Organization and Management Theory in Public vs. Private Organizations

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Abstract:

Some people argue that organization and management theory can be used to understand public organizations in essentially the same way as private organizations. Others argue that organizing and managing in the public sector is fundamentally different from the private sector—therefore there is, or there needs to be, something distinctive about public organization/management theory. This is a theoretical qualitative research describing the similarities and differences between the two types of organizations based on the development of the public administration literature.

Key Word: private, public, reinventing government, scientific management

1. Introduction:

The purpose of this paper is to discuss throughout the history of the field what has been the relationship between the American public administration and the business administration. The paper sheds light on the similarity and degree of difference between public management and private one. It will focus particularly on the orthodoxy of public administration in terms of offering an example of a stream of thought which borrowed heavily from the field of business administration in order to begin the field of public administration as a line of inquiry. In addition, the paper demonstrated that Reinventing Movement of the 1990’s offered a different example of how a stream of contemporary thought in public administration draws from business. Both examples show similarities and differences that are illuminated by their applications of specific techniques and sharing of theoretical underpinnings.

Generally, there is a debate between two major schools in terms of how management works in public administration as well as in business administration. One school believes that management theory can be employed to interpret organizations in public sector in the same way as organizations in the private sector. On the other hand, another school believes that public organizations have different characteristics, environment, and orientation that differ from the ones of the private organizations and consequently one should be careful when dealing with management in the two sectors in order to avoid any misunderstanding or misleading applications (Appleby, 2004).
This paper argues that even though there are some similarities between public and business administration there are some differences between organizations in the two sectors and such differences should be taken under consideration. For example, many fundamental aspects of management including divisions of work and role of executives and managers might be similar in both sectors. However, other factors such as the external social and political influences cannot be applicable similarly in private and public organizations. Appleby (2004) states that actions in public organizations should be “as fair as possible, as uniform as possible, and which can be taken publicly and publicly explained” (p.134).

Although the literature review provides us with information proving that there was no focus on the distinction between public management and private management, such focus on the distinction started later to exist reflecting these differences between the two kinds of organizations. The paper starts with a historical background of the literature and the development of management in public administration. This historical context helps to grasp the idea why the thoughts of one theory can be applied in public administration in a part and cannot fit in another part. Then the discussion will treat the major differences between public management and private one.

2. **Historical Beginning of PA:**

According to Jay Shafritz and Albert C. Hyde in *Classics of Public Administration*, the central problem facing public administration was the lack of administrative capacity. They state that “Government organizations were small, poorly run and frequently corrupt.” Therefore, there was a need to build and reform government; not in just a physical sense. The objective of this reform has always been to make government more efficient and more effective towards the utilization of society’s resources. In order to achieve that efficiency and effectiveness in public administration, the field has always looked to other fields of knowledge to acquire the learned skills with practice and job training. When those foundations have been discovered, it is clear that public administration owes a great debt to other disciplines of the knowledge. It borrowed until it achieved its identity and became its own. One of the strongest disciplines is business administration which can be credited partially with lending public administration its heart and lungs during its birth.

From Woodrow Wilson’s call in 1887 for a field of study called public administration
based upon the principles of business to the Reinventing Government Movement of the 1990’s and the New Public Management (NPM), public administration can trace its roots to the intellectual history of the field of business administration. Wilson affirmed the need to manage the public sector when he stated that “it is getting harder to run a Constitution than to frame one” (Wilson, 1887, p.200). Wilson called for detaching public administration from the politics and he called for developing a science of public administration. He thought that this model might be a generic model that could be applied in both public and private sectors. The contributions to the management theory which were mainly created in private sector had already the ground to be accepted in public sector. According to Rainey (1996), most of the major figures who built the general body of knowledge “apply their theories and insights to all types of organization” (p.8) which is known as the generic tradition.

Woodrow Wilson, with public administration in mind, stated:

The field of administration is a field of business. It is removed from the hurry and strife of politics; it at most points stands apart even from the debatable ground of constitutional study. It is a part of the life of society, only as machinery is part of the manufactured product. (Wilson, reprinted in Shafritz/Hyde, 1997, p.20).

Wilson, in his essay of The Study of Administration (1887), stated, that it was the “object of administrative study to discover, first, what government can properly and successfully do, and secondary, how it can do these proper things with the utmost possible efficiency and at the least possible cost; either of money or energy” (Ibid., p.14.) By focusing on the efficiency aspect and the expense of money in this statement, Wilson considered the stage of administrative study to mirror the study of business by declaring that the “field of administration is a field of business.”

