfer of management techniques from the private to the public sector. The main hypothetical contrasts between public and private organizations are summarized in table I. If these 13 propositions are correct, there should be clear statistical relationships between publicness and organizational environments, goals, structures and managerial values. The empirical validity of the hypotheses on the effects of publicness is evaluated below.

Table I. Summary of hypotheses on differences between public and private management

| | |
|--------------------|--|
| <i>Environment</i> | |
| H1: | Public managers work in a more complex environment |
| H2: | Public organizations are more open to environmental influences |
| H3: | The environment of public agencies is less stable |
| H4: | Public managers face less intense competitive pressures |
| <i>Goals</i> | |
| H5: | The goals of public organizations are distinctive |
| H6: | Public managers are required to pursue a larger number of goals |
| H7: | The goals of public agencies are more vague |
| <i>Structures</i> | |
| H8: | Public organizations are more bureaucratic |
| H9: | More red tape is present in decision making by public bodies |
| H10: | Managers in public agencies have less autonomy from superiors |
| <i>Values</i> | |
| H11: | Public sector managers are less materialistic |
| H12: | Motivation to serve the public interest is higher in the public sector |
| H13: | Public managers have weaker organizational commitment |

THE IMPACT OF PUBLICNESS ON ORGANIZATIONS: EMPIRICAL EVIDENCE

Evidence on the impact of publicness was identified in three main stages. First, a comprehensive search of the contents of leading UK and US public administration and management journals was conducted for the period 1960 to 1999. These included *Administration and Society*, *Administrative Science Quarterly*, *Academy of Management Review*, *Academy of Management Journal*, *Journal of Management*, *Journal of Management Studies*, *Public Administration* and *Public Administration Review*. Second, a 'keywords in title or abstract' search was undertaken through Bath Information Data Services (BIDS). Third, journal articles, books and book chapters cited in the sources identified through stages one and two were obtained. This search strategy means that unpublished papers on public/private differences are omitted from the analysis. The results summarized below may, therefore, overstate the distinctiveness of public organizations, on the assumption that papers are more likely to be published if they present statistically significant results. The magnitude of this bias is unknown, but estimates in other fields suggest that it is small (Rosenthal, 1991).

Before turning to the results of 34 studies that provide evidence on the practical effects of publicness, two preliminary issues must be discussed. First, what are the general characteristics of the empirical studies? Second, how should the results of the studies be combined and synthesized?

An important initial point is that most of the evidence is obtained from comparisons of public agencies and private firms in the USA. The only other countries in the data set are Australia (Zeffane, 1994), Canada (Holdaway et al., 1975), England (Kenny et al., 1987; Pugh et al., 1968) and Israel (Lachman, 1985; Solomon, 1986). The USA is widely regarded as having a distinctive political culture that is much more favourable to private than public activity (Goldsmith and Wolman, 1992). This may result in especially strong efforts by public man-

agers to be business-like, and in smaller public–private differences than elsewhere. Equally, however, public managers in the USA may have a ‘siege mentality’ and be particularly keen to develop a distinctive ethos. In addition, if theories of publicness are correct then, regardless of national context, organizational behaviour should be influenced significantly by ownership, funding and control.

It should also be noted that the 28 studies of publicness in the USA are less diverse, and less independent of each other, than their quantity may imply. More than one third of the studies have been conducted by two of the leading public management researchers in the USA, Barry Bozeman and Hal Rainey (Bozeman and Bretschneider, 1994; Bozeman and Kingsley, 1998; Bozeman et al., 1992; Coursey and Bozeman, 1990; Coursey and Rainey, 1990; Rainey, 1979, 1982, 1983; Rainey et al., 1986, 1995). There are two issues here. First, the data sets in these studies are frequently similar (e.g. many of the tests by Bozeman and colleagues have been conducted on Research and Development agencies) and sometimes virtually identical (Rainey, 1982, 1983). Second, even when the samples are different, the tests may not be truly independent because the researchers are approaching the data with a consistent set of dispositions and expectations. Both Bozeman and Rainey generally make the assumption that public organizations are distinctive. Nevertheless, their empirical results provide support for the publicness hypotheses that is around 10 per cent *below* the average for other empirical studies. It is possible, therefore, that this related group of studies is partly disguising the full extent of public/private differences.

The time periods covered by the empirical studies may also have a significant bearing on their results. Most of the statistical tests are conducted on data that were collected in the 1970s and early 1980s. Thus the bulk of the evidence refers to the era of ‘old public administration’ rather than new public management. The findings of the studies are not, therefore, affected by the reform programmes of the 1980s and 1990s that sought to homogenize public and private management. If there is a temporal bias in the data, it is likely to be in favour of significant public/private differences. This bias may be reinforced by the organizational roles of the survey respondents in many of the empirical studies. The data used in the statistical tests are usually derived from the views of senior managers (e.g. chief executives, directors, members of corporate management teams). If there are differences between public and private management, these are likely to be more pronounced at higher levels of the organization (i.e. in strategic rather than administrative or clerical tasks).

