Comparing Public and Private Organizations: Empirical Research and the Power of the A Priori

Hal G. Rainey
University of Georgia
Barry Bozeman
Georgia Tech

ABSTRACT

Research comparing public and private organizations and examining the publicness of organizations represents a substantial and growing body of empirical evidence, relevant to many international issues in political economy and organization theory such as the privatization of public services. This article assesses several major streams in this research over the last two decades, which in some ways refute widely held a priori assumptions about similarities and differences between public and private organizations but which in some ways support such assumptions. The review covers research on goal complexity and ambiguity, organizational structure, personnel and purchasing processes, and work-related attitudes and values. The research results converge in important ways, but they also present anomalies. For example, in spite of virtually universal agreement among scholars that public organizations have more goal complexity and ambiguity, public managers do not differ from business managers in response to survey questions about such matters. Public managers do not differ from business managers on perceptions about organizational formalization, in spite of a chorus of assertions that government agencies have more red tape and rules than private firms have. Public managers do, however, show very sharp differences in response to questions about constraints under personnel and purchasing rules. The article concludes with an assessment of the credibility of these streams of research through consideration of alternative plausible hypotheses.

No enemy of empiricism, Immanuel Kant simply insisted on empiricism's knowing its place. God, freedom, and immortality, Kant asserted, cannot be denied. Each is an a priori category of the mind and, as such, must necessarily be presupposed. One of modernity's strongest candidates for the a priori, and presumed

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exemption from the hurly-burly world of empirical knowledge, is the public organization. Persons on the street and scholars in the academy will lecture at length on the character of public bureaucracies, blithely free of any concern over the need to show evidence for their assertions. Less confident of our own omniscience about this topic, we feel the need to look at evidence. Our article assesses nearly two decades of empirical research comparing public and private organizations with the following questions in mind: (1) What progress has come from the past twenty-five years or so of empirical research on differences between public and private organizations? (2) Why is there so often discrepancy between empirical research and a priori knowledge about public organizations? (3) Why has empirical research been so feckless in the face of well-established, but unproved, assumptions about public organizations? (4) Should this transcendence of the a priori over the empirical matter to anyone other than academic researchers? In this article we cannot resolve all these questions, but we make a start by reviewing several points in this comparative research where findings have converged on a particular conclusion. A second part of the article considers how much confidence we should place in this convergence, in view of various rival explanations that would suggest that the results are wrong.

Before going on, we need to clarify what we mean by a priori views about the public-private distinction in organizational and managerial research. Here, a priori refers to untested assertions and foregone conclusions about this distinction. As we will elaborate below, two decades ago the literature on this topic was dominated by observations that had received scant empirical testing and confirmation. While empirical research has accumulated, these a priori views show remarkable staying power even though research has contradicted many of them. A striking aspect of the a priori views, one that made it necessary to test them empirically, is that there were—and still are—two general a priori positions on this topic, and they conflict with each other (see Rainey 1997, chap. 3). Many scholars in economics and political science have taken the position that public bureaucracies differ from private business firms in important ways (e.g., Barton 1980; Dahl and Lindblom 1953; Dixit 1997; Downs 1967). Their observations about the differences have coincided with the negative views of public bureaucracy in the popular culture, that Goodsell (1994) describes, coupled with the perception of business firms as inherently superior in efficiency and effectiveness.

Fascinatingly, the people who specialized in analysis of organizations and management—organizational sociologists and psychologists, and researchers on business management—usually took a diametrically opposing position. They treated such

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distinctions as public vs. private and for-profit vs. nonprofit as crude stereotypes, taken seriously only by persons poorly educated in the field of organization theory. Prominent scholars denounced these distinctions as harmful and misleading oversimplifications that needed to be exorcised from the literature on organizations and management and replaced with typologies of organizations developed through sound empirical research. Some of the most eminent scholars in management and organization theory took pains to denounce the public-private distinction, or at least to point out that public and private organizations are more similar than they are different. This tradition continues and is manifest, among other ways, in a recent pronunciation by no less a social scientist than Herbert Simon (1995, 283, n. 3). Simon said that public, private, and nonprofit organizations are essentially identical on the dimension that receives more attention than virtually any other in discussions of the unique aspects of public organizations—the capacities of leaders to reward employees.

The assumption that leaders in government organizations have less capacity to reward employees than do leaders in business firms, and that government needs to become more like business in this regard, has driven civil service reforms at all levels of government in the United States and in other nations. Yet a Nobel Laureate denies that such differences exist. Thus we have a strong a priori position among many economists and political scientists that treats a distinction between public and private organizations as a truism, while many organization theorists have treated this same distinction with contempt.2

This divergence among different fields complicates but also enhances the analysis of a priori assertions and of convergence in the research. When we refer to convergence of findings at various points in this article, we often are referring to convergence of findings that support one or the other of these two sides. Part of the value of the stream of research that we review is that it shows that both sides of this divergence were right in some ways and incomplete in other ways. The findings indicate definite convergence on the point that we have substantial evidence of important differences between public and private organizations. Yet they also indicate convergence on evidence that some of the frequently asserted differences receive little or no empirical confirmation and that the public-private distinction may well involve oversimplifications and stereotypes in those cases. Happily, both sides can take pride in being right in certain ways.

