

**Public Organization and Management**  
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**Lecture - 04**  
**Foundations of Public Management – IV**

Hello, dear learners. Let's continue our discussion on public sector distinctiveness. In the previous session, we started talking about the distinctive characteristics of public sector organizations. Let's continue the discussion.

In case of public sector organization, there is differences in the managerial values and the behaviors. It is largely coming out because of the focus of the public and private sector organization that the managerial values and behaviors among the public and private sector managers are different. Unlike business managers, when we talk about public managers and especially the people working in the higher levels in the organizations, they are influenced by governmental institutions and processes. And these processes and governmental institutions, they are directing these public managers and hold them accountable for their actions while producing public goods and services, especially in the absence of profit indicators.

So, the behavior and the values with which these public sector managers work are very different from the private sector organizations. Another important feature which is a distinctive character is the more exposure of public scrutiny. These public managers, they are more exposed to public in terms of they are being watched in terms of how they are indulging into some kind of actions. They are continually be watched. Now, what public expect in terms of the public policies and the programs in terms of implementation? These citizens expect fairness in terms of how the benefits are distributed, holding people accountable for the actions. They expect honesty and openness, transparency in terms of the sharing of information. And because the public is involved, there is a continuous attempt on the part of people to control the discretion of the administration. So it is not going to be easy for the public managers to work according to their whims and fancies. So, they have to work according to the processes, procedures and to abide by the guidelines proposed by the government.

Now I am going to build on the research work by Professor Hal G. Rainey, which is published in Journal of Management in 1989. Journal of Management is a very reputed journal publishing the research work in the area of the management practice. So we are going to talk about the distinctive characteristics of the public management and public organization according to the factors proposed by Professor Hal G. Rainey.

First among these factors of differentiation amongst public and private sector organization is environmental factors. Now because the environment of the public organization is different and the environment impact the business of the organizations differently, these factors are differentiating the functioning of the organizations. Within environmental factor, the first one is public sector organization, there is absence of economic markets for outputs, meaning that public sector organization do not depend upon demand and supply aspect of economics. There is an absence of economic markets. Now because there is absence of economic markets, the reliance is much more on governmental appropriation for financial resources.

Now unlike private organization where the functioning is based on the economic markets, the prices are being set depending upon the demand and supply in the market and the customer preferences, the absence of the economic markets in the public sector organization there is no incentive for cost reduction, there is no incentive for enhancing operational efficiency or even effective performance. That is the distinctive character of the public organization. Also, there is lesser availability of relatively clear market indicators and, you know, the information. For example, prices, market share, okay, profits. There is no information on these aspects in the public organization on which private sector organization can take their decisions, right.

So, first character is absence of economic markets as you know for the outputs as the distinctive character of the public sector organization. Second is presence of particularly elaborate and intensive formal legal constraints. What is the meaning? That the domain of the operation and on the procedure of the public sector organization, there are larger set of constraint being put by the government organizations, the context of government. Now, in this case, there is a lesser autonomy of the managers in making such kind of a choice. because there is more constraint on the operations of the government organization, there is more constraint on the procedures of the government organization, so there is a lesser autonomy with the managers to make choices.

Now because of this, there is also the tendency for more formal administrative controls to control the exercise of authority given to public managers. Now who controls this? There is legislative branch, executive branch, there is internal hierarchy, there are oversight agencies and of course courts which are overseeing the actions and the work and performance of the government sector organizations which perhaps is not the character of the private sector organization. The challenges of course which are faced by private sector organization will be there. I am not saying the private sector organization are free from any kind of challenges but their challenges and constraints will be very different from the public sector organization and that's how we are talking about the distinctiveness of the public sector organizations in terms of their characteristics. The third aspect dimension of this particular environmental factor is to do with intensive external political influences.

Now, what happens in public organization is there is a greater diversity and of course intensity in terms of external political influences on decisions. There is a lot of intervention from the outside environment to the inside functioning of the public sector organization. For example, there are public opinions which are influencing the work of the public sector organization. There are pressures from the interest groups. Then there is press and media.

So, these external influences, when they are intervening, what is happening? They are actually impacting the functioning of the public sector organizations. Now because it is happening, the public managers, they need to gain support. From whom? They need to gain support from the political support from these groups, these constituencies. Of course, formal authorities. For what? For authorization of their actions.

