

The energy and natural resources industry as an example critical thinking sample

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Management in the Public and Private Sectors

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Introduction: The Public and the Private Sectors

In essence, the public and the private sectors are simply two different sides of the same coin. Both of them are aimed towards progress. The difference, however, is how they work towards that desired progress. One crucial aspect of working towards the end goal is the set of managerial processes involved in their operations. Due to their varying natures, it is only reasonable that management in the public sector would vary from the management in the private sector. In order to better understand the differences in management between the two sectors, it is imperative to first understand their over-all differences. These include things such as organization goals, performance measures, and the characteristics of the people in the work place. The most crucial and obvious difference between the two is that the public sectors are those organizations owned and operated by the government (Ashman, 2012). A few examples of these are the provincial, state, or municipal governments (University of Southern California, 2006).

On the other hand, the private sector involves organizations that are independent from the government. In other words, they are neither owned nor operated by the government. Instead, these organizations are privately owned such as profit and non-profit corporations, partnerships, and charities. A few examples are multi-national enterprises, retail stores, local businesses, and credit unions. Another difference between the public and the private sectors, aside from the nature of its ownership, is the nature of its goals. For

public organizations, they function in order to promote or oversee the policies of the Administration. On the other hand, private organizations function with the goal of either making money or, in the case of non-profit organizations, providing a service to the community (Nutt, 2005). These differing goals also give way to a difference in the drive for each sector.

What drives the private sector is market competition while public organizations are driven by the legislated monopoly. Their respective goals and drives influence how each sector implement a system of management within their organizations.

One of the factors that affect management is performance measures. This is another component wherein the public and the private sectors differ in. Most analysts claim that the public sector has fewer measures of progress or success when compared to the private sector. However, this is not a completely accurate description. The better way to describe it is that the performance measures of the public sector are more abstract while the performance measure of the private sector is more concrete. This is because the performance measures are related to the goals of a sector. For public organizations, their objectives are abstract and general, which is why their performance measures are this way as well. For example, one objective for a public organization can be to encourage political participation from the citizens. Consequentially, the performance measure for this specific goal is going to be broad and inexact. Private sectors, on the other hand, have performance measures that are very specific and exact. This is because their main objectives include earning money; hence, the measure for their success would be the amount of profit they make.

Management in the Public Sector

Upon understanding the inner workings of the public and private sectors and how they differ from each other, it is then easier to comprehend how and why they differ in management methods. Unlike in the private sector, management in the public sector has a bigger rate of accountability. Public organizations are accountable in a more serious extent and to more numbers of people because they are dealing with policies (Homeland Security, 2010). They are concerned with the public interest and the government responsibilities. Further evidence that would prove just how severe the accountability of the public sector is can be seen in the fact that their organizations and administrations are constantly under public scrutiny. Because of this, their management comprises a decision making process that puts into focal point the public's interest.

The main role of the public sector's managers is to appease and satisfy as many people as possible. Unlike the private sector that caters to specific demographics such as children for toys or suits for working men, the public sector caters to everyone. The government does not choose to serve just a few people; it serves everyone under its jurisdiction. Hence, the target demographic of public organizations is the entirety of the citizen population. Unfortunately, management in the public sector is usually not the top priority. Studies have shown that only a few political appointees focus on organizational management because they either have inadequate managerial experience or will not be in government for a long time (The World Bank, 2012). Instead, their experiences and priorities are more focused on policy issues, not on management issues. To add to this

shortcoming, managers in the public sector are also most likely to be restricted by laws and red tapes when it comes to implementing management methods.

Management in the Private Sector

The general consensus is that being independent from the government generally makes management easier for the private sector (Boyne, 2002). First of all, they don't have to go through the same checks and balances that the public sector strictly requires. There are no red tapes that would hinder them from strategizing and applying certain management methods. While private organizations are still very much accountable, their accountability is less severe compared to that of public organizations'. However, it is notable that the private sector has been gaining more and more attention when it comes to public scrutiny nowadays. This is because the public is now more aware of the dangerous impacts that private organizations usually have on things such as the environment and social inequalities (Brown, Wong, & McNamara, 2009). Due to public awareness, private sector managers now have more factors to consider when strategizing their management methods. Even though their target market is still less than the target demographic of public organizations (which consist of everyone within the government's jurisdiction), they still have to weigh in the opinions of everyone else. This makes the job of the private managers more difficult since he now has to consider things such as sustainability, workplace diversity, and social sensitivity.

In addition to that, the number one responsibility of private sector managers

is being able to monitor employee work while maintaining company standards (Worrall, Cooper, & Campbell, 1998). Unlike the public sector, the private sector works in an extremely competitive environment. Being market-driven, their management practices should be regularly and easily customized in order to meet the changing demands of the industry they are participating in. Because of this, their management methods involve the acts of constantly changing, evolving, adapting, and improving.

A specific example of how the public and the private sectors vary in management can be seen in the energy and natural resources industry. It must first be established that regardless of their differences, the public and private organizations participating in this industry do have similar goals. Both of them aim to address on-going worldwide environmental crises due to the loss of biodiversity and the excessive use of fossil fuels (Nielsen, 2013). The world now faces polluted waters, acid rain, higher prevalence of disease, increased concentration of greenhouse gases, ecological degradation, air pollution, and increased vulnerability to natural disasters (Karl & Leach, 2013). Both the public and the private sectors in the energy and natural resources industry are working towards promoting alternatives that would allow people to benefit from the environment without harming it. The difference herein lies on how the two sectors are specifically working towards the said goal. Because the public sector is working under the government, it is focused on policy-making. These are the policies that concern the handling of renewable energy and natural resources (U. S. AID, n. d.). Meanwhile, private organizations are focused on activities that are

outside the government's policies. These include but are not limited to conducting researches regarding renewable energies, creating environmental innovations, organizing sustainable projects, and many more (Padmanabhan, 2013).

When juxtaposed together, it seems as though the public sector management is a little behind compared to the private sector management in this specific industry. Government agencies have greater budgetary constraints even though their budget processes start 2 years in advance (GSA, 2011). This is because it is extremely difficult to procure additional funding and to reallocate resources. Private organizations, on the other hand, have extremely flexible budgets due to their profit-driven nature.

When it comes to managing human resources, the private sector can hire new staff immediately every time the business demands it (Boyne, Jenkins, & Poole, 1999). This is especially advantageous when energy crises and natural disasters happen. The human resource management of the public sector, on the other hand, often takes several months to fill a vacant position and then 1 to 2 years to create a completely new position due to restrictive policies and regulations (Boyne, Jenkins, & Poole, 1999). For an industry that is faced with many sudden demands for new people due to the unpredictable nature of the environment, the often slow and heavily regulated public sector is definitely at a disadvantage.

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