We need, however, to continue to sort out the similarities and differences, whether or not our results please one side of the debate or the other. The analysis of this topic has important

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implications for major current theoretical and practical issues, including these: privatization of public services; allocation of functions and tasks among sectors; the nature of the sectors themselves; the dimensions that define the sectors, including their complex overlapping and blurring with the third and nonprofit sectors; administrative reforms and organizational change; and the theoretical and practical analysis of major administrative topics, such as organizational goals, structure, and individual motivation and work attitudes.

EMPIRICAL RESULTS COMPARING PUBLIC AND PRIVATE ORGANIZATIONS

Research that compares public and private organizations and examines the publicness of organizations now represents a substantial body of empirical evidence. Twenty-five years ago, a systematic empirical research base had just begun to accumulate. In one comprehensive review of writings about public and private organizations (Rainey, Backoff, and Levine 1976), less than ten of the nearly one hundred papers and books cited provided propositions based on empirical research. By contrast, nearly half the studies cited in a later assessment (Perry and Rainey 1988) presented some empirical evidence. The continuation of this trend has by now resulted in scores of studies that, although widely varied in method, quality, and influence, have presented research evidence pertaining to differences between public and private organizations. The stream of research also appears to be accelerating (e.g., Dixit 1997; Crewson 1997; Gabris and Simo 1995; Gore 1998; Jurkiewicz, Massey, and Brown 1998; Kurland and Egan 1999; Nutt 1999; Posner and Schmidt 1996). Clearly, too, the issue has international relevance and attracts attention from scholars in many nations (e.g., Antonsen and Beck Jorgensen 1997; Beck Jorgensen 1996; Dunsire, Hartley, Parker, and Dimitriou 1988; Ferlie, Pettigrew, Ashburner, and Fitzgerald 1996, 241-42; Kickert 1997; Pollitt 1990; Ranson and Stewart 1994; Rhodes 1994).

By many of the standards that have prevailed in the social sciences, research on public and private organizations can be considered a success story. Not only are the topics covered in these studies of great theoretical and practical importance, many of the studies have had a result rare in the social sciences—they have converged in their findings. Despite use of multiple methods, infusion of few resources, limited institutional support, and little or no coordination among many of the researchers and research programs, these studies have in many instances provided a remarkable convergence of findings, perhaps made more remarkable by the extent to which they sometimes challenge
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fundamental, deeply held assumptions about the nature of public and private organizations.

This article examines several major streams in the research literature comparing public and private organizations, but less with a view to articulating results than to pondering a cumulative result. We do assess research progress and gaps, but chiefly to determine possible next steps. The summary provides a basis for taking stock of progress or lack thereof in this body of research and for planning where research and theory should go now. Most important, now that there is a formidable research literature on this topic, what should one make of it?

One way to proceed is to follow the patterns of convergence in the research. Organizations are made up of a complex of important dimensions and issues; researchers have developed bodies of research on these dimensions, which include those mentioned above—goals, structure, motivation, and many others. The comparisons of public and private organizations have been influenced by these patterns, drawing on conceptual and methodological developments in these areas. For example, researchers have compared business firms to public agencies on measures of work satisfaction among members of the organization and on their perceptions of organizational structure, using concepts and empirical measures that organization theorists had developed to measure satisfaction and structure. Researchers who have compared public and private organizations often have extended the more basic organizational research with additional methods, such as measures of perceptions of personnel rules (Rainey 1983) or measures of organizational red tape based on reports of delays or time required to complete an administrative function (Bozeman and Bretschneider 1994). Even these extensions, however, tend to fall into the framework of dimensions and topics from organization theory. Following this general pattern, the empirical research on public vs. private organizations has tended to concentrate on certain organizational dimensions. There is a great deal of relevant research and theory, but here we will concentrate on summarizing developments in research on dimensions where the studies have produced some of the most convincing findings or the most interesting anomalies.

Goal Complexity and Goal Ambiguity

One of the more interesting anomalies concerns the comparison of public and private organizations on goal complexity and ambiguity. Briefly put, everyone says that public agencies have greater goal complexity and ambiguity than business firms—
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everyone, that is, except the public managers who have responded to surveys in which they were asked about this.

