

# MANAGEMENT

## IN THE PUBLIC AND PRIVATE SECTORS

### some similarities and differences

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*Sir Bryan is writing in a  
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I know that there is discussion and debate within the Prison Service at present on the question of whether the management of the Prison Service (and by implication management of other public sector organisations) is similar to or different from management in the private sector. As someone whose career has spanned both sectors I worked initially in the private sector with Unilever and Rank Xerox, before moving into the public sector at the Manpower Services Commission and the Post Office, and am now in the private sector again at BUPA - the matter of similarities and differences in managing public and private sector organisations is a matter which is of considerable interest to me also.

#### Managing in a Context

There are clearly important differences between public and private sector organisations, which have major implications for their management. There are, though, considerable similarities, and important basic principles of management which apply across organisations. The similarities in organisational management requirements and the common underlying principles, are probably more substantial than the differences. But the differences are of considerable importance. I take as a starting point that management does not exist in a vacuum, but rather that as managers in any organisation, we have to manage in the context of the distinctive purposes, culture and values of that organisation. Insofar as those purposes, culture and values of organisations in the public sector have some differences from those in the private sector, management in the public sector is to at least some extent different from that in the private sector.

Different organisations have different constraints and expectations of their key

'stakeholders'. Within the private sector an important group of stakeholders is, of course, shareholders, whose expectations about the financial performance of the organisation are obviously important. Within the public sector, the expectations and constraints on the organisation are of a different kind, and would typically include requirements for speed and quality of service delivery and efficiency, amongst a range of requirements which set the context for managing the organisation.

It is important, also, not to under-estimate the differences between organisations within the public sector. The differences between managing a prison, a local authority, a hospital and a school are important. It would be naive, therefore, to assume that there is only one way of managing in the public sector.

#### What of Managers Themselves?

In talking to managers in a range of public sector organisations. I am often aware that their self-perception and self-image as managers is not as positive as that of their peers in the private sector. This may partly reflect that it is only relatively recently that people with responsibilities for staff, finance, buildings and other resources in for example hospitals and schools - and perhaps in prisons also - have regarded themselves as being managers, carrying out a managerial role. It may also partly reflect stories carried in the media about inefficient state-subsidised industries, local authorities making poor commercial decisions for overtly political reasons, and so on. My experience in a range of both public and private sector organisations has been that there is not a major difference in the level of managerial skills in the two sectors; I have worked with considerable numbers of excellent managers in both sectors. A similar experience is

typically reflected also by a range of colleagues who have moved from the private to the public sector and been very favourably impressed with the managerial skills and abilities which they have found on moving into the public sector.

I do not take the view that managing in the public sector is in total more difficult or more easy than managing in the private sector - though there are some aspects which are more difficult and some which are less so. Rather, the organisational context in which one manages is different, and that needs to be taken into account constantly.

The question of any differences in management requirements between the public and private sectors has become particularly important, of course, for a number of organisations which have moved from one sector to another. In recent times in the UK that has particularly been the case for some large organisations which have been privatised. I know that my former colleagues in the Post Office have been giving this matter a considerable amount of attention. There are clearly some matters which private sector organisations need to address - such as relations with the City - which are not relevant for public sector organisations. It is too easy and too simple, however, to say that private sector organisations need to be more commercial and customer-focussed than those in the public sector. Within the Post Office, for example, a considerable amount of managerial effort, supported by substantial training and development investment, has been committed over recent years to progressively making the organisation customer-focussed through a Total Quality programme which is central to the way in which the organisation is managed, and builds in widespread involvement from large numbers of people in quality improvement projects. That is by no means a 'soft option'. It is carried out for hard-edged commercial reasons focussing directly on business performance. It is no coincidence that the Post Office has recently reported its 18th consecutive year of profits, and on a continuously improving trend. I know that many organisations in the public sector are also becoming much more customer-oriented and have invested considerable amounts in training and development to support that initiative. That is not simply in order to become more like private sector organisations. Rather, it is based on the

recognition of one respect in which all organisations - whether in the public or private sectors - are similar: that their purpose is to support their customers, and they will be successful or not depending on the extent to which they meet customer needs.