One of the first examples of public administration acting like business is the growth of government regulatory agencies. According to Joseph A. Uveges and Laurence F. Kellar, the development of the regulatory agencies “exemplified the reformers’ belief in the efficacy of the specially educated to lead an industrial democracy” (Rabin, 1998, p.5). For example, both authors argued that the creation of the Interstate Commerce Commission (ICC) as an example of government attempting to promote business while regulating its activities. In part, the creation of independent regulatory agencies like the ICC might owe its establishment to groups such as The American Economic Association who championed independent-type efforts like the ICC to meet
broad societal goals in an efficient manner.

With the City of Galveston and the commission form of government in mind, there is another example of administration acting like business. Specifically, in 1900 the city of Galveston, Texas, was struck by hurricane which killed nearly six thousand lives. Matters of practicality, efficiency and speed dictated efforts to be pursued with community-wide interest, immediate responsiveness and tangible results without the interference of politics. The commission form of government did more for providing an example of the capability of public administration to act efficiently, quick and responsibly. Lynn (1996) emphasizes that “scientific administration, which stressed the separation of administration from politics and efficiency as the goal of administration, became the dominant idea in public administration from roughly 1910 to 1940” (p.29).

3. Scientific Management & Budget:

According to Shafritz and Hyde in Classics of Public Administration, Frederick Taylor, the “father” of scientific management, is the pioneer who developed time and motion studies and provided the impetus around which classical organization theory would evolve, .Through scientific management, Taylor believed that there is ‘one best way’ to accomplish any given task (Shafritz and Hyde, 1997, p.2). He argues that the “one best way” provides the “fastest, most efficient, and least fatiguing production method” (Ibid.). In fact, scientific management was about efficiency and its inception was about preserving effort. The transfer of Taylor’s principles to the field of public administration is another example of the field adapting techniques and concepts from the sphere of business to governance.

In 1912, the U. S. House of Representatives investigated Taylor’s systematic use of management techniques. Some of the management techniques or as Taylor called them “duties,” included:

- Replacing traditional rule of thumb methods of work accomplishment with systematic, more scientific methods of measuring and managing individual work elements;
- Studying scientifically the selection and sequential development of workers to ensure optimal placement of workers into work roles;
• Obtaining the cooperation of workers to ensure full application of scientific principles; and
• Establishing logical divisions within work roles and responsibilities between workers and management. (Ibid., 3)

While Taylor’s conceptualizations of efficiency are based upon the economics of the maximization of profit, in part, their conceptualizations view humans like extensions of machines. Taylor’s “one best way” was obviously influential when the Bureau of Municipal Research used the scientific approach to consider public functions of administration (Lynn 1996). His scientific management procedures were applicable in “public organizations and such techniques are widely applied in both public and private organizations today” (Rainey, 1996, 56). In addition, when White published the first textbook, Introduction to the Study of Public Administration (1926), he asserted the importance of scientific principles to govern public administration (Lynn 1996, 29). White did not regard considerable differences between the scientific principles of management that were needed in both public and private sectors although he knew that there is difference between the two sectors. He stated that “although the administration of public and private affairs differs at many points, there is an underlying similarity, if not identity, in the process wherever observed” (White 1955, 1).

The first national call for a budget also provides illumination of the efforts of public administration to mirror business. Again, in 1912 the first call for a national executive budgeting system came as a result of the Taft commission (Ibid). William Willoughby provided examples of how modern administrative units were creating responses to deal with budgetary issues such as efficiency and economy. He argued that:

Still another movement which has logically resulted in the demand for budgetary reforms is that for placing the purely technical methods of governmental organization and administration upon a more efficient and economical basis. The question has been raised as to whether there are any inherent reasons why government officers should not be held to the same standards of efficiency and honesty as are demanded in the business world. (William Willoughby, The Movement for Budgetary Reform in the States. Reprinted in Shafritz/Hyde 1997, 34)

At the time of his writing, Willoughby was asking for a fundamental shift in the consideration of current systems of government. He was suggesting, possibly, that government
needs to act more like business in order to secure efficiency and economy. Michael Spicer (1995) argued that, based on the faith in science during this era, it was believed that if “enough data could be collected and properly analyzed... one could find the ‘one best way’ of administering public services and render public administration more ‘business-like’” (p.27).