The assertions that public agencies have particularly vague, hard-to-measure, multiple, and conflicting goals are so nearly universal among scholars and observers that they need no description here. The assertions typically refer to the lack of sales and profit indicators and incentives for public agencies; complications due to political oversight and interventions by multiple authorities and interest groups; and value-laden and sharply conflicting mandates (for example, simultaneous demands for efficiency and equity or for conservation and development). It is difficult to locate observations about the distinctive aspects of public organizations and public policies, including those of the most prominent scholars, that do not refer to these goal characteristics (see Rainey 1993).

Questionnaire surveys, however, have produced an anomaly. We now have several surveys—spanning about fifteen years—with respondents from all levels of government, for many types of government agencies and business firms, from different areas of the United States, and from different levels of their organizations that ask government and business managers about the clarity and measurability of their organizations' goals (Rainey 1983; Lan and Rainey 1992; Rainey, Pandey, and Bozeman 1995). The government managers tend to give high ratings to the clarity and measurability of the goals of their organizations, and on average they differ little from the private-sector managers on these ratings. Everyone appears to agree that public managers face more complex, hard-to-measure, ambiguous goals—everyone except the public managers themselves.

Maybe the questionnaire items asking for simple, direct responses about the clarity and measurability of organizational goals are too simple to assess this dimension. Perhaps the public managers defensively claim that their organizations' goals are clear, in a social desirability response, because they believe that to say otherwise is to report poor management of the organization. Many interpretations are possible. This conflict, however, between the observations of an army of expert observers and the testimony of the observed (who have apparently failed to read or heed the experts' pronouncements) raises many interesting challenges for theory and research. If these questionnaire measures are inadequate, why? What do we actually mean by the observations about ambiguous, hard-to-measure, complex goals? How do we better analyze these characteristics of goals and gather evidence of the actual influences of such goal characteristics on other variables? How do public agencies, private firms, and other
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organizations vary among themselves on such dimensions (Lerner and Wanat 1983)? This situation raises some intriguing issues about the relations between issues in political economy and issues in organizational behavior. For example, if one advantage of economic markets for the output of an organization is that they clarify goals and incentives for the managers of those organizations, and hence the absence of economic markets denies such goal clarity (Barton 1980; Dahl and Lindblom 1953; Downs 1967), then why will public managers not cooperate and report that their goals are vague?

Organizational Structure

A number of empirical studies have compared structural characteristics of public and private organizations. These studies have examined a variety of structural dimensions, but one of the most interesting issues has concerned formalization (the extensiveness of rules and formal procedures and their enforcement) and red tape. The issue concerns whether, in accordance with stereotypes and endless commentary on the topic, public agencies have particularly high levels of rules and red tape. The issue is surprisingly controversial, as it turns out. Although the controversy is quiet and implicit, since some of the researchers have often worked without knowledge of the others, in many cases they were simply more inclined to try to resolve the issue than engage in controversy.

Some researchers have found little evidence that public agencies show higher levels of formalization, or related dimensions such as red tape, than do private firms. For example, Pugh, Hickson, and Hinings (1969), in what became known at the Aston studies, conducted an elaborate research project on organizations in Great Britain; the study was very prominent at the time as an effort to develop an empirical taxonomy of organizations. Pugh et al. predicted that government organizations in their sample would show higher levels of formalization, but found that they did not. Over the years, additional studies concurred.

Buchanan (1975) also sought to test the proverbial red-tape differences by comparing federal managers to business managers on a structure salience scale. Unexpectedly, the public managers reported lower perceived salience of structure. Bozeman and Loveless (1987) found that public-sector research and development units differed only slightly from private-sector units on a measure of red tape. Rainey, Pandey, and Bozeman (1995) found little difference between public and private managers in their perceptions about rule enforcement in their organizations. Kurland and Egan (1999) recently reported findings that respondents in public agencies perceived less formalization of their jobs and

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of communications with their supervisors than did respondents in private firms.

These findings conflict sharply, not just with general stereotypes about rules and red tape in government agencies (see Goodsell 1994 on the history and prevalence of such stereotypes). Commissions and professional associations have for years lamented the excessive rules and constraints in government agencies (National Academy of Public Administration 1986; F.J. Thompson 1993).

Bolstering these observations, moreover, are some empirical findings that suggest that public agencies do indeed have high levels of formalization and red tape, and the levels are higher than the levels in business firms. Rainey (1983) reported such a difference, although not a particularly sharp difference. Warwick (1975) concluded from his case study of the U.S. State Department that public bureaucracies inherently incline toward elaborate hierarchy and rules, implicitly concluding that they exceed business firms on these dimensions. Holdaway, Newberry, Hickson, and Heron (1975) found higher levels of formalization in Canadian public universities than in Canadian private universities, and Chubb and Moe (1990) reported a similar finding for public schools in the United States, compared to private schools.