Authorization means then what is right in terms of their work. So if the public opinion is say that they are allowed to indulge into those behaviors and actions, it means they are authorizing those actions. Similarly, if we talk about media or the interest groups or the constituencies pressures, if they're authorizing the actions of the public managers, it means public manager is getting support from these various dimensions outside their organizations. So, this is another distinctive character of the public sector organization. So, in case of private sector organization, we can say it is of course customers, because customers are the king for private sector organization.

So, what customers want from the private sector organization, they have to abide by, because you see that in the way, because of the technology advancement, the customer, the way they are giving the reviews, look at the online platforms. one thing done wrong by the private sector organization, it will be all over in the social media and the other platforms, right? So for them, the impact of the customer's review and the customer's satisfaction is impacting their business. But in case of public sector organizations and managers, these pressures will be from different quarters. And these different quarters include political authority. I'm talking about political leaders.

There are constituencies pressures. There are interest group pressures. And of course, there is public opinion, media, and press. The second important dimension in terms of the differentiation among public and private sector organization is the organizational environment transactions. Now, public organizations, they are involved in production of public goods, where outputs are not transferable on the economic markets. See, the whole idea in terms of public policies and programs and objectives is to do the betterment of society. So, because public organizations are actually involved in the production of public goods, they are the sole providers, these products cannot be transferable to the economic markets for a price. But then it will be affordability issues to the people who want or expect from the government organization to provide access to public goods and services.

It's important. Okay. Privatization is not going to help, you know, much in terms of, you know, privatization I'm talking about in terms of economic markets to set the price for the public services and goods. Because that will be a case of equity, fairness, right? For example, people who have money, they can afford if it is given by the private sector organization. But public goods, because they cannot be transferable to the economic markets, because then there will be issues with the access to the general public, it is a distinctive characteristic of the public organizations. Second among this is unique public expectations, you know, in terms of fairness, responsiveness, honesty, openness and accountability. Here I would want to talk about the concept of responsiveness.

Of course, this we are going to talk about in little more detail in the other modules, but here the responsiveness is very much important because how the government across the nations, how they are responding to the crisis situations or the various problems faced by the nation, citizens or the governments, how the government is responding is an indicator of the effective functioning of the government. So if the government is not responding in a timely manner and not responding in an effective manner, the general public will carry an image or a perception of inefficiency and ineffectiveness from the government organization. And you remember we have already talking about the issue of skepticism in the minds of citizens about the functioning of government organization. Let's look into the case of very recent, the crisis that all nations across the globe have faced is the COVID-19 crisis. How government of the different nations have responded to combat the challenge of COVID-19 is a classic example of government's responsiveness.

Involvement of the hospitals, involvement of the private sector organization, for-profit, not for-profit, volunteer organizations, the contributions from the doctors, the medical and paramedical staff, educators, policymakers, so many people were involved in responding to solve the problems faced by people and of course nations, the governments across the globe because of the COVID-19. For example, provision of the vaccines. It is very, very important that how government make arrangement to provide vaccination to the nation so that they can save people from the disease. It is very, very important how governments responded. So, the actions of the government in terms of their response in a timely manner will be an indicator of the effective government management.

Another important aspect in this aspect is government activities, they have broader impact and symbolic significance. Now what does it mean? Because the government is working for the interest of the general public, so this criteria of general public interest is broader in scope of concern. So some of the activities that are being done by the government organization, they have more of symbolic significance. For example, some kind of policies and programs which are into the implementation and design, it is because of the general interest of the public there. Then public managers under greater scrutiny, which we have talked about at length, that these people are more prone to the questions

and they will be held accountable on various occasions by media, press, interest groups, and the pressure groups outside, of course, general public.

So, they are more prone to scrutiny. So the better the action that they are indulged into, they should be in alignment with what is allowed in terms of authorization. Right, very important aspect of it. Then comes the organizational roles, structures and processes. This dimension is actually flowing from the other two, you know the distinctive character that we have just talked about which is environmental factors and organizations transactions environment.

Now, what about organization roles, structures and processes? How they are differentiating between public and private sector organizations? Now, when we talk about the case of government and public sector organization, there is greater goal ambiguity, multiplicity and conflict. What does it mean? There is a greater vagueness. and intangibility in terms of the goals of the public sector organization. And also there is a difficulty in measuring goals and the setting of the performance criteria. And these goals are more debatable and quite often they are value laden. What is the meaning of value laden? For example, the goal of public safety, clean environment. good living standards for poor, people living below poverty line, taking care of the unemployment, benefits for unemployed people. So, these goals which are being set by the government organization, they are more value laden and also sometime debatable. So, there is a greater goal vagueness and over and above there is also difficulty in measuring the achievement of these goals because we do not have the clear performance criteria.