### **Who Is the Customer?**

There is a further example which illustrates, I believe, that it is not so much being in the public or private sector which directly affects management style, but rather the societal expectation and how one chooses to manage. To illustrate that, I am drawing again on my experience within the Post Office, but this time to make comparisons across different countries. Around the world, post offices have a rather similar - indeed, almost identical - function, so one might expect that they would be similar in their operational activities and how those operations are managed. In fact, they are very different. The main difference relates to the extent to which they are customer-focussed. The questions are essentially 'do they or don't they have a concept of the customer, and base the management of the organisation on a thorough understanding on what that customer wants?' And 'is that method of operating in relation to the external customers applied also in relation to internal customers, within the organisation.' Almost all the post offices around the world are in the public sector, but there are enormous differences between them in how they are managed, particularly in terms of how customers are viewed. I would be interested to learn whether a similar comparative analysis of the operation of Prison Services in different countries with different cultures would reach similar conclusions.

I would maintain, then, that the degree of customer focus is not a characteristic which now distinguishes private sector from public sector organisations, but that differences in the extent of the customer focus reflect choices which have been made about how to manage particular organisations.

### **Balancing Objectives**

But there are some significant differences between managing in the public and private sector. I have already mentioned the private sector concern with relationships with the City. I think it would be fair to say also that a commercial instinct is more commonly

found in managers who have worked in the private sector for a considerable time than in their colleagues whose experience is steeped in the public sector. On the other hand, public sector managers have more commonly had to develop skills of managing in an environment where there are multiple objectives, not all of them are quantifiable and some may be political, and where an important skill is balancing a range of objectives, some of which may be at least partially in conflict with others.

I know that there are currently a considerable number of managers in the Prison Service who are studying for management qualifications, and I am sure they will have faced the issue of similarities and differences between management in the public and private sectors in their studies. The management literature grew from a historical base firmly in the private sector. It is interesting to speculate on how different the management literature might be if it had grown from managing public sector organisations, or service organisations, rather than being rooted essentially in private sector manufacturing organisations. The growth of interest in management of public sector organisations is gradually adding to, and refining, management studies. It will be interesting to see how the management literature develops and changes over perhaps the next two decades to reflect important experience in managing in the public sector. Similarly, it is certainly true that the current management literature is based upon managing in a Western European and North American context. One can again speculate on how the current management literature might be different if it had grown and developed not from Western European and North American practice but from perhaps Indian, Chinese or South East Asian experience. And similarly, it will be interesting to see how management thinking and action evolve during the next couple of decades to reflect the increasing importance and influence of the Pacific rim in comparison with the Atlantic rim.

### **Managers as Professionals**

Returning to the UK, one of the main developments in recent years in management study and practice, and the integration of management study and practice, has been the development of

competencies. We have made substantial and important progress in the UK in basing a wide range of qualifications not simply on knowledge tested in traditional written examinations, but on competences which can be demonstrated in the workplace and certificated as National Vocational Qualifications. Particularly in relation to management, there has been an important debate about whether it is desirable and possible to describe management in terms of competencies of the kind developed by the Management Charter Initiative, CMI. It is interesting to see in the management competencies developed by MCI, as the result of widespread consultation with employers, educators, and other key groups, and in relation to first line managers, middle managers and senior managers, that management competencies are presented as generic and equally applicable in both the public and private sectors, though with a clear recognition that the specific context in which management is carried out is important.

In addition to formal management education programmes, we each can learn much from participation in relevant professional associations, and from discussions with friends and neighbours who have an involvement with various organisations through employment or in voluntary capacities. Providing we don't simply try to transfer experience from one organisation to another, but remain alert to the individual characteristics of particular sectors and organisations, there is a lot which we can learn from such contacts to complement our development as managers through direct experience and through more formal and structured means of learning. ■