Bozeman and Bretschneider (1994) asked public and private managers to estimate the time required to complete important administrative functions like hiring and purchasing equipment and found that public managers reported much longer times to complete some of the important functions. In summarizing eight studies that used the same red-tape measures in a wide variety of public and private organizations, Bozeman (2000) observed that the relative degree of red tape varied between sectors according to type of organizational activity. In some activities, such as starting a new project, levels of red tape were quite similar. But any activity related to personnel administration (hiring and firing, for example) typically faced much longer delays and expanded time horizons in government organizations.

An important contribution to this discussion comes from the National Organizations Study (NOS), a study of a nationally representative probability sample of organizations, that the researchers presented as the first ever such national probability sample of organizations (since almost all organizational research has used samples of opportunity or judgmental samples). The NOS researchers found that public organizations show higher levels of formalization and centralization than private organizations show (Marsden, Cook, and Knoke 1994). These researchers
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were organizational sociologists who had no particular motivation
to find that public organizations show differences from private
ones; they focused instead on more general analysis of organiza-
tional structures. From their data, however, emerged the evi-
dence that a public vs. private vs. nonprofit distinction provided
one of the strongest predictors of organizational structural
characteristics.

Given this stream of evidence, one wonders what is going
on. Why do we have the studies we have mentioned that reverse
the stereotypes—that find no difference between public and pri-
ivate organizations in formalization—but then the additional find-
ings that tend to support the typical assertion that public organi-
zations have more rules and red tape? Also, where amid these
conflicting results does one find the convergence ballyhooed in
the earlier part of this article? These questions have some reason-
able answers, but we need first to describe some evidence on a
particular type of formalization and red tape—that which governs
personnel administration and purchasing and procurement.

Formalization of Personnel and Purchasing Processes

One possible interpretation of the variations in findings
focuses on the particular type of formalization. Public and private
organizations differ more strongly on formalization of personnel
procedures, purchasing processes, and other administrative pro-
cedures that are regulated or overseen by central administrative
agencies and mandated by system-wide mandates.

Although Pugh, Hickson, and Hinings (1969) did not find
greater structuring of activities in government organizations,
those organizations had more concentration of authority at the top
of the organization or with external authorities, especially author-
ity over personnel procedures. The researchers concluded that
size and technological development act as the main determinants
of formalization and rules (they called it *structuring of activities*).
Government ownership, they said, exerts an influence indepen-
dent of size and technology, causing concentration of authority at
the top of the organization or with external authorities, especially
authority over personnel procedures. Tolbert and Zucker (1983),
who also indicated the effects of government auspices on person-
nel procedures, showed how federal pressures influenced the dif-
fusion of civil service personnel systems across governments in
the United States. Very large surveys of federal employees find
that a high percentage of the managers and executives say that
they do not have enough authority to remove, hire, promote, and
determine the pay of their employees. Most respondents also
think that personnel and budgeting rules create obstacles to

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These studies provide increasing evidence that government auspices influence structure in a number of ways, particularly regarding rules and structural arrangements over which external oversight agencies have authority, such as personnel and purchasing regulations. Bozeman and Bretschneider (1994) provide explicit evidence of these patterns. They analyzed research and development laboratories on the basis of public and private ownership and the amount of government funding. The government labs had highly structured personnel rules. The private labs did not, even when they received high levels of government funding. They did, however, receive more contacts and communications from government officials when they received more public funding. This suggests that governmental funding brings with it a different pattern of governmental influence than does governmental ownership. Government ownership brings with it the formal authority of oversight agencies to impose the rules of the jurisdiction, usually governing personnel, purchasing, and accounting and budgeting. Bretschneider (1990) provided more evidence in an analysis of decisions about computer systems in public and private organizations. Managers in the public organizations experienced longer delays in getting approval to purchase computer equipment and in the processing of those purchases. The delays apparently reflect the procurement rules supervised by central procurement agencies such as the General Services Administration. In sum, these studies provide evidence, consistent with the pattern that began to emerge with the Pugh, Hickson, and Hinings (1969) study, that government ownership often subjects organizations to central oversight rules over such matters as personnel, purchasing, and budgeting and accounting.

Recent survey evidence supports this observation more strongly than ever (Lan and Rainey 1992; Rainey, Pandey, and Bozeman 1995). Rainey, Facer, and Bozeman (1995), for example, reported results of surveys in several states, involving all levels of government and many organizations, at different points across a fifteen-year period, comparing responses of public and private managers to numerous questions about constraints under personnel rules. The questions asked whether the rules made it hard to fire a poor manager in their organization or hard to reward a good manager with higher pay, and similar matters. The differences between the responses of the public and private managers were huge, by the standards of survey research. Roughly 90 percent of the public managers would agree with statements about constraints under their organizations' personnel rules—that they made it hard to fire and to reward with higher
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pay—while 90 percent of the business managers would disagree. This provided striking evidence of sharp differences in the way public and private managers perceive the personnel rule structures of their organizations, evidently reflecting the effects of the government personnel systems on the rules of the public organizations.