Another striking feature of the empirical studies is that most of the comparisons of public and private organizations are methodologically crude in two main respects. First, the vast majority focus on the effects of ownership: only six include government funding or political control in their measures of publicness. The latter group of studies find slightly lower than average support for publicness hypotheses, which suggests that higher methodological quality is associated with weaker evidence of public/private differences. Second, most of the statistical evidence consists of bivariate correlations between publicness and measures of organizational environment, goals, structures or managerial values. Few empirical tests take account of any other influences on these organizational variables. This simple methodology takes the view that ‘publicness matters’ to extremes: it is tantamount to the assumption that *only* publicness matters. This assumption is highly implausible. For example, organizational environments may differ between industries and

geographical locations, yet tests of publicness rarely hold such variables constant. Similarly, although structural characteristics of organizations are likely to vary with their size, and the values of managers may vary with their age, sex and prior professional experience, such variables are seldom taken into account. There is, however, no direct evidence of statistical bias because of the omission of explanatory variables: the average results of studies that use bivariate methods are almost identical to those that test multivariate models.

In sum, it would be inappropriate to draw definitive conclusions on the differences between public and private organizations from the available evidence. Nevertheless, the number of studies may be sufficiently large to allow the broad effects of publicness to emerge. Indeed, it could be argued that some of the methodological defects partly cancel each other out: the narrow measures of publicness may understate its impact on organizations, whereas the absence of controls for other variables may overstate its impact (see Boyne, 1996b, for a discussion of such countervailing methodological effects on statistical results).

This leaves one final question to be answered prior to a detailed discussion of the evidence. How can general conclusions be drawn from the results of these diverse empirical studies? The method that is used here is based on the percentage of statistical tests that support the publicness hypotheses listed in table I. In order to count as support for one of the hypotheses, a public/private difference must fulfill two conditions. First, the difference must be in the predicted direction (e.g. public organizations are more bureaucratic). Second, the difference must be statistically significant, that is, greater than would be likely to arise by chance alone (the 0.05 significance level is used in almost all of the empirical studies). If these criteria are applied to all of the tests in a single study, than a 'support score' can be calculated. This is the number of tests that are consistent with a publicness hypothesis as a percentage of all the tests that are reported in a study (which varies from 1 to 54).

The final step in this analytical procedure is to construct an aggregate support score across all the studies that have tested the impact of publicness on an organizational variable. This can be done in at least two ways (Rosenthal, 1991). First, the support score for each study can be treated equally, regardless of whether it contains one test or 100 tests. This 'unweighted' mean has the advantage that studies which conduct a large number of tests on the same data set are not given undue weight. Secondly, the support score for each study can be weighted (multiplied) by the number of tests in that study. In other words, equal weight is attached to each test rather than each study. This 'weighted' mean has the advantage that studies which report only one (possibly idiosyncratic) test are not given undue weight.

In the analysis below, both the weighted and unweighted mean support scores are reported. The 'real' level of support for the publicness hypotheses probably lies somewhere between these figures. Although it is impossible to determine precisely where, there are grounds for suspecting that the weighted mean provides a more accurate picture of the impact of publicness. In general, studies that report the result of only one test find far stronger support for the publicness hypotheses. These studies do not appear to be methodologically stronger than studies that report multiple tests (e.g. in their measures of publicness or number of control variables). It therefore seems likely that their results are unrepresentative of the general relationship between publicness and the characteristics of organizations.

A potential problem with these methods is that the support scores may be influenced by variations in sample size across the empirical studies. In a larger sample, it is easier to find effects of publicness that may be statistically significant but substantively trivial. It is possible, therefore, that studies which appear to support the publicness hypotheses are based on disproportionately large samples. In order to check for this potential bias, the 34 studies were divided into groups above and below the median sample size of 250 observations. The mean weighted support score for the publicness hypotheses is 42 per cent for studies with a sample size below the median, and 45 per cent for those above the median. This difference is not statistically significant at the 0.05 level, so it can be concluded that the results of the analysis are not distorted by the effects of sample size.

Publicness and Organizational Environments

There is a dearth of empirical evidence on environmental differences between public and private organizations. Only five studies have examined this issue (see table II). All of these provide evidence on the *permeability* hypothesis that public organizations are more open to environmental influences. The statistical results provide weak support for this proposition: the mean support score is in the range 31 per cent (unweighted) to 13 per cent (weighted). The latter percentage of statistically significant results is little more than would be likely to occur by chance alone (Mock and Weisberg, 1992). The evidence is consistent with Chandler's (1991, p. 389) argument that 'public and private administration are convergent because the private sector businessman needs to be as sensitive as the public administrator to factors such as public opinion, government policy or immoral use of a monopolistic position'. Nevertheless, it is worth noting that the strongest support for the permeability hypothesis is provided by the most methodologically sophisticated studies (Baldwin, 1990b; Coursey and Bozeman, 1990). Their analysis includes several measures of publicness, and some controls for the internal characteristics of the organizations in the sample.