In addition, the businesslike influenced the New York Bureau of Municipal Research. Dr. Camilla Stivers (2000) argues that the bureau’s scientific approach was reflected in its motto: “To promote the application of scientific principles to government” (p.117). The major components of the bureau’s philosophy emphasized that government is more business than politics and called for increasing efficiency in public management through scientific inquiry (Stivers, 2000).

4. Other Calls for Businesslike Examples:

Goodnow (1900) argues that government should be run like a business, and the technical experts, the administrators, should be given discretion in decision making. Government is for the people, but it needs to be efficient so the will of the people can be executed. The same attitude of focusing on management, whether in public or private sector, was also affirmed by the Human Relations School and Hawthorne Studies which were conducted in private factory by Roethlisberger and Mayo from the 1920s till 1940s and influenced the field of public administration. Even though he knew that there are distinctions between the two sectors, Fayol’s major work, *General and Industrial Management*, which published in France in 1916 and translated to English in 1925, also came with general principles that can improve the performance of management in both sectors. Shafritz, Ott, and Jang (2005) states that “Fayol believed that his concept of management was universally applicable to every type of organization” (p.31). This generic model of Fayol’s general principles had an impact on public administration because it was theorized to work in both public and private organizations.

Gulick and Urwick focused in the *Papers on the Science of Administration* (1937) on the executive functions to increase the effectiveness of organization and came with the POSDCORB. Even with their practical experiences in public sector, they heavily drew on Fayol’s principles which were recognized in private sector (Lynn 1996, 29). Barnard’s influential book, *The Function of the Executive* (1938), also dealt with management without separating the executive’s functions in public organization from the same functions in private organization. Max Weber’s
bureaucracy (1946) also presented bureaucracy as a generic model that can work in both public and private sectors (Rainey, 1996). For example, Weber asserts that:

The bureaucratic structure goes hand with the concentration of the material means of management in the hands of master. This concentration occurs, for instance in a well-known and typical fashion, in development of big capitalist enterprise, which finds their essential characteristics in this process. A corresponding process occurs in public organization (1946, p.221). Parker Follett, in his book *The Giving of Orders*, states in a voice intended for the business community:

Business administration has often to consider how to deal with the dissociated paths in individuals or groups, but the method of doing this successfully have been developed much further in some departments than in others. We have hardly recognized this as part of the technique of dealing with employees, yet the clever salesman knows that it is the chief part of his job (Parker Follett reprinted in Shafritz and Hyde, 1997, p.55).

Finally, in his book *Administrative Behavior* (1947), Simon implicitly framed his view for management “as being applicable to all organizational settings, both public and private” (Rainey 1997, p.56).

To sum up, the majority of early scholars in public administration thought that the ideas of private management were applicable in public because contributions of management “were conceived to apply broadly across all types of organizations” (Rainey 1996, p.55). This means that the attitude in the field of public administration was influenced by business administration which promotes the belief that scientific management theory can be a generic model that works effectively in both sectors.

5. Reinventing Government:

Christopher Hood (1991), a British scholar, clearly presented the main themes of the New Public Management in his article, “A Public Management for All Seasons.” The core concept of Hood’s argument is that the public sector should borrow the tools and terms used in the private sector to ensure efficient performance. In 1993, the National Performance Review (NPR) was an attempt to achieve initiative and empowerment in the federal government. President Bill Clinton on announcing the review stated:
Our goal is to make the entire Federal government both less expensive and more efficient, and to change the culture of our national bureaucracy away from complacency and entitlement toward initiative and empowerment. We intend to redesign, to reinvent, and to reinvigorate the entire national government. (President Clinton in Shafritz and Hyde 1997, p.535).

The essence of the National Performance Review was to identify what it called performance deficits within the federal sector and the central problem facing government today: How it does its business? The onus for that change is that the NPR saw government in trouble and the risk of doing nothing was more troubled. It can be noticed that NPR has a similar start to what was adopted by the early founders of the PA.

The National Performance Review bridged a gap between public administration and business administration. It did so by stating that it is time for government to do more and it is time to treat “taxpayers like customers” (Shafritz and Hyde, 1997, 536). The New Public Management called for the use of market mechanisms in public administration to provide services to customers, not citizens. It identified four perspectives as key principles:

1. Cutting red tape
2. Putting customers first
3. Empowering employees to get results
4. Cutting back to basics: producing better government for less. (Ibid.)

Donald Kettl, In Reinventing Government? Appraising the National Performance Review, states that the reinventers built upon the theoretical work of Osborne and Gaebler in Reinventing Government which borrowed heavily from In Search of Excellence Lessons from America’s Best Run Companies by Thomas Peters and Robert Waterman and from Peter Drucker’s Innovation and Entrepreneurship: Practices and Principles.