This strong evidence brings us to answers to the questions we asked earlier. We get conflicting findings on formalization because they refer to different types of formalization, that is, to different types of rules. A careful look at the set of studies we have cited suggests that the evidence is converging, but in two opposing directions. When researchers have asked about or measured general formalization—the intensity of rules in general and of their enforcement—they have found either small differences between public and private organizations or no differences at all. Public organizations have somewhat greater levels of this, but not strikingly higher levels. When research has focused on formalization of personnel and purchasing rules, public agencies have consistently shown much higher levels. When researchers have simply asked about the level of red tape, they have often found that public managers report higher levels of it than managers in private firms report, but this could be because in referring generally to red tape the public managers are influenced by the high levels of red tape in personnel and purchasing. Alternatively, public managers may in some instances be acquiescing to their socially ascribed role. Moreover, the relationship between perceptions and the objective measures of red tape is almost always quite complicated. For example, respondents in public and private research laboratories tend to report high levels of perceived red tape, but by objective indicators these laboratories have lower levels of red tape than any of several other types of organizations examined (Crow and Bozeman 1998). One explanation is that laboratory managers have less tolerance for red tape, and thus even relatively small amounts seem to them to be oppressive.

One of the most interesting indications of support for the idea that public-sector red tape and formalism relate chiefly to personnel issues comes from the National Organization Survey (NOS), mentioned previously, a historically unprecedented project that aimed for a nationally representative sample of organizations. Out popped the evidence that public organizations show higher levels of formalization and centralization than private organizations show. If one examines the measure of formalization used in the NOS, however, one finds that it refers almost entirely to formalization of personnel rules. The measure consists of a series of questions, posed to a representative of the organization, about whether or not the organization has formal rules and

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procedure manuals to cover various processes in the organization. Six of the seven questions used refer to some aspect of personnel administration—personnel evaluations, fringe benefits, job descriptions, hiring and firing, performance records, safety, and hygiene. Thus, the measure of formalization in this major study appears to amount to a measure of formalization of personnel procedures.

. This pattern represents convergence on the point that public organizations differ sharply from private organizations on formalization and red tape in processes subject to jurisdictional rules and the authority of oversight agencies that come with governmental ownership, such as personnel and purchasing. More general formalization—the general extensiveness of rules and their enforcement—appears not to differ between the two categories as consistently and strongly. The more general pattern of rules, as suggested by Pugh et al. years ago (1969), appears to be more subject to influences of organizational size, technology and work processes, and other factors. Thus, the findings converge on the confirmation of sharp differences often cited in the literature and in popular discourse—red tape in personnel administration in the public sector. Yet they also converge on evidence that scholarly assertions and popular stereotypes about more general formalization in public agencies appear invalid or overstated. This, then, is one of those happy circumstances mentioned earlier, where both sides can claim that they were right in certain ways.

As usual in the social sciences, the research we have cited provides abundant ammunition for scholarly squabbles over whether the interpretation just advanced is correct. Whether or not it is correct—and it has much support—it raises challenges for theory and research. For example, various prominent theories or depictions of public organizations assert that their managers tend to create a lot of the rules and red tape in the agencies because of the pressures to avoid political controversy and the absence of clear performance and outcome measures (e.g., Barton 1980; Downs 1967; Warwick 1975). This stream of evidence suggests that this is not the case, since if it were, public organizations would show higher levels of general formalization. Instead, they show higher levels of formalization of processes subject to jurisdiction-wide rules, and these rules come from outside the agency, not from inside as creations of the agency managers. Moreover, Bozeman and Rainey (1998) report evidence that managers in government agencies do not express strong preferences for more rules; in fact they express lower levels of such preferences than do managers in business firms. People who theorize about public bureaucracy now must confront a body of evidence that makes it
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hard to support the claim that public-sector bureaucrats aggressively create red tape, more so than do their counterparts in private firms. Rather, it seems that public managers more often receive red tape that is created for them by legislative and political superiors.

Work-Related Attitudes and Values—Work Satisfaction, Motivation, Valuation of Rewards, and Work Outcomes

In public vs. private comparisons, there is now a tradition of analyzing differences between employees and managers in public agencies and private firms on work-related attitudes and values. Many of the studies have focused on work satisfaction, and most of these studies have reported lower work satisfaction on the part of people in public agencies, especially at managerial levels (Buchanan 1974; Hayward 1978; Khojasteh 1993; Kovach and Patrick 1989; Lachman 1985; Paine, Carroll, and Leete 1966; Rainey 1983; Rhinehart and others 1969; Solomon 1986). These results appear to support general stereotypes, as well as more scholarly analyses, that depict the public bureaucracy as a dreary place to work.