Publicness and Organizational Goals

Eight studies have investigated whether the goals of public and private organizations are significantly different. Although the statistical results are mixed, the balance of the evidence offers some support for the publicness hypotheses (see table III). The proposition that organizational goals are more *vague* in the public sector has been investigated in six studies. Three of these find that public agencies have more ambiguous goals (Baldwin, 1987; Chubb and Moe, 1988; Solomon, 1986); one finds that public agencies have *clearer* goals (Lan and Rainey, 1992), and two studies conclude that there is no difference between the public and private sectors (Rainey, 1983; Rainey et al., 1995). Where public/private differences are significant, they appear to be small (Baldwin, 1987). However, all of these studies measure only the ownership dimension of publicness, and controls for other variables are sparse.

Only two empirical studies have examined whether public and private goals are substantively different. Emmert and Crow (1988) and Scott and Falcone (1998) compare the goals of public and private research and development organizations in the USA. They find that private firms place more emphasis on commercial objectives, whereas public agencies are more oriented towards basic research. However, the relative importance attached to goals such as equity and accountability in the

Table II. Environmental differences between public and private organizations

| <i>Study</i> | <i>1. Support score (and no. of tests)</i> | <i>2. Sample</i> | <i>3. Time period</i> | <i>4. Controls</i> | <i>5. Measure of publicness</i> | <i>6. Interpretation of results by authors of study</i> |
|----------------------------|--|--|---------------------------|--------------------|-------------------------------------|---|
| Lachman (1985) | 0 (5) | 141 CEOs of industrial organizations in Israel | Unknown | None | Ownership | External influences (unions, government, market) viewed as equally important by public and private managers |
| Kenny et al. (1987) | 17 (12) | Strategic decisions in 13 public and 17 private organizations in England | 1978–80 | None | Ownership | Little difference in levels of external involvement; some differences in extent of external influence |
| Chubb and Moe (1988) | 0 (15) | 289 public and 53 private schools in USA | Early 1980s | None | Ownership | Private schools have closer and better relationships with parents |
| Baldwin (1990b) | 100 (1) | 234 middle and senior managers, 50 public and 12 private agencies, Atlanta, USA | Unknown | Internal | Ownership | Greater external influence (e.g. media, public opinion) on public agencies |
| Coursey and Bozeman (1990) | 40 (5) | 210 senior managers in 39 public and private organizations in Syracuse, New York | Unknown | Internal | Ownership, funding, control | Greater external participation in decisions of public organizations |

Notes:

Mean support score:

Weighted 13

Unweighted 31

1. The 'support score' is the percentage of tests that supports a publicness hypothesis (see text for details of the calculation of the weighted and unweighted mean support scores).
2. The 'controls' column refers to other variables that are held constant in the statistical analyses:
 - (a) external = environmental variables, such as industry and geographical location
 - (b) internal = characteristics of the organization (e.g. size)
 - (c) individual = characteristics of survey respondents (e.g. age)

Table III. Goal differences between public and private organizations

| <i>Study</i> | <i>1. Support score (and no. of tests)</i> | <i>2. Sample</i> | <i>3. Time period</i> | <i>4. Controls</i> | <i>5. Measure of publicness</i> | <i>6. Interpretation of results by authors of study</i> |
|--------------------------|--|---|---------------------------|--------------------|-------------------------------------|--|
| Rainey (1983) | 0 (3) | 253 middle managers in 5 public and 4 private organizations in one US state | 1970s | Individual | Ownership | No difference between public and private managers' perceptions of goal clarity |
| Solomon (1986) | 100 (1) | 240 top managers in production and service organizations in Israel | Unknown | External | Ownership | Task clarity greater in private sector, especially in service organizations |
| Baldwin (1987) | 100 (1) | 234 managers in 50 public and 12 private agencies, Atlanta, USA | Unknown | Individual | Ownership | Goals slightly less clear in public sector |
| Chubb and Moe (1988) | 66 (3) | 289 public and 53 private schools in USA | Early 1980s | None | Ownership | Private schools have clearer goals |
| Lan and Rainey (1992) | 50 (2) | 92 public and 62 private managers, 120 organizations in Syracuse, New York | Mid 1980s | None | Ownership | Public organizations have <i>higher</i> goal clarity, but lower goal measurability |
| Emmert and Crow (1988) | 100 (1) | 250 R&D organizations, USA | Early 1980s | None | Ownership | Private organizations have a more commercial orientation |
| Rainey et al. (1995) | 0 (1) | Top managers in 109 public and 83 private organizations New York State | 1993 | None | Ownership | No difference in goal ambiguity between public and private organizations |
| Scott and Falcone (1998) | 50 (1) | 400 R&D organisations, USA | Mid 1980s | Internal | Ownership, Control | Private organizations have a more commercial orientation |

Notes:

Mean support score:

Weighted 50

Unweighted 58

1. The 'support score' is the percentage of tests that supports a publicness hypothesis (see text for details of the calculation of the weighted and unweighted mean support scores).

