

Similarities and Differences between Public Administration and Business Administration

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Abstract: *It is recognized that Public Administration and Business Administration are both academic subjects and both deal with human behaviour. Although they share the use of certain auxiliary subjects as specialties or as tools, they have distinct fields of study and subject matter. The purpose of this article is to demonstrate the areas of similarities or commonness, on the one hand, and, on the other hand and differences between them. Amongst the most significant difference between them is the milieu.*

Keywords: similarities, differences, factors and point of view.

1. Introduction

This article focuses on Public Administration as an academic subject and its relation as such to other university subjects, in particular Business Administration. An examination of this kind, if allowed to be pursued to its logical limits/conclusions, would become an examination of philosophical concepts such as the “interrelatedness or interconnectedness of all things”, “unity of the universe” and the special and general theories of relativity. It is not proposed to carry out this examination so far, but just to remember that Public Administration is not an independent world providing all the answers to humankind’s problems and challenges.

All that Public Administration can do is to make a contribution – an important contribution; it is felt, in view of the omnipresence of its field in orderly human behaviour.

Since the activities in public administration are integrative and comprehensive, there must of necessity be a connection between the science of Public Administration and all other sciences whose fields are part of the field of human behaviour. We can, of course, expect a degree of relationship because sub-fields of certain subjects are more closely allied than the entire fields of the respective subjects. We, therefore, refer to subject groups such as natural and social sciences and, in the social sciences, to economic, commercial, administrative, and educational sub-groups.

The activities of modern public institutions have so wide a scope that all fields of study or knowledge are to a greater or lesser degree reflected and utilized in them. The administrator in the private as well as in the public sector is constantly called upon to combine different specialized processes at different levels, with a view to the effective realization of the various aims of authorities, and we must, therefore, relate the subject Public Administration to other

subjects. Since its relation to any one subject has a structure more or less similar to its relations to others, we shall discuss its relation to Business Administration in particular.

2. Public Administration and Business Administration

2.1. Commonness and Similarities

What the exponents of the scientific administration approach called the content of administration [POSDCORB, P = planning, O = organizing, S = staffing, D = directing, CO = coordinating, R = reporting, and B = budgeting, for example] is the common field of Public Administration and Business Administration. By this it has to be understood that by ‘common’ it is not meant ‘exactly the same.’ Yes, it is true that both subjects are concerned with such processes as: policy-making; organisation; planning; and control; both are called upon to test, recruit, appoint and promote personnel; both require financial resources. Certain methods of handling material are also common to both subjects, for instance, case studies, games theory, quantification, use of computers and so on.

Today, Public Administration and Business Administration have much to teach each other, though neither need dominate the other. Knowledge cannot be exchanged, however, except in the area of specific techniques (hardware), for example, work study (organisation and methods, time and motion), methods of enquiry with a view to the generation and collection of data, organisation and structuring. Both Public Administration and Business Administration utilize the same auxiliary (or intra-generic) subjects, such as planning, communications, operations research, mathematical and statistical methods, and the theory of probability.

In fact, a group of administrative thinkers like Henry Fayol, Mary Parker Follett, Lyndall Urwick do not make a distinction between public administration and business administration. They maintain the view that all administration, whether public or business, is one and possess the same basic features. For example, Fayol says, "The meaning which I have given to the word administration and which has been generally adopted, broadens considerably the field of administrative science. It embraces not only the public service, enterprises of every size and description, of every form and every purpose. All undertakings require planning, organisation, command, coordination and control, and in order to function properly, all must observe the same general principles. We are no longer confronted with several administrative sciences, but with one which can be applied equally well to public and private affairs."

Similarly, Urwick says, "It is difficult to contemplate seriously a biochemistry of bankers, a physiology of professors, or a psychopathology of politicians. The attempt to subdivide the study of management or administration in accordance with the purpose of particular forms of undertaking seems to many authorities equally misdirected."

The specific similarities between public and business (private) administration are as below.

- (a) The managerial techniques and skills of planning, organizing, coordinating, controlling, and so on are same in both.
- (b) Both have uniformity in accounting, filing, statistics, stocking, and so on.
- (c) Both are organized on the basis of principle of hierarch, that is, scalar chain.
- (d) Both are being influenced by the practices and standards of each other. Thus, J. M. Pfiffner and Robert Presthus have described the emergence of public corporation as "a half way house between its commercial prototype and the traditional governmental department."
- (e) Both have similarities so far as the problems of organisation, personnel and finance are concerned.
- (f) The similarity between public administration and business administration is demonstrated by the fact that there is a mutual exchange and rotation of personnel between the two disciplines.

2.2. Peculiarities and differences

2.2.1. In respect of milieu, aims and values, there is a marked difference between Public Administration and Business Administration. By saying that in this connection "...familiarity may breed blindness," that is, what is meant by the term Business Administration here, is sometimes also loosely referred to as Business Economics or just Management; Dwight Waldo [1956: 131] means that the generic aspects of administration are significant only in their specific institutional context; in other words, when they are oriented towards certain aims and values.

Public administration refers to the administration which operates in the governmental setting Business (Private) administration, on the other hand, refers to administration which operates in the non-governmental setting, that is, business (private) enterprises. Hence they are also known as governmental administration and business administration respectively.

2.2.2. Differences as expounded by leading administrative scientists.

Public administration is different from private administration in terms of the environment (that is, institutional setting) which it operates. Paul H. Appleby, Sir Josia Stamp, Herbert A. Simon and Peter Drucker, unlike H. Fayol, M.P. Follett, and L. Urwick, beautifully made a distinction between public administration and private administration, as demonstrated below:

Paul Appleby's view:

According to him, public administration is different from private administration in three aspects:

- a. Political character
- b. Breadth of scope, impact and consideration
- c. Public accountability.