Thus, the theoretical underpinnings of the Reinventing Movement are based upon practices which are borrowed from the world of business. Donald Kettl summarizes the reinventing government effort by writing that:

The most valuable contribution of the reinventers is their frank recognition that the top-down bureaucratic authority approach guiding American bureaucracy since the Progressive era no
longer effectively steers public management. The traditional approach is not obsolete; it can never be so long as the United States is a government of laws. But it must be adapted to a new reality of shared responsibility for common purposes. Boundary spanning coupled with customer service offer fresh insights to attacking new and inescapable administration realities. Traditional bureaucratic theorists face the challenge of fitting old notions of neat hierarchical control to an increasingly messy administrative state where bureaucratic boundaries are the beginning, not the end, of the management process. (Kettle reprinted in Shafritz and Hyde, 1997, p.549)

6. Closed and Open System:

Waldo (1948), Yates (1982) and Kingdon (1995), argue that the focus should continue to be on public administration with giving more weight to the political considerations in policy making. Waldo, in his book entitled “The Administrative State” (1948), stating that Public Administration could never be a value neutral science, because even if all neutral facts were at hand the remaining question would be which line of action to take and that decision is a completely political one. Waldo believed that “despite the field’s claim to be ‘a science with principles of universal validity,’ it operated on the basis of ‘political theories’” (Stivers, 2000, p.124). Indeed, the focus on policy issues opened the gate to consider the external environment of organization and the political impact. Thus, many scholars, according to Lynn (1996), “began to resurrect the role of politics in executive administration and criticized the emptiness of the narrow doctrine of efficiency as an administrative goal” (p.30). Thompson (2005) asserts that there are two major paradigms of organizations: the closed-system which gives emphasis to rationality and the open-system which is influenced by different internal and external variables that cannot be controlled.

These two systems can be seen in this way: while the closed-system focused on controlling organization from inside, the open-system considers that “organizations are influenced in significant ways by elements of their environments” (Thompson 2005, 494). The new paradigm has started, specifically in public administration, by Dwight Waldo in his influential work The Administrative State (1948). He observed the role of the political environment as well as the limitations of the rational model in public administration. Norton Long in his (1949) article, Power and Administration, argued that administration’s lifeblood is power, so administrators should increase and maintain their power to accomplish their mission
instead of focusing only on applying the scientific methods to deal with problems (Shafritz et al. 2004). Others also like Dahl, Appleby, and Marx contributed to finish off the scientific management and orthodoxy in the field of public administration (Lynn 1996).

While the closed-system of the classical founders did not recognize the distinction, other arguments of the open-system did notice that the environmental influences have strong perspectives which emphasize this distinction. There are generally two main factors that can distinguish the two schools: rationality and internal focus on the functions of managers to run organizations. According to Thompson (2005) and Katz and Kahn (2005), the closed-system follows the rational understanding of organizations while the open-system observed the limitations of rationality and the inflexibility of prediction and control. In addition, the close-system “has led to over-concentration on principles of internal functioning, with consequent failure to develop and understand the processes of feedback” (Katz and Kahn 2005, p.490), which is an external influence. It seems that the rational model with internal focus fits better for private sector while the opposite model fits better in public sector. These two factors, seen in the perspectives of each side, are a good beginning to recognize the distinction between the two the public and private organization.

In fact, the major problem with most of the classical scholars of management is the internal focus on organization which rarely considered any external factor that may influence any organization to act differently. The internal focus does not help to see the distinctions between public and private sectors through the reactions and interactions with external environment. This problem is well addressed by the other scholars that take in consideration the external factor that influence organizations. Katz and Kahn (2005) assert that “organizations are open systems” (Sage, 1995, p.67), and “the major misconception is the failure to recognize fully that the organization is continually depends upon inputs from the environment” (p.488). The external consideration allows the focus to be shifted from the limited view of the managers to the broad view of organizations. The scholars who discuss the organizational environment as well as the others who focused on power recognized the importance of paying attention to the external factors that influence organizations from outside. They also recognize the limitations of rationality that organizations, especially in public sector, can encounter.
For instance, Pfeffer and Salancik (1978) refer to the hardness of controlling the environment surrounding any organization. They shifted the rational way of looking to organization to highlight a limited rationality, or what Simon (1946) argued that administration’s decision-making is influenced by “bounded rationality,” which is limited by skills and habits, values and conceptions, as well as the limited knowledge of things relevant to job (Simon, 1946). Pfeffer and Salancik (1978) argue that organizations should be designed “with features of representative political structure, particularly when adaptation rather than stability or efficiency is of primary concern” (p.198). They also affirm that the behavior of organizations is highly determined by their external environment. The main idea is that this external influence which takes in consideration the political conditions is likely to exist more in public organization than in private organization.