2. The 'controls' column refers to other variables that are held constant in the statistical analyses:

(a) external = environmental variables, such as industry and geographical location

(b) internal = characteristics of the organization (e.g. size)

(c) individual = characteristics of survey respondents (e.g. age)

two sectors is not explored in these studies, so few conclusions on the *distinctiveness* hypothesis can be drawn from the evidence.

Finally, the argument that public organizations are constrained to pursue a *larger number* of goals has not been tested. If, however, public and private agencies operate in equally complex environments, and must satisfy multiple stakeholders, it follows that each type of organization must pursue a variety of goals. As Chandler (1991, p. 388) argues, 'the contention that private firms only aim to make a profit is a bland and misleading assertion of the same order as the observation that all political parties seek votes' (see also Murray, 1975).

Publicness and Organizational Structures

This issue has been investigated extensively. Nineteen empirical studies have examined whether organizational structures differ significantly between public agencies and private firms. The statistical results provide some support for the structural hypotheses, but the balance of the evidence is not overwhelming (see table IV). Although the unweighted mean support score is as high as 60 per cent, the weighted mean is only 38 per cent.

Eleven studies have tested the hypothesis that public organizations are more *bureaucratic*. Six of these find strong support for this hypothesis (Emmert and Crow, 1988; Holdaway et al., 1975; Lan and Rainey, 1992; Rainey, 1983; Scott and Falcone, 1998; Zeffane, 1994). However, Buchanan's (1975) results suggest that the role of rules and regulations is stronger in private organizations, and Lachman (1985) finds that managers in private firms are more subject to bureaucratic controls. Such evidence is consistent with Knott's (1993, p. 95) argument that 'successful private companies . . . employ extensive bureaucracy to deliver services. McDonalds Corporation prescribes volumes of rules for everything from the ordering of hamburgers to the cleaning of restrooms and floors. The firm's operations manual has 600 pages and weighs four pounds'. Thus doubts remain about the relative bureaucratization of the two sectors. Furthermore, a shadow is cast over much of the evidence by the failure to include statistical controls for organizational size. If public agencies tend to be larger than private firms, then the correlations between publicness and bureaucracy may be spurious.

Two reasons why public and private managers may perceive rules as equally important are identified by Parker and Subramaniam (1964). First, private organizations may impose as many internal regulations upon themselves as are imposed externally on public organizations. Parker and Subramaniam (1964, p. 357) argue that it is wrong to assume that 'private organizations must be relatively free from rules and regulations simply because the internal rules they do work by are not part of the "public law" of the land'. Second, the larger number of procedural rules and requirements in public agencies may not be seen as a greater burden because public managers have been involved in the formulation of these arrangements: 'public officials themselves participate directly in shaping public law, including that part of it regulating their own organization . . . whereas private organizations, is so far as they are regulated by public law, have to work within a framework made by others, and can influence its shape only from the outside' (Parker and Subramaniam, 1964, p. 357).

Even if bureaucracy is more prevalent in the public sector, it is unclear whether this is associated with a lack of entrepreneurial behaviour or an aversion to risk on the part of public managers. Bozeman and Kingsley (1998) conclude that

Table IV. Structural differences between public and private organizations

| <i>Study</i> | <i>1. Support score (and no. of tests)</i> | <i>2. Sample</i> | <i>3. Time period</i> | <i>4. controls</i> | <i>5. Measure of publicness</i> | <i>6. Interpretation of results by authors of study</i> |
|--------------------------|--|--|---------------------------|--------------------|-------------------------------------|--|
| Pugh et al. (1968) | 33 (3) | 46 organizations in England | 1960s | None | Ownership | Personnel procedures more bureaucratic in public agencies |
| Buchanan (1975) | 0 (1) | Middle managers: 76 in federal agencies, 69 in 4 industrial firms, USA | Unknown | Internal | Ownership | Private organizations are more bureaucratic |
| Holdaway et al. (1975) | 100 (3) | 23 college principals in Canada | Unknown | None | Ownership | Public organizations are more bureaucratic |
| Rainey (1979) | 100 (1) | Middle managers: 150 in 5 public agencies, 125 in 4 private firms, USA | Unknown | Individual | Ownership | Personnel procedures less flexible in in public sector |
| Bellante and Link (1981) | 100 (1) | 3643 public and private employees, USA | 1972 | Individual | Ownership | Public employees are more risk averse |
| Rainey (1983) | 75 (4) | 235 middle managers in 5 public agencies and 4 private firms USA | Unknown | Individual | Ownership | Public organizations are more bureaucratic |
| Lachman (1985) | 0 (1) | 141 CEOs of industrial organizations in Israel | Unknown | None | Ownership | Public sector managers report to controlling agencies less frequently |
| Chubb and Moe (1988) | 42 (33) | 289 public and 53 private schools in USA | Early 1980s | None | Ownership | Private schools have more autonomy from school boards, especially over personnel decisions |
| Emmert and Crow (1988) | 100 (1) | 250 R&D organizations, USA | Early 1980s | None | Ownership | Public organizations are more bureaucratic |
| Baldwin (1990b) | 100 (2) | 234 middle and senior managers, 50 public and 2 private agencies, Atlanta, USA | Unknown | Internal | Ownership | Personnel procedures more bureaucratic in public agencies |
| Bretschneider (1990) | 100 (7) | 622 public and 383 private computing agencies, USA | Late 1980s | External, internal | Ownership | More red tape in public agencies (decisions take longer), especially on personnel issues |

