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Public Management



#2 Management in private sectors

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Today's goal

- Understand basic attributes of private sector and its management as a counterpart of public sector.
- Take a look at recent trend of interchange between private and public management scheme.

Basic attributes of private sector

(firm, organization, etc.)

- Profit maximization behavior in competitive market
- Seeking stockholder's value more than stakeholder's one
- Seeking extreme economic efficiency in activity
- Facing serious conflict of *compliance V.S. profit*
- Flexibility in forming organization and resource allocation



Ownership

Control

Finance

Public sector

Provides public goods

Not affected by recession

Gov't jobs to protect environment

Helps reduce inequality in society

Private sector

Profit incentive to be efficient

Entrepreneurs create jobs where needed

Less bureaucracy and scope for corruption

Doesn't require taxes to fund

Public vs Private sector

Public sectors

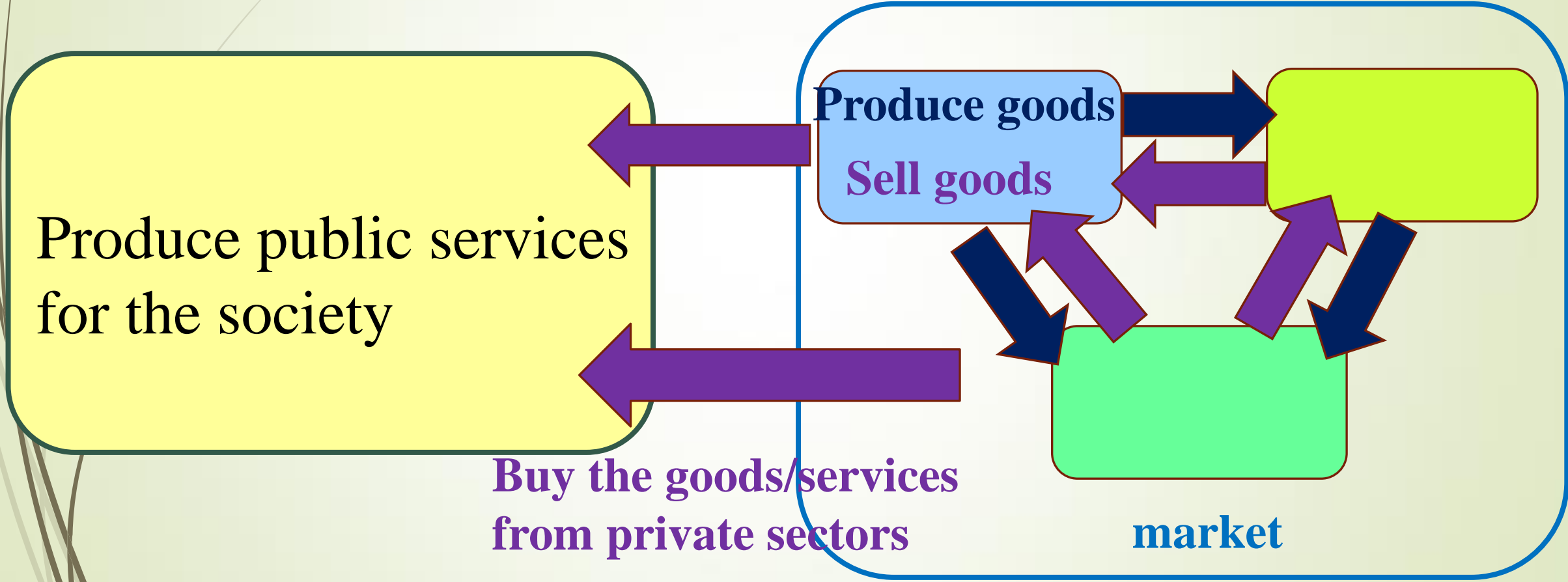
Produce public services
for the society

Private sectors

Produce goods
Sell goods

Buy the goods/services
from private sectors

market



Recent interchange between private and public sector management scheme

Private \Rightarrow Public

Economic efficiency

Flexibility

Public \Rightarrow Private

Accountability

Private firm management advantage for “good management”

Key sentences

Productivity

Relationship between *input* and *output*

Input \Rightarrow Capital and Labor

Output \Rightarrow Services produced, Program, Event

Sustainability

Quality, strategy, performance measurement and governance

Flexible job assignment, incentive mechanism for the performance

Comparative attributes of private and public firm

	Private	Public
Productivity improvement	First priority in their activity	Procedure is more prioritized than private
Incentive	Workers are honored due to their effort	Fairness and following precedent are important
Competitiveness	Strong competitiveness due to outcome	Weak competitiveness due to outcome
Flexibility	Strong flexibility in production process	Weak flexibility in production process

Think about “good performance”

City	Total expenditure (¥1000)	No. of operation	Cost per operation (¥1000)	Population	No. of operation per 100000 pop.	Cost of operation per population (¥1000)
O	50200000	205036	244.8	2640000	7766	19.1
K	6924000	26464	261.6	670000	3950	10.3
ON	2517866	6509	386.8	151189	4305	16.6
CN	1686932	3756	449.1	118458	3170	14.2
KK	13194684	46795	281.9	987337	4733	13.4
S	4271500	12886	331.5	253000	5093	16.8
			資料：各市消防局統計によるH19年度データ			

Which city is the most efficient in emergency transport ?

No. of operation per 100000 pop.

8000

6000

4000

2000

5

10

15

20

Cost of operation per population
(¥1000)

K

KK

C

N

S

ON

O