It is very, very important. Another important thing is there is greater goal multiplicity. Number of goals are to be taken into consideration, meaning there are focuses on efficiency, public accountability, fairness, due process being followed, social equity and distributional criteria, and correctness of the behavior by public managers morally, and of course government actions morally. Multiple goals are there. The government are focusing on multiple goals. So, there is a greater multiplicity in the public sector organization.

Now because there are multiple goals, there will also be tendency for the goals to be in conflict. So, how will public managers will ensure which goals, how and which kind of goals will take priority? How to make these trade-offs? Whether efficiency will take priority or openness to public scrutiny? Whether we should give efficiency priority or social equity? whose demand we should meet. Is it the political authority or the diverse constituencies? What political authority demands from you? What public demands from you? What press and media says to you? So there is a lot of conflict you know, in the goals there. So, in case of public sector organization, this is another distinctive character which talks about the various aspects of distinction in terms of goal ambiguity, multiplicity and the conflict. Then comes the managerial roles.

Research says that the managerial roles practiced by different managers in the different contexts, they are largely same. Same kind of managerial roles are being performed by managers in the different organizations and different contexts. But what is the unique feature of the public managers and the research evidence as per the research done by Professor Hal G. Rainey, they talk about two important things. First is, these public managers, they devote much more time, much more time in engaging with the outside world.

Now what does it mean? Because they are government and public sector organization, they have to have long discussions and meetings with the political authority. public, various interest groups, press, media and many other groups who are influencing their functions directly or indirectly. So, most of their time is actually going into conducting these meetings and doing discussions and engaging with the people outside their organizations.

Another important thing is which research also pointed out is the involvement in managing crisis situations more often. Management of crisis situation more often is the character or I will say the role addition to the public managers, which is not very peculiar to the role of the private managers. So these are the two additions which are added to the role of the public manager or I will say that has been seen in the literature that what makes the managerial role distinctive in terms of public and private sector organization. Now what is required requirement is that managing and balancing what what we need to manage and what we need to balance managing and balancing external relations because we are to do meetings and talk to these people what they want external relations and then of course internal management administration. These are the two things which requires balancing and managing. Because we are involved with the outside world, it requires we manage the external relations.

Because we have to deal with the crisis situation, it is important that we have to improve the internal management administration. And of course, balancing these two will be important to these people, people who are working in public organizations. Another factor of distinction is about administrative authority and leadership practices. Now, when we talk about the context of public organizations, the public managers have less decision-making autonomy and flexibility, why?

Because there are constraints from the outside. There are external political influences. There are more external interventions. Now, in terms of intervention, in terms of political interference, you can also say that and then the interest group disturbances, right? And there are interruptions and constraints. So, less decision making, autonomy and flexibility is basically related to the administrative authority of public sector organization. Another important aspect which relates to the leadership and administrative authority practiced by the public sector organization is about weaker authority over subordinates.

One of the reasons is because the HRM and the personal systems with respect to the pay, promotions and the disciplinary actions are not controlled by the organization inside. They have to abide by rules and regulations set by the larger government policies. So there is lesser control over the subordinates. Also, sometimes the subordinates, they have much more alliance with the interest groups outside or sometimes more influence with the political authority. There also, the leadership, you know, authority, use of authority is very, very weak.

So, that's another characteristics of the public sector organization. Sometime what happen is the people in the higher level in the organization they do not delegate the authority to the lower levels. Now what happen in this case when they do not delegate the authority at lower levels there are more controls being put in the organization which is making the hierarchy taller. Lot of controls and checks and balances has been put into the place. And then, in order to, you know, take approvals, there is a hierarchy that these people have to, the lower-level people have to follow.

And then, formal regulations for the lower level, levels of employees in terms of the control there. Next important differentiation factor is that there is a more frequent turnover of the top leaders in the public organization with a change in the political authority. Now, when there is a frequent shift in the leaders of the public sector organization, the plans of innovation set by one leader and there is a change in leadership, it will take then time. There is unnecessary delays in terms of implementing plans and innovations.

There is a difficulty. Because there is a frequent change in the leadership and the new leader when comes in they will come up with their own agenda and they will try to impact the functioning of the organization with their arrival. So it becomes difficult that the initiated plans of innovation set you know started by one particular leader when they change it become difficult for the other people in the organization with the change of leader to implement these plans of innovation easily. They find it very very difficult. There is another very interesting evidence which is mentioned in the article also that some of the literature also provide evidence that public sector organization provide greater or a better platform for the entrepreneurial behaviors and the managerial excellence. Of course, so far we are talking about the difficulties of managing in the public sector organizations.