| | | | | | | |
|----------------------------------|---------|---|---------------|--------------------|-----------------------------|---|
| Coursey and Rainey (1990) | 100 (9) | Senior and middle managers, 156 public and 185 private, one US city | Unknown | Internal | Ownership, funding, control | Public managers have less autonomy over personnel issues |
| Bozeman et al. (1992) | 60 (15) | 616–703 R&D organizations, USA | 1987 | Internal, external | Ownership, funding, control | More red tape in public organizations (decisions take more time) |
| Lan and Rainey (1992) | 75 (4) | 92 public and 62 private managers, 120 organizations in New York | Early 1980s | None | Ownership | Public organizations are more bureaucratic |
| Zeffane (1994) | 100 (1) | 474 public and 944 private employees in Australia | 1990 | None | Ownership | More emphasis on rules and regulations in public sector |
| Bozeman and Bretschneider (1994) | 17 (54) | 680 R&D organizations, USA | 1987 and 1988 | Internal | Ownership, funding, control | More red tape in public organizations (decisions take more time) |
| Rainey et al. (1995) | 31 (45) | Top managers in 109 public organizations and 83 private organizations, New York State | 1993 | Internal | Ownership, funding, control | Red tape viewed as more prevalent by managers in public organizations |
| Bozeman and Kingsley (1998) | 33 (3) | 365 middle and senior managers in public and private agencies, USA | 1992 | None | Ownership, Control | Publicness has little impact on risk culture |
| Scott and Falcone (1998) | 85 (12) | 400 R&D organizations, USA | Mid 1980s | Internal | Ownership, Control | Personnel and procurement decisions take longer in public organizations |

Notes:

Mean support score:

Weighted 38

Unweighted 60

- The 'support score' is the percentage of tests that supports a publicness hypothesis (see text for details of the calculation of the weighted and unweighted mean support scores).
- The 'controls' column refers to other variables that are held constant in the statistical analyses:
 - external = environmental variables, such as industry and geographical location
 - internal = characteristics of the organization (e.g. size)
 - individual = characteristics of survey respondents (e.g. age)

publicness has little impact on risk culture. By contrast, Bellante and Link's (1981) single test suggests that public employees are more risk averse. However, the evidence refers to attitudes towards risk in their private lives (e.g. smoking and drinking habits, and purchase of health insurance). Whether these attitudes carry over into their professional behaviour is unknown.

The relationship between publicness and *red tape* has been tested in four empirical studies. The concept of red tape is operationalized as 'procedural delay, related to many layers of oversight' (Bretschneider, 1990, p. 537). In all four studies it is claimed that the results support the red tape hypothesis, but the evidence is not always consistent with this conclusion. For example, the support score in Rainey et al. (1995) is only 31 per cent, and in Bozeman and Bretschneider (1994) is as low as 17 per cent. The only study that provides very strong support for this publicness hypothesis is Bretschneider's (1990) comparison of public and private organisations in the US computing industry. He finds that decisions in public agencies take longer, particularly decisions on the appointment or dismissal of staff.

Wider evidence on the autonomy of public and private managers over personnel issues is provided by three of the empirical studies. The statistical results are again mixed, and show patchy support for the hypothesis of *lower managerial autonomy* in the public sector. Rainey's (1979) and Baldwin's (1990b) conclusions that personnel procedures are less flexible in the public sector are based on only one and two tests respectively. Under half of the results are consistent with this finding in the other two studies (Chubb and Moe, 1988; Pugh et al., 1968). Nevertheless, it is worth noting that none of the evidence suggests that managerial discretion over personnel decisions is greater in the public sector.

Publicness and Managerial Values

The hypotheses on managerial values are more strongly supported than the propositions on environmental, goal and structural differences between public and private organizations. Fourteen empirical studies have examined this effect of publicness (see table V). The mean support score is in the range 63% (weighted) to 71% (unweighted). Thus there appear to be fairly firm grounds for concluding that managerial values differ significantly between private firms and public agencies.

