

Private vs. public sector organizations: an empirical study on the differences in organizational culture

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This study examined the differences in organizational culture prevailing in the public and private sector organizations in Sri Lanka. It is a well accepted notion in management that management practices in an organization should match with its culture for better performance. But it is not something happening in organizations especially in public sector organizations in Sri Lanka resulting in suboptimal performance in them. On the other hand, no systematic study has been done to understand and distinguish the nature of the culture prevailing in private and public sector organizations in Sri Lanka. The main objective of this study was to identify the differences in culture in organizations in the two sectors.

A sample of 200 employees and 100 managers was selected for the purpose of data collection. Two questionnaires were administered among sample employees and the managers accessing their perceptions on each cultural factor. Data was analyzed with Factor Analysis and Regression analysis with respect to the hypotheses of the study.

It was found that the private sector organizations are high in degree of team orientation, people orientation, outcome orientation, stability, flexibility and innovation and risk taking. Public sector organizations record low in these factors. Further, it was revealed that the two sector records no different cultural factors such as Attention to detail and Risk taking and Aggressiveness.

In conclusion, the private sector organizations differ significantly culture wise from the public sector organization. Their high degree of cultural factor has created a comparatively conducive organizational climate in them outperforming the public sector organization. On the other hand, Public sector organization has low level on these factors creating unhealthy culture for higher performance.

Key words: Organizational culture, Team orientation, People orientation, Outcome orientation, Private and Public sector organizations

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