More recently, however, Steel and Warner (1990) and DeSantis and Durst (1996) report that in the National Longitudinal Youth Survey, a very carefully designed survey of young labor force participants, public-sector respondents actually report somewhat higher levels of general work satisfaction than do private-sector respondents. The apparent conflict in the findings can be explained. On questions about general work satisfaction such as, Do you like your job? public-sector respondents have consistently shown high levels of satisfaction, levels comparable to private-sector respondents (e.g., Kilpatrick, Cummings, and Jennings 1964; Gore 1998). The studies cited above that found lower work satisfaction among public-sector respondents used measures of work satisfaction that refer to specific facets of work, such as promotion prospects, autonomy in the job, pay levels, coworkers, supervisors, and many others. These somewhat lower ratings of satisfaction by public-sector respondents, particularly managers, tend to be concentrated on facets of their work that appear to present particular frustrations in the public sector, such as lack of autonomy in some work settings due to rules and political interventions and frustration with promotion policies for career civil servants who have reached high levels in civil service positions and cannot go higher without a political appointment. This suggests that the consistent findings of lower satisfaction in the public sector are more indicative of particular frustrations than of a general crisis in work satisfaction in the public sector (e.g., Lewis 1991). Further analysis of these

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particular patterns in the public sector is producing evidence of different patterns of work satisfaction there, as compared to the private sector (DeSantis and Durst 1996).

In addition to the stream of research on work satisfaction, there are now many studies that compare the work values and motives of public and private employees. These studies have consistently found that public-sector respondents, particularly those at higher professional and managerial levels, place higher value than do their private-sector counterparts on the rewards and motives that one would predict they would emphasize. Public managers place higher value on public service; on work that is beneficial to others and to society; on involvement with important public policies; and on self-sacrifice, responsibility, and integrity. Especially at the upper management and professional levels, public-sector respondents place lower value on money and high income as ultimate ends in work and in life (Crewson 1995b; Hartman and Weber 1980; Khojesteh 1993; Kilpatrick, Cummings, and Jennings 1964; Jurkiewicz et al. 1998; Lawler 1971; Rawls, Ullrich, and Nelson 1975; Rainey 1983; Siegel 1983; Sikula 1973a and 1973b; Wittmer 1991).

Conclusions from these studies are probabilistic generalizations, such that there is overlap between respondents in the two sectors. Not all public- and private-sector respondents differ in these ways (e.g., many people in private business place a high value on public and community service), and the differences between the two sectors are not always large. For example, Jurkiewicz et al. (1998) found that respondents from two large private firms placed a higher value on the opportunity to be useful to society than did respondents from a variety of local government agencies in a metropolitan area. Gabris and Simo (1995) found that public-sector respondents were no different from private-sector respondents in preferences for monetary rewards or for opportunities to help others.

Of course, such mixed findings are fairly typical in the social sciences, especially where findings come from studies that employ different opportunity samples and where respondents differ by organizational level, occupation and profession, organizational function or mission, and other important variables. In that context, one can justifiably look at the preponderance of findings and other evidence. For example, Crewson (1995b) reports differences between public and private respondents on the General Social Survey (GSS), a survey based on a national probability sample. On thirteen of the fourteen repetitions of the GSS between 1973 and 1993, private-sector respondents were more likely than were public-sector respondents to choose “high

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income” as the most important aspect of their jobs, usually by about a 10 percent margin. Private-sector respondents were also consistently less likely to choose “a feeling of accomplishment” as the most important aspect of a job by substantial margins—that were usually statistically significant—in every one of the fourteen renditions of the GSS between 1973 and 1993. Given that such public vs. private differences have tended to be sharper at the higher professional and managerial levels, and that the GSS mixes all levels, these findings appear quite convincing about the differences in spite of some reversals of the findings in smaller studies. Taking such considerations into account, one can argue that the conclusions about public vs. private differences we have mentioned are generally consistent.

These indications of a distinct set of values among many public-sector employees have been much discussed, and researchers often point out that they suggest the need for alternative motivational mechanisms in public organizations. Because organizational psychologists never have been able to develop a satisfactory way to measure work motivation, there have been few direct comparisons of work motivation in the public and private sectors. The few studies that have used questionnaire measures of work motivation have found no differences in reported motivation and effort among public and private-sector respondents (e.g., Rainey 1983). Surveys of very large samples of federal employees have found that they give high ratings to their own efforts and to the importance of their own work and the work of their organizations, as well as other expressions of high levels of motivation and effort (U.S. Office of Personnel Management 1979; 1980; 1983). Obviously, social desirability responses may account for some of these results, but the upshot is that we have no clear evidence of lower motivation and effort in the public sector than in the private sector.