But there are research studies which says that the people who are public managers and working in the public sector organization, they are performing their managerial duties way better. They are performing much much better. And the government organizations provide the platform for entrepreneurial behaviors by these public managers. So this we'll talk about when we talk about the concept of public service motivation and striving and thriving in the public sector, we'll talk about this thing. How public organizations are

providing the environment to the public managers where they can actually initiate various entrepreneurial activities, how these challenges are actually putting the managers in a situation that they can act in such a way to solve the problems in an entrepreneurial way.

So, we'll talk about these conditions when we talk about the concept of motivation, especially in the context of public sector organizations. Then the last in this is about the organizational structure. Now when we talk about the organization structure, the first thing that comes to the mind is about more elaborative bureaucratic structures in the organization and the concept of red tapism. bureaucratic structures, tough procedures, delayed, inefficient procedures.

But the research provides mixed results. It says perhaps it's not only about bureaucratic structure. Perhaps the structures can vary depending upon the context of the organization being public or private, but it may not be only the bureaucratic structures. there could be other structures also which are important, which can take shape in the public sector organization but necessarily not only the bureaucratic structures.

So, it is very very important to keep this in mind that whenever citizens they see that they will always equate the structures of the government organization with bureaucracy and red tapism, but it is not always true. Structures can take different types depending upon the different settings of the organization and different context of the organization, but it cannot only be bureaucratic. So when we talk about the organizational structure module and its influence and dimension, we'll talk about what kind of structures can take shape in the public and private sector organizations. So this is very, very important criteria to be discussed in terms of contrasting the public sector organizations and private sector organizations. Moving forward, within organizational roles and structures and processes, there are strategic decision processes. Now, strategic decision processes in this regard is talking about how decision processes are varying.

So research says that the strategic decisions are not varying as far as the processes are concerned. Processes perhaps will be almost same or similar in both private and public sector organization. What will be different is the external influences. No, it's not about the process. It's basically the public sector organization, they are more subjected to interventions, interruptions, and greater involvement of the external authority and interest groups in terms of the strategic decisions.

So, processes wise, research says that there is no evidence of differentiation, large differences between the public and private sector organizations. So difference only coming from the intervention and influence from the outside world. Then comes the incentives and incentive structures. Now, in the government sector organization, if you see that, we say that public managers, you know, the research says that public managers, they are of the view that they are more controlled, you know, in terms of constraints,



administrative constraints are much more on the administration of the extrinsic incentives, such as pay, promotions, or the other related aspects.

Because they are governed by the government rules and regulation. So they have less leeway in terms of taking decisions in terms of how to decide pay, how to promote people, because this is very much decided by the policy. It's a policy-related issue. So with this, what happened is they will have less leeway in terms of using their discretion to motivate their subordinates. people working in the government sector organizations.

They cannot take any kind of disciplinary actions. Promotions are largely seniority based. Recently only they have started talking about the performance based pay in the government sector organization also, but it's nowhere in comparison to the private sector organizations. See in private sector organizations, what is working is that the pay is performance linked. So, when the rewards and the pay is performance linked, the behavior that you will see from the private employees will be different from the public sector employees. Now, I am not saying the public sector employees will not show positive behaviors.

There could be another factors which are not the part of the extrinsic motivators or extrinsic, you know, the pay or the promotion could be other because of their involvement in the service of public sector organization, they are indulging into more positive behavior for doing better and better in their roles so that they can achieve the policy programs and objectives for the betterment of the society. So, that is another important aspect which I am going to take up when I talk about the concept of public service motivation. Now research also says that the evidence is that generally it is says that the public sector employees they have lower level of work satisfaction and of course in terms of commitment compared to their private managers and employees. though it is lesser, but generally it is high, in the sense that it is high in the context of public sector organization, but little lesser than the private sector organization.

So, there could be various reasons for that. It's only not about how the extrinsic structures of incentive will motivate people, we also have to take into consideration the intrinsic factors also. Working for the government, working for a greater purpose, alignment of the values of the people with the alignment of the organization, public organization. So that also motivate people to show that kind of high levels of commitment. Also there are also challenges that we have to face. So in that way, we are contrasting these research evidence based on, you know, contrasting the differences between the public and private sector organizations.