Stillman (1998) presents four major levels of external factors that influence the American bureaucracy. The first level is the general environment which refers to three important factors: functional needs of society, national values, as well as the constitutional structure. The second level is the socioeconomic factors which are trends of population, economic conditions, and the speed of technological innovations. Then, another level refers to the “external political actors that significantly shape the purpose, processes, and actions of bureaucracy” (Stillman 1998, 99). These actors are public opinion, clientele groups, media coverage, public interest, and power elites. The fourth level focuses on the institutional actors that construct the government and shape it through their political positions. Although private organization may be effected by some of these factors, the level of influence is more in public sector. In other words, private sector is less sensitive to the influence of these factors (Rainey et al. 1976).

Therefore, there is a certain level of sensitivity in private sector to the external environment, but it is much higher in public sector. This argument should be observed when one read the work of Woodward (1958) about management and technology. In fact, she discusses the external environmental effects on organization, especially by technology. Focusing on the effects of the external environment of organizations opens the doors to stress the distinction between public and private sectors in terms of the sensitivity to the external influences on organizations, Katz and Kahn (2005) and Lawrence and Lorch (1967).
6. **Similarities Differences between Public and Private Sectors:**

Taylor has internal focus on organization which observes rationality. Some of his principles of scientific management not only function, but they are definitely essential for public organization as in private organization such as division of work, flow of information, and the importance of training. The division of work, for instance, means “that work which formally was done by the workmen alone is divided into two large sections, and one of those sections is handed over to the management” (Taylor 2005, p.66). Of course, this principle is important in public organization for the same justifications that are used in private management.

However, other concepts may not apply in public organizations such as the “the only one way to do [things] right” (Taylor 2005, p.69). Even if one admits that there is only one way in private sector to do things efficiently, this cannot be applicable in public agencies. In public sector, there is no one way to do things because public organizations do not have the rigid sense of rationality which Taylor follows. Effectiveness in the sense of public organizations “refers to whether the [public] agency does well that which it is supposed to do, whether people in the agency work hard and well, whether the actions and procedures… are well suited to achieving its mission, and whether the agency actually achieves its mission” (Rainey and Steinbauer 2000, p.305). Based on this point, public administration may have many different ways to do the job in the way that maintain the satisfaction of public opinion (Stillman 1998). Thus, public sector may not pay attention always to rational decisions which emphasizes one distinction between public and private sectors.

Another distinction between management in public and private sectors can be seen through the work of Fayol. He came up with his general fourteen principles that can be applied in both kinds of organizations (Shafritz et al. 2005). Many of these principles including unity of command, unity of direction, and scalar chain are the similar functions to managers in both sectors. Fayol mentioned the un-clarity of public interests which supports the argument that public organizations must observe public interest and this differs from private organizations which do not. Also, unclear interests do not fit in private organization because businesses should decrease the levels of uncertainty to ensure the highest level of efficiency. Basically, uncertainty which can exist in public sector controverts with rationality which is highly considered in private sector. In fact, public sector can deal with this issue because public organizations have other
tools to handle the public interest problem by bargaining, compromising, or other political dynamics.

Even if Fayol (2005) emphasized that his “principles are flexible and capable of adaptation of every need” (p. 48), one can argue that this flexibility is given to the managers in private organizations, but the same thing is not available in the public sector which is supervised and oriented by political and legislatives entities. In addition, these principles did not come from a person who was thinking and acting like public manager, as Appleby (2004) may argue. These principles were not intended to or based on “public-interest attitude with certain special characteristics” (Appleby 2004, p.132). Managers in private sectors do not have the attitude to serve public interest which makes another distinction between the two sectors.

Roethlisberger, Dickson, and Mayo also have internal focus on organizations and they observe rationality. Some of their perspectives may work in both sectors such as motivations, teamwork, communication, and informal organization. However, other aspects such as formal organization need to be observed in terms of its validity in public sector. Roethlisberger, Dickson (1939) emphasize that one of the two purposes of formal organization is to “addresses itself to the economic purpose of the total enterprise” (p.74). Obviously, this rational principle does not fit well in public sector because the there is no consideration for the economic purposes. In other words, public agency does obey to the rules of market which means that it does not have economic purposes, according to Katz and Kahn (2005). Public sector pays more attention to the political and social purposes of organization besides other non-economic considerations. According to Rainey et el. (1976), the dynamical effects of market are not applicable to the political context of public organizations because they “are lass subject to such influence” (p.235).