Josia Stamp's view:

According to him, public administration differs from business administration in four aspects

- a. Principle of uniformity
- b. Principle of external financial control
- c. Principle of public responsibility
- d. Principle of service motive.

Herbert Simon's view:

According to him, the distinction between public administration and private administration lies in the popular imagination which relates to three points, as follows:

- a. Public administration is bureaucratic, whereas private administration is business-like.
- b. Public administration is political, while private administration is non-political.
- c. Public administration is characterized by red-tape, while private administration is free from it.

Peter Drucker's view:

According to him, public administration (service institution) is basically different from private administration (business institution). To quote him, "It is different in its purpose. It has different values. It needs different objectives. And it makes a different contribution to society. 'Performance and results' are quite different in a service institution from what they are in a business institution. 'Managing for performance' is one area in

which the service institution differs significantly from business institution.”

Specific differences in terms of normative [trans – empiricist] factors

The specific differences in terms of normative factors and considerations and business administration are stated as:

Political and Legislative Supremacy

The political character of public administration differentiates it from business [private] administration. Public administration is subject to political direction, control and leadership. This is the primary distinction between the two. Paul Appleby argues, “Administration is politics since it must be responsive to the public interest.... It is necessary to emphasize the fact that popular political processes, which are the essence of democracy, can only work through governmental institutions, and that all governmental organisations are not merely administrative entities, they are and must be political organisms.”

Breadth of Scope, Impact and Consideration

Business administration cannot claim the breadth of scope, impact and consideration of the science public administration. In other words of Paul H. Appleby, “the organized government impinges upon and is affected by practically everything that exists or moves in our society. It involves policies and actions of immense complexity. Its fullest possible understanding requires the wisdom of the anthropologist, the historian, the economist, the sociologist, the political scientist, the farmer, the labourer, the merchant, the industrialist, the banker, the politician, the philosopher, and many more.”

Public Responsibility as Accountability

Public administration is characterized by public accountability from which business [private] administration is free. Public administration has to function in its environment which consists of the press, political parties, pressure groups, and so forth. Thus, public responsibility as accountability is the hallmark of public administration in a democracy. Paul Appleby observes, “Government administration differs from all other administrative work to a degree not even faintly realized outside, by virtue of its public outcry.”

Principle of Uniformity and Consistency in Its Operations

Public administration has to be consistent in its treatment. In other words, the principle of consistency of treatment is the watch word of public administration. Its acts and decisions are regulated by uniform laws, rules and regulations. Business administration, on the other hand, can practice preferential treatment. In the words of Richard Warner, “A private administration need not worry very much about uniformity in treatment. It can cater for various special needs and purposes, charging often ‘what the traffic will bear’, without raising the storm of public

protest which in the case of public administration would immediately arise if in government one law were devised for the benefit of the rich and another for the poor.”

Principle of External Financial Control

The finances of public administration are controlled by the legislature. In other words, legislature authorizes the income and expenditure of the executive branch. Private administration, on the other hand,, is not subject to the principle of external financial control. It is free to manage its finances as it likes.

Principle of service motive also known as public service

Public administration is characterized by service motive. Its purpose is to serve the public and to promote community welfare. The private administration, in contrast, is characterized by profit motive, not social service. Its objective is to maximize profit. Also, the public administration carries a greater social prestige than business [private] administration because of its social role.

Legal Framework

Public administration has to function with legal framework, that is, within the limits set by the laws, rules, and regulations. This makes the public administration rigid in its operation. Private administration, on the other hand, is relatively free from such limits and enjoys flexibility in operation.

Nature of functions

Public administration differs from business administration in the nature of the functions performed by it. Like:

- (a) It is more comprehensive than private administration, that is, it covers a wider range of activities.
- (b) Its activities are more urgent and vital for the very existence of society.
- (c) Its services, sometimes, tend to be monopolistic, for example, defence.

Anonymity in a Bureaucratic Structure

Public administration functions anonymously. In other words, the functioning of civil service in government is characterized by the doctrine of anonymity which is the counterpart of the principles of ministerial responsibility. Thus, the minister assumes responsibility for the actions of the civil servants working under him.

Efficiency Measurement

Public administration differs from business administration in the measurement of efficiency. The resource use or profit earning (i.e. input-output relationship) is the criterion of measuring efficiency in private administration. But the same criterion cannot be applied while measuring efficiency in public administration. According to Peter Self, three kinds of efficiency are relevant in public administration, namely,

- (a) Administrative or management efficiency as in the case of private administration;
- (b) Policy efficiency, that is, taking the right decisions and choosing appropriate programmes; and
- (c) Service efficiency, that is, clientele gratification and development.

Further Differences and Dissimilarities

The differences between Public Administration and Business Administration may perhaps be most clearly shown if the common elements in their subject-matter [theory, policy-making, organization, auditing, supply of personnel, control, leadership, motivation] are compared in tabular form. Below is an example of the comparison:

<i>Common element</i>	<i>Public Administration</i>	<i>Business Administration</i>
Financing	1. First needs are determined and then means are found (taxes)	1. Operations based on available capital and funds.
	2. External and internal control [Parliament and Controller and Auditor General, departmental accountants]	2. Control usually internal only exception: external auditors of big companies].
	3. Uniform work practices	3. Diverse work practices
	4. Absence of the concept of solvency	4. Concept of solvency of paramount importance.

3. Conclusion

We can now conclude this examination with the observation made by Dwight Waldo. “The generalizations which distinguish public administration from business administration by special care for equality of treatment, legal authorization of, and responsibility of action, public justification or justifiability of decisions, financial probity and meticulousness, and so forth are of very limited applicability. In fact, public and business administration’s are the two species of the same genus, but they have special values and techniques of their own which give to each its distinctive character.”

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