Four studies find that public managers are *less materialistic* than their private counterparts: managers in private organizations are more strongly motivated by their personal economic prosperity (Khojasteh, 1993; Rainey, 1982; Rawls et al., 1975; Wittmer, 1991). By contrast, neither Posner and Schmidt (1982) nor Gabris and Simo (1995) find any difference between public and private managers on this issue. The studies which conclude that private managers are more strongly motivated by pay tend to be methodologically superior. For example, Rawls et al. (1975) and Wittmer (1991) control for the individual characteristics of managers, and Rainey (1982) uses both ownership and funding measures of publicness.

The results of six studies are at least partly consistent with the view that public managers have a stronger desire to *serve the public interest* (Gabris and Simo, 1995; Nalbandian and Edwards, 1983; Posner and Schmidt, 1996; Rainey, 1982; Rawls et al., 1975; Wittmer, 1991). Only one study (Posner and Schmidt, 1982) finds no difference between public and private agencies in the extent of motivation towards serving the community. On balance, then, there seems to be strong evidence of

the existence of a public service ethos. It should be cautioned, however, that public managers may believe that this is how they are expected to respond to survey questions on their values. None of the studies attempts to deal with this methodological problem by testing whether the actual behaviour of public managers is more strongly oriented towards the 'common good'. In addition, it is unclear whether the distinctive values of public managers precede, or are a function of, employment in the public sector.

Finally, the results of three out of five studies are consistent with the hypothesis that *organizational commitment* is weaker in the public sector (Buchanan, 1974, 1975; Zeffane, 1994). Other tests of the impact of publicness find that motivation towards the organization does not differ between public and private managers (Balfour and Wechsler, 1990; Rainey, 1983). Indeed, the former study provides evidence that the congruence between managerial and organizational values is *higher* in the public sector. There have been several empirical investigations of the reasons for lower organizational commitment in public agencies (see Baldwin, 1990a, and Rainey et al., 1986, for reviews). The results confirm that an important variable is the lack of a clear connection between individual performance and rewards. In other words, inflexible personnel procedures lead to weaker commitment in public organizations. This may be why several studies have found that public sector employees are also less satisfied with their work (e.g. Buchanan, 1974; Lachman, 1985; Rainey, 1979; Rhinehart et al., 1969; Solomon, 1986). Whether such problems in turn lead to poorer organizational performance is unknown.

Summary and Discussion

The general pattern of evidence on the effects of publicness is summarized in table VI. This draws together the data in tables II–V, and shows the number of studies with support scores in one of three categories: zero, <50%, and >50%. This last category can be taken to represent moderate to strong support for a difference between private firms and public agencies. A support score of 50 per cent is far higher than would be likely to occur by chance alone. It may be argued that this threshold has been set too low, and that if a publicness proposition is valid the support score should be close to 100 per cent. However, this overlooks the problems of operationalizing the concepts of publicness, the environment, organizational goals and structures, and managerial values. The strength and significance of statistical relationships is attenuated by incomplete and inaccurate measures. Thus even if the 'real' connection between the variables is very close, an empirical test may indicate a connection that is only moderately close.

An important initial point that emerges from table VI is the complete lack of evidence on five of the publicness hypotheses (as indicated by the X symbols). In particular, no research has been conducted on three of the propositions concerning organizational environments, and two of the propositions on organizational goals. Even when the other eight hypotheses have been tested, the evidence is generally sparse. The gaps in table VI represent a substantial research agenda for comparisons of public agencies and private firms. In many cases, if a question is asked about differences between the sectors, the only appropriate answer is 'don't know'.

In those areas where tests have been conducted, the balance of the evidence seldom supports the argument that public organizations are distinctive. A majority of the studies have support scores of 50 per cent or more for only three

Table V. Differences in managerial values between public and private organizations

| <i>Study</i> | <i>1. Support score (and no. of tests)</i> | <i>2. Sample</i> | <i>3. Time period</i> | <i>4. Controls</i> | <i>5. Measure of publicness</i> | <i>6. Interpretation of results by authors of study</i> |
|-------------------------------|--|--|---------------------------|--------------------|-------------------------------------|---|
| Buchanan (1974) | 100 (1) | 279 managers in 3 private and 5 public agencies, USA | Unknown | None | Ownership | Private managers have more favourable attitudes towards their organizations |
| Buchanan (1975) | 100 (1) | Middle managers: 76 in federal agencies, 69 in 4 industrial firms, USA | Unknown | Internal | Ownership | Job involvement is lower in the public sector |
| Rawls et al. (1975) | 100 (2) | 30 private and 22 public managers, USA | Unknown | Individual | Ownership | Public managers less concerned with economic prosperity and more concerned with welfare of others |
| Rainey (1982) | 66 (6) | Middle managers: 150 public and 125 private, USA | Unknown | Individual | Ownership, funding | Public managers less concerned with financial rewards and more with serving the public |
| Posner and Schmidt (1982) | 0 (6) | 80 public and 80 private managers, USA | 1980 | None | Ownership | Values of public and private managers not different |
| Nalbandian and Edwards (1983) | 50 (2) | 383 students and 391 alumni, various degree courses, USA | 1977 | None | Students' career aspirations | Public administration students attach higher value to public interest |
| Rainey (1983) | 0 (3) | 255 middle managers in 5 public agencies and 4 private firms, USA | Unknown | Individual | Ownership | Motivation towards work same in public and private sectors |
| Alban Metcalfe (1989) | 100 (6) | 1492 private and 738 public managers in England | Early 1980s | Individual | Ownership | Public managers less materialistic and more concerned with making a contribution to society |