Barnard’s influential work was totally focused on internal factors and dynamics that influence organization. Alike the classical scholars, many of his aspects can work in private and public sectors, such as cooperation, communication, informal groups, and alternative motivations. However, other perspectives may not work in public sector which reflects the distinction between the two sectors. The economy of incentives is one of these aspects that can work perfectly in private sector and imperfectly in public sector. According to Barnard (1966), the role of an executive is to ensure the smoothness of this economy by reaching equilibrium.
This equilibrium happens when the executive is able to continuously maintain a balance between the needs of the organization and the needs of its employees or workers.

This dynamic of incentives is supposed to work under management in private sector which has the flexibility to deal with incentives. However, in public sector the case is different because public managers do not have the same flexibility since they are founded on a certain base of rules and regulations that are stable and hard to be changed, according to Rainey et al. (1976) and Allison (2004). This means that managers in public organizations do not have freedom to decide on the economic incentives. On the other hand, Barnard did not consider the role of loyalty, patriotism, and the prestige of some high positions (Rainey et al. 1976) that may activate the economic incentives without a manager.

In fact, there is no problem if one argues that perspectives of Weber’s bureaucracy including, laws, orders, hierarchy, training, and education, work in public sector, but the problem comes when they need to be applied in private sector. Although bureaucracy works in public sector (Stillman 1998) the model, as a whole, is not a preference in this sector. For example, the centralized management in public sector is greater than the centralized management in the public sector. Flexibility of bureaucracy implementation in private sector is higher than the flexibility in the public one due to the political and legislative mandates. In other words, the different environments and natures of both sectors make it possible for some models of management to work in public sector; but not in private sector and vice versa.

Professor Stivers (2003) sums it up that “public organization is public not because it takes place in government agencies or because these agencies do not have stakeholders and do not make profit. There is something profoundly open-unresolvable about public administrative work, which can be traced to the kinds of questions it addresses and the kinds of problems it tackles, which are not just “messy” but “public” in the sense that they are of shared concern and endlessly arguable” (p.243).
7. Conclusion:

The objective of this essay was to discuss the important question of how public administration and business administration are similar yet different. By tracing this discussion of public administration/business administration relationship, it is important to note how much that public administration owes business administration for essence of how the scholarship of public administration came to be defined. Much of what was considered good for business was good for public administration. This is because the beginnings of the field as a line of inquiry declared, through Woodrow Wilson, that “the field of administration is a field of business” (Wilson, 1887, p.2). However, Paul Appleby, in *Big Democracy* (1945), compared the public sector to the private sector and asserted that “government is different because government is politics” (Appleby, 1945, p.135).

The distinction between the two sectors is seen clearly through the general focus on organization rather than the specific focus on managers. In other words, the picture of distinction is more obvious with the concentration on the external part of organization not on the internal body. Some of the major distinctions between the two sectors are: belief in rationality, attitude to serve public interest, political and social purposes, constitutional and legal restrictions, and external environmental factors.

This notion comes up because managers in both sectors have similar functions to run any organization internally (Allison 2004). Even though there are a great deal of similarities in the functions between managers in both public and private sectors, the differences between the two sectors cannot be ignored in terms of the external influences that shape any public organization from its environment. According to Allison (2004), “public and private management are at least as different as they are similar, and that the differences are more important that the similarities” (p.410). The different orientations of organizations in public and private sectors make “the most capable business executive in the country might be the most dismal failure in government” (Appleby, 2004, 132) and vice versa.

Even though some scholars argue that similarities are more than differences between public and private sector (Murray, 1975), the main point remains that they are not the same. They should be understood differently. What can be said, as a direct response to the major question, is that public and private organizations have some similarities as well as some differences that make each one of them a different body of management.
Finally, the paper did more to reflect how public administration owes its essence, yet not its whole soul, to the field and scholarship of business. It also shows, in small way, how public administration turns (the current trend exemplified by reinventing) whether in a time of beginnings or a time of frustration, to business in order to derive innovation. Business is a fertile ground for entrepreneurship to thrive and public administration has, more than once, harvested from that fertile field in order to move forward.

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