



FULBRIGHT  
UNIVERSITY  
VIETNAM

FULBRIGHT SCHOOL OF  
PUBLIC POLICY AND MANAGEMENT

# PUBLIC MANAGEMENT

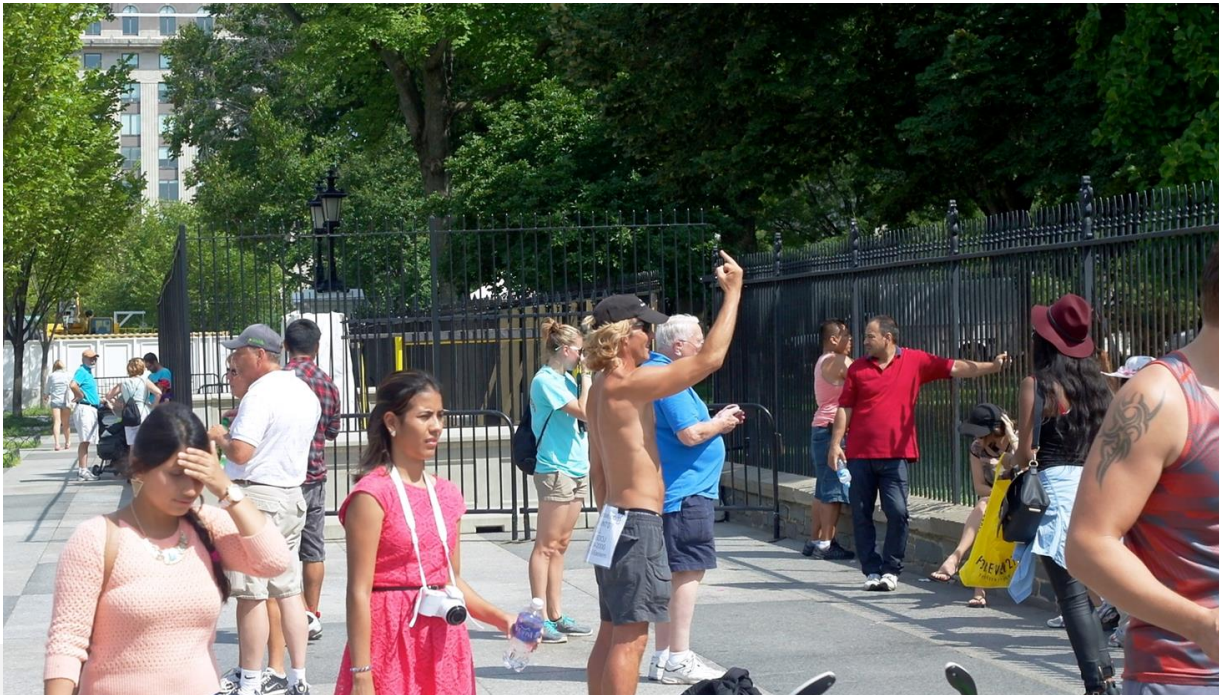
SESSION 3

**Public vs. Private**

# Session 4



- Finish the session: Comparing Public vs. Private Sector
- Understanding the nature of public management





# Reasons of Government

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- Why government? From a standard economic analysis....
  - Provision of public goods
  - Mitigate externalities
  - Ensure competition in markets, or otherwise overcome any lack of competition.
- Public goods: non-rival in consumption / non-exclusive in use
- Markets tend to underprovide public goods?
  - Free rider problem
  - Absence of Competition
  - Negative externalities





# Reasons of Government (2)

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- Government also intervenes to achieve social objectives including:
  - **Changing consumer behavior** where such behavior has adverse effects on society or because of fears over harm for the individual.
  - **The co-ordination of private investment** where lack of information or confidence about the future development of a market threaten its success.
  - **The development of private markets** to address a long-term shift in the economy or the political landscape.



# Instruments of government

- Hughes (1998) mainly talked about ‘economic instruments’: provision, subsidy, production, and regulation.
- **Inform or persuade** customers/providers/suppliers to act in a certain way.
  - Publicize health risks (e.g. smoking, drugs)
  - Disseminate information on disease patterns (SARS, Swine Flu, etc.), or risks of medical procedures.