One interpretation of this evidence is that public-sector employees and managers encounter some particular frustrations and disappointments in the public sector that show up in some of the findings on work satisfaction that we have cited. Since they are influenced by a different pattern of motives and rewards, however, they cope with those frustrations and maintain levels of motivation and effort that are at least comparable to those in the private sector. The recent attacks on government and public bureaucracy in the United States and some other countries may cause us to overlook the considerable problems of private-sector managers and employees and assume that things are better in their setting. They certainly may not be, as suggested by Crewson’s (1993a) recent finding that early labor force entrants

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into the public sector rate higher on quality measures than young entrants into the private sector.

Again, these studies of work satisfaction and work-related values bring up the issues of convergence and impact on a priori ideas. Given the bleak reputation of public bureaucracy, one might expect lower work satisfaction there, and public servants are supposed to value public service more than money. As we have noted, however, the findings on work satisfaction are more complex than that, suggesting equal or slightly higher general satisfaction in the public sector, coupled with patterns of frustration with specific facets of the work in that setting. Together with other findings on self-reported motivation and effort, the evidence suggests that things are not necessarily so bleak in the public bureaucracy. In addition, while one might expect civil servants to place less value on money and more on public service, the dominant tendency in civil service reform and personnel reforms have emphasized precisely the opposite priorities. Civil service and personnel reforms in the United States and other nations often have emphasized pay-for-performance programs and streamlining of the procedures for firing employees. These emphases have spread through governments at all levels in the United States in spite of very little success and in spite of their running contrary to much of contemporary thinking in the literature on management and organizations about how one truly motivates employees (Ingraham 1993; Kellough and Lu 1993). They have spread in spite of the studies we have cited that show no clear evidence of a problem with motivation and effort among public employees (or at least one that would be improved by mimicking the private sector), especially a problem that results from constraints on firing employees or on connecting their pay to performance ratings. Thus, in governmental policy making about public personnel administration, a priori assumptions once again seem to have defeated accumulated evidence.

The National Performance Review in the United States recently has taken some initiatives that depart from historical personnel trends. These trends include the effort to involve employees in the reforms and to remove red tape that frustrates employees, as well as less emphasis on standardized pay-for-performance schemes. The results of the NPR are still in doubt, and only time will tell us whether NPR reforms will be significantly different from previous efforts. In all likelihood, impacts will be attenuated because the NPR is chock full of contradictory priorities, such as reductions of the federal workforce concomitant with the rhetoric about employee involvement. It will be interesting in the long run to see if this and other initiatives increasingly reflect the body of research that is reviewed here.

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ALTERNATIVE PLAUSIBLE HYPOTHESES: HOW MUCH CREDENCE?

We now turn to the question of how much confidence we place in the patterns of convergence we have described. In assessing empirical research findings about differences between public and private organizations, one has at least three choices. First, one can simply ignore empirical research and cling to the a priori. This is not a common approach, as exemplified in the preceding section and in the obscurity of public management scholars who assert that public organizations have more complex and ambiguous goals. Second, one can accept the findings of the research or consider these findings in connection with other sources of knowledge and opinion. Third, one can evaluate not only the research but the research tradition and ask what set of bizarre events (other than empirical veracity) might lead to such consistency of findings? We begin with the third approach.

Campbell and Stanley (1963) developed an approach to considering "alternative plausible hypotheses," an approach that focuses on threats to the internal validity of empirically based propositions. But the approach has since been expanded well beyond the eight primary validity threats posed by Campbell and Stanley. For example, Huck and Sandler (1979) compiled a much more detailed list to evaluate rival hypotheses in research findings. More recently, practitioners of metanalysis evaluation (e.g., Spector and Levine 1987; Cook and Leviton 1983; Bryant and Wortman 1985) have explored rival hypotheses in sets of interrelated studies.

Given the primary objectives of this study, we provide no metanalysis or formal analysis of rival hypotheses. Instead of examining the rival hypotheses for particular studies and sets of studies, we consider rival hypotheses to the core hypothesis that we have implicitly applied in our review of research:

If a number of empirical studies of public and private organizations converge in their findings about differences between those organizations, then those studies provide a valid explanation of differences (even when those explanations diverge from strongly held views of scholars and practitioners).

The question, then, is what conjunction of errors, misunderstandings, or methodological artifacts might have led to empirical findings so often at odds with our a priori knowledge about public and private organizations? What are some of the rival hypotheses to the one above that would lead us to lose confidence

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in the patterns of convergence? We consider some of the most challenging of these alternatives in the following sections.