| | | | | | | |
|-----------------------------|---------|---|---------|------------|-----------|--|
| Balfour and Wechsler (1990) | 33 (3) | 252 managers in 2 public agencies, 90 managers in 1 private firm, USA | Unknown | Individual | Ownership | Conflicting results for different aspects of organizational commitment |
| Wittmer (1991) | 100 (3) | 62 private and 92 public managers, USA | 1988 | Individual | Ownership | Public managers motivated less by pay and more by community service |
| Khojasteh (1993) | 100 (1) | 362 managers in 7 public and 18 private agencies, USA | Unknown | None | Ownership | Private managers more strongly motivated by pay |
| Zeffane (1994) | 100 (3) | 474 public and 944 private employees in Australia | 1990 | None | Ownership | Organizational commitment higher in private sector |
| Gabris and Simo (1995) | 50 (2) | 42 public and 32 private employees, USA | 1990 | None | Ownership | Public and private employees motivated equally by money; desire to serve the community higher in public sector |
| Posner and Schmidt (1996) | 100 (2) | 505 private and 619 public managers, USA | Unknown | None | Ownership | Public managers place more importance on service to the community |

Notes:

Mean support score:

Weighted 63

Unweighted 71

1. The 'support score' is the percentage of tests that supports a publicness hypothesis (see text for details of the calculation of the weighted and unweighted mean support scores).

2. The 'controls' column refers to other variables that are held constant in the statistical analyses:

(a) external = environmental variables, such as industry and geographical location

(b) internal = characteristics of the organization (e.g. size)

(c) individual = characteristics of survey respondents (e.g. age)

Table VI. Summary of support for publicness hypotheses

| | 0 | ≤50% | >50% |
|--------------------------------------|---|------|------|
| <i>Environment</i> | | | |
| H1 more complexity | X | X | X |
| H2 more permeable | 2 | 2 | 1 |
| H3 less stability | X | X | X |
| H4 weaker competition | X | X | X |
| <i>Goals</i> | | | |
| H5 distinctiveness | X | X | X |
| H6 larger number | X | X | X |
| H7 more vague | 2 | 3 | 3 |
| <i>Structures</i> | | | |
| H8 more bureaucratic | 2 | 1 | 8 |
| H9 more red tape | 0 | 2 | 2 |
| H10 lower managerial autonomy | 0 | 2 | 2 |
| <i>Values</i> | | | |
| H11 less materialistic | 2 | 0 | 4 |
| H12 stronger public interest motives | 1 | 1 | 2 |
| H13 weaker organisational commitment | 1 | 0 | 3 |

Notes:

1. Figures show number of studies with support scores of zero, less than or equal to 50%, or more than 50%.
2. X = no tests of this hypothesis.

hypotheses: public organizations are more bureaucratic, public managers are less materialistic, and organizational commitment is weaker in the public sector. Thus these three variables are the only empirical basis for the argument that public organizations should not import managerial practices from private organizations because the inter-sectoral differences are too great. This seems to be a narrow and uncertain foundation for rejecting the element of NPM that seeks to draw lessons from the private sector.

More empirical research that employs better methods is clearly required in order to establish the validity of the publicness hypotheses. This should cover a wider range of nations, and organizations in a variety of industrial sectors (e.g. comparisons of public and private providers of health care, and public, quasi-public and private landlords). Such studies need to test for the effects not only of ownership but also governmental funding and political control. Furthermore, publicness variables should be tested in multivariate statistical models that control for other relevant variables, such as the external and internal features of organizations and the personal characteristics of survey respondents.