# If, public management is qualitatively different from private management...



- If good business management is qualitatively different from good government management, we need to rethink some of our expectations of public servants.
- Management: “the accomplishment of purpose through the organized effort of others.”
- Unlike public managers frequently must:
  - Accept goals that are set by organizations other than their own.
  - Operate structures designed by groups other than their own.
  - Work with people whose careers are in many respects outside management’s control.
  - Accomplish their goals in less time than is allowed corporate managers



# D. E. Shalala's Practical Advice

- “Know the culturess of your organization”
- “Find ways to assure that appropriate coordination takes place.”
- “Don’t overlook the needs and abilities of the career public service.”
- “Choose the best and let them do their jobs.”
- “Stitch together a loyal team.”
- “Stand up and fight for the people who work for you.”
- “Set firm goals and priorities and stick with them.”
- “Don’t forget that politics is always part of policymaking.”
- “Look for allies where you don’t expect to find them.”
- “Be flexible, be realistic, and don’t expect to win every time.”



# But according to, James Q. Wilson



## Three Main Constraints on Bureaucracy

- “Bureaucracies are subject to three main constraints. These constraints are the independent variables explaining why bureaucracies are inefficient.”
  - Government agencies cannot lawfully retain and devote to the private benefit of their members (no profit maximization incentive).
  - Cannot allocate the factors of production in accordance with the preferences of the organization’s administrators
  - Must serve goals not of the organization’s own choosing.



# TVA vs. Hill Case



- TVA vs. Hill case
- TVA was a federal agency (electricity and development).
- The construction started from 1967.
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- Based on Endangered Species Act (1973) – environmentalists filed lawsuit against TVA.
- What do you think about this case? What kind of bureaucratic behavior could be found?



# Effects of these constraints

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- Managers have a strong incentive to worry more about constraints than tasks (worry more about processes than outcomes).
- Equity is more important than efficiency in the management of many government agencies.
- The existence of many contextual goals, like the existence of constraints on the use of resources, tends to make managers more risk averse.
- Public agencies have more managers than private ones performing similar tasks.

# Global Megatrends to Public Management



- Eight Interrelated Global Megatrends (KPMG, 2013) that may impact on public management

Trend 1: All is networked - enabling technology, social media, and big data

Trend 2: Great Expectations – Individualism and demands for unlimited transparency