Limitations of Questionnaires. Almost all the studies we have discussed above are based on questionnaires. While questionnaires are the predominant source of data in a wide variety of organizational studies, questionnaire methods, as do all methods, present certain validity threats. Possible limitations include social desirability responses (and other such reflexivity problems), response bias, poor instrumentation, and weak construct validity of items.

Certainly social desirability responses are possible where one is studying such issues as organizational red tape, performance, or goal ambiguity. Socially desirable responses may interact with sector or publicness; for example, persons working in the public sector may feel a stronger pressure to report more noble work motivations. There are, however, some arguments against socially desirable responses as an explanation of differences in questionnaire responses from persons working in public versus private organizations. In the first place, some data bases (e.g., Bozeman and Bretschneider 1994) and studies (e.g., Pandey 1995) have included items to test for social desirability responses and found no reason to be alarmed. Moreover, as our review has shown, public-sector respondents often respond unfavorably about their work, their organizations, and other matters. Why should they take pains to make socially desirable responses for some matters and not for other matters that appear equal in the degree to which they are sensitive or controversial?

Representativeness. Some early studies comparing public and private organizations could be characterized, with only modest overstatement, as comparisons of banks and welfare agencies in one city or state. That is, some studies had samples inadequate for valid inference about sector-related organizational differences. Even so, such studies accumulated, and they began to raise an interesting and potentially controversial issue in relation to representativeness. Does an accumulation of studies, each of which has a limited sample, enhance validity and generalizability of a cumulative result? There can be plenty of argument about this, but it is interesting that on some of the points we discussed earlier—such as, for example, repeated findings of lower satisfaction with some facets of work on the part of public-sector managers—no one reported a reversal of that finding? If the results of the studies are untrustworthy due to sampling error, why are the conclusions not more randomly distributed?
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Moreover, while representativeness remains a concern, more recent studies have looked at a broad cross section of organizations, often drawn from multiple geographic locations, often matching public and private organizations according to their “core technology” (Thompson 1967), and controlling statistically for important variables such as organizational size. Also, as we noted earlier, we now have results from carefully designed national surveys such as the NOS and the NYLS that contribute to the patterns of convergence we have described. These and the other studies support the claim that the public-private distinction has received a more rigorous testing as to the representativeness and generalizability of findings than most concepts in organization theory.

Low Response Rates, Response Bias, and Selection Effects. Many of the studies that compare public and private organizations are based on relatively low response rates (in the range of 35-45 percent). This is not in itself troubling so long as care is taken to assess response bias and, especially, selection effects. The fact that much of published organization research, perhaps the majority, is based on response rates of similar magnitude should not reduce our anxiety about possible bias. While there is, ultimately, no perfect means to determine whether the pool of respondents is significantly different from the pool of nonrespondents, a variety of statistical and methodological procedures are available to help make such assessments. Some of the research comparing public and private organizations have used these approaches, others have not.

In Sum. One general argument against the veracity of the empirical findings about differences between public and private organizations is that the methods and techniques employed are flawed and the data are unsatisfactory; thus, inferences inspire little confidence.

On Rejecting The Null Hypothesis. Certainly, there are significant limitations in the body of empirical research comparing public and private organizations. Most of the studies we have cited depend on questionnaires. Much of the research has been performed with limited resources and thus is based on relatively small samples, often samples of opportunity. Some studies are rife with post hoc explanation. Despite these important limitations, empirical findings on differences between public and private organizations cannot be dismissed out of hand. Throughout the social sciences, one criterion for findings is surviving peer review processes (though there is some evidence that, as a guarantor of knowledge, peer review has a different and a weaker role in the social sciences). Ultimately, the most
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important reason is one that was not relevant two decades ago—the convergence of research findings.

In all sciences, convergence of research findings is one of the most crucial criteria for certification of research (e.g., Hempel 1967). Among the social sciences, the problem with this standard is simply that few bodies of work meet this standard. While there are a few cases where organizational research has shown reasonably convergent findings, the lack of convergent findings is notorious. For example, studies of organizational size, seemingly one of the research topics where organizational measurement would pose little difficulty, have produced disparate findings. Kimberly’s (1976) review of more than seventy studies demonstrated that virtually every finding about the relationship of size to performance that could be obtained has been obtained. Nor is the scarcity of convergent findings confined to the softer of the social sciences. Economists have had no more success than have sociologists and political scientists in developing convergent findings with respect to such straightforward questions as effects of organizational size.

The consistency and convergence in findings of studies that compare public and private organizations are noteworthy and, at least in a few cases, remarkable for the social sciences. Unless there is reason to believe that problems of measurement, logic, or bias are systematic across a wide range of studies (a possible, but not very probable, proposition), the convergence of findings lends strong support to the conclusion that the results are true. Research on the public-private distinction is establishing this distinction as a well-founded concept in administrative research and theory, showing a rare combination of rigorous examination, convergent results, and both theoretical and practical significance.

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