Future tests of the impact of publicness could also move beyond the simple linear models that are implicit in existing studies (see figure 1). Two issues in particular require investigation. First, what are the relationships between the dimensions of publicness? For example, does ownership have a separate and independent impact on organizations, or are its effects contingent on funding and control? (see figure 2). Secondly, what are the relationships between the dependent variables

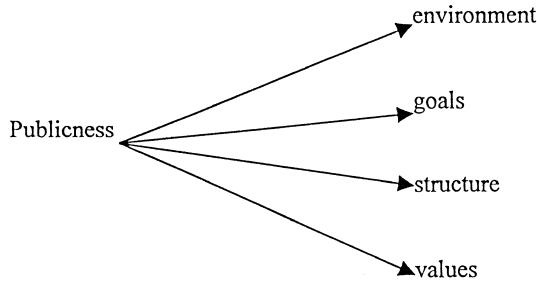


Figure 1. Implicit causal model in existing tests of publicness

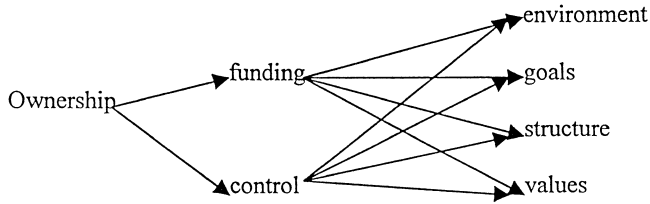


Figure 2. Causal model that incorporates relationships between dimensions of publicness

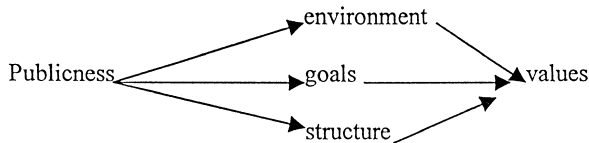


Figure 3. Causal model that incorporates mediated relationship between publicness and managerial values

identified in publicness hypotheses. For example, is the impact of publicness on managerial values mediated by organizational environments, structures and goals (see figure 3)? Such relationships could be investigated through multivariate models that use cross-sectional data. However, a more secure basis for causal inferences would be provided by dynamic models that test whether changes in publicness are followed by changes in organizational and managerial variables.

In addition to more sophisticated quantitative research, it would also be useful to pursue a variety of qualitative methods in order to explore the distinctions between private firms and public agencies. For example, interviews could be undertaken with managers who have worked in both sectors, preferably within the same industry and in organizations of comparable size in order to minimize potentially confounding effects on their perceptions. An alternative line of inquiry would be to explore the views of consultants who have advised both public and private organizations. In what ways did they find it necessary to modify their conclusions and advice for clients in the two sectors? Again, it would be important to match closely the characteristics of the organizations with which the consultants have worked. Such qualitative approaches may help to illuminate not only *whether* publicness matters but also *why* and *how*.

CONCLUSION

The technical prospects for NPM depend partly on whether private sector management principles and processes are likely to work in the public sector. The political prospects for NPM may also be influenced substantially by the technical validity of its propositions. For example, the Labour government in the UK is apparently committed to the principle that 'what counts is what works', and that policies for public services should be 'evidence based'. This is good news for the academic community, but may be bad news for NPM. The dominant view in the public policy and administration literature is that public and private organizations are so different that NPM prescriptions are inappropriate. Management techniques cannot be exported successfully from one sector to another because of differences in organizational environments, goals, structures and managerial values. These variables represent a set of contingencies that require different approaches to management in public agencies and private firms.

However, the evidence in support of sharp differences between public and private management is limited. First, five of the 13 main hypotheses on the effects of publicness have not been tested. Whether the environmental circumstances and the goals of public and private organizations differ significantly is largely unknown. Second, the evidence on the remaining eight hypotheses is problematic in several respects. Most studies measure only the ownership dimension of publicness, and omit the dimensions of governmental funding and political control; and few studies control statistically for other variables that may explain public/private differences. Third, the balance of the evidence supports only three of the publicness hypotheses. If the statistical results are valid, then public management is characterized by more bureaucracy, a stronger desire to promote public welfare, and lower organizational commitment.

In sum, the available evidence does not provide clear support for the view that public and private management are fundamentally dissimilar in all important respects. This is not to argue that there are *no* differences between public and private organizations. For example, quantitative research has uncovered significant differences in human resource management policies and practices (Boyne et al., 1999), the management of ethical issues (Berman et al., 1994), and decision processes (Nutt, 2000); and qualitative research has found differences in styles of strategic management (Shortell et al., 1990). Other differences that have not been identified in the literature on the theoretical consequences of publicness may also exist. Nevertheless, there are few solid empirical grounds for rejecting the application of successful private practices to public organizations. Here, however, is a final ironic twist in the tale: there is no established body of knowledge on successful management strategies in the private sector that can be easily drawn upon by public agencies. For example, strategic planning in private firms appears to work better in some circumstances than others, but the environmental and organizational variables that influence its success are poorly understood (Boyd, 1991; Boyne, 2001; Miller and Cardinal, 1994). Thus if public managers are to derive lessons from the private sector, the first step is to establish more clearly the determinants of performance in private firms. Whether publicness is a difference that makes a difference can then be evaluated on a stronger theoretical and empirical basis.

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