Trend 3: Forever Young – Demographics, Fertility, and Ageing

Trend 4: Economic Interconnectedness – Convergence, Contagion, and Regulation

Trend 5: More with Less – Public debt and Fiscal Pressure

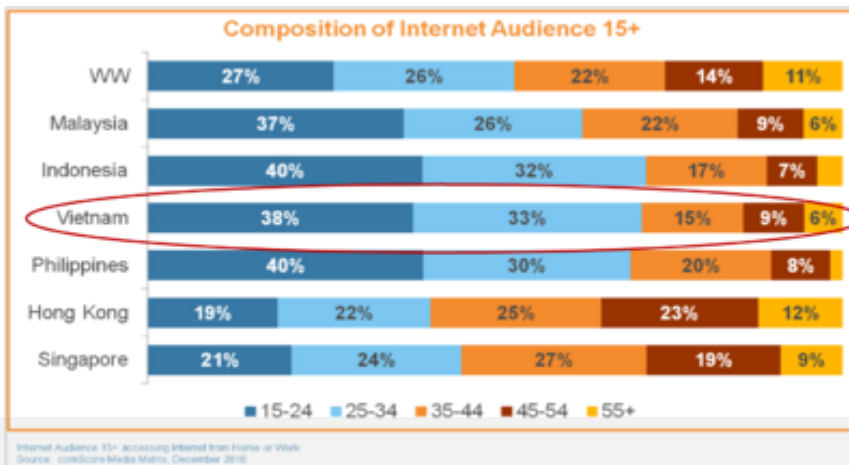
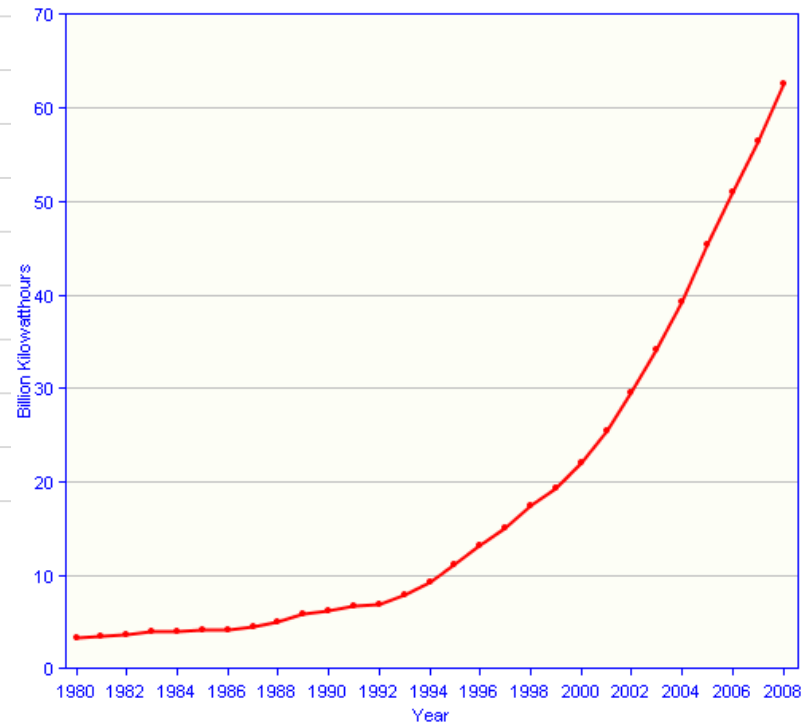
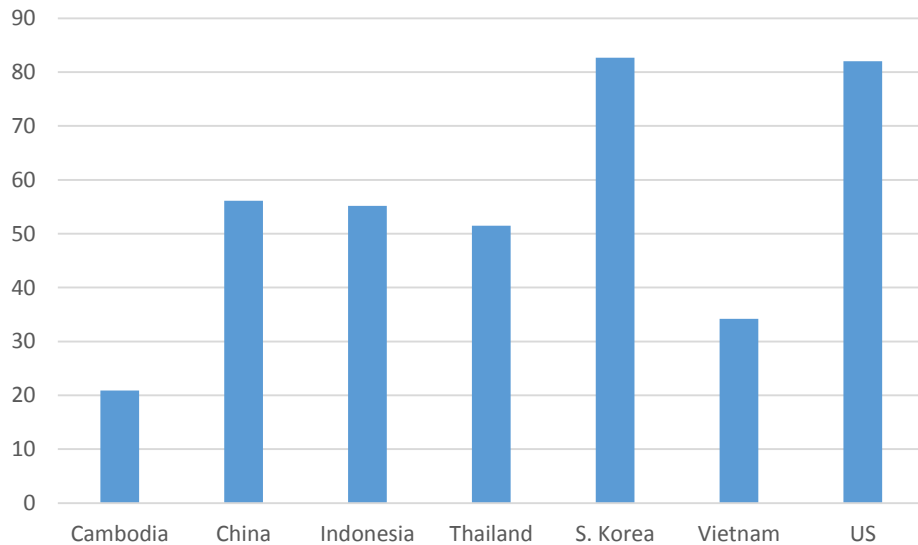
Trend 6: Global Power Shifts – the Asian Century and the Multipolar world

Trend 7: Ultra-Urbanization – Megacities as nodes of growth and governance

Trend 8: More from less – Resource Stress, Environmental depletion and climate change



# Is Vietnam Exception?



Internet Audience 15+ accessing Internet from Home or Work  
Source: comScore Media Matrix, December 2010

# Managerial Challenge to Global Megatrends

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- Managing stakeholder multiplicity
- Managing authority turbulence
- Managing the new work(force)
- Managing innovation forces
- Managing ethical complexities
- Managing short versus long time horizons
- Managing cross-sectoral collaborations



# Q&A



## CONTACT

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