

The External Focus in Public and Business Administration: A Review of the Literature

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Both public administration and business administration exhibited parallel developments in the shift of focus from an internal to an external perspective. However, while natural differences between the two disciplines, i.e., the feedback process, the efficiency and service concept, and the scope of responsibility, raise fundamental issues as far as the role of business and government in society is concerned, the external focus of BA should be guided by the external focus of PA.

Introduction

This paper is basically a survey of related literature showing how Public Administration (PA) as a discipline has changed its focus from internal to external concerns, from administrative efficiency to relevance to the needs of clients. It is also an attempt to determine similar developments in the field of Business Administration (BA), particularly in the changing emphasis of the purpose of business from a purely profit maximization perspective to a customer oriented focus, from a self-centered view to an external outlook which becomes the primary decision criterion of all components of business.

The paper also attempts to analyze implications of the concept of an external focus, and to draw conclusions on the possible effects of both disciplines on one another, particularly in view of the present political strategy of letting private enterprise become the primary engine for economic development.

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Public Administration

Classical or old PA as we study it today starts with Wilson's 1887 essay which separated PA into policy making and policy implementation so that the latter function can be better analyzed for greater efficiency in the delivery of services. This idea took a more definite form with Taylor's principles of scientific management. PA thus concentrated on organizational and administrative processes, on concepts of efficiency and economy, and on the application of scientific management principles.¹

On the premise that PA is a study of one phase of human cooperation, Waldo further defined PA as (1) the organization and management of men and materials to achieve the purpose of government, and (2) the art and science of management as applied to affairs of the state.² The definition spawned debates on the science-art controversy mainly because *public administration* was used interchangeably in two contexts: (1) as an area of intellectual inquiry, a discipline or study, and (2) a process or activity where public affairs are administered.³ While the two meanings are closely related, Waldo argued that science of PA referred to its *systematic study* of PA while the art of PA referred to its *practice*.⁴ To Waldo, the sharp distinction was important since the central focus of PA is man himself in certain sets of relationships. Simultaneously, the study of PA is carried on by men while engaged in the activities of PA.⁵ By categorizing PA in the family of cooperative human action, Waldo emphasized a high degree of rationality in this human effort.⁶

The problem of defining PA had to be further refined by constructing paradigms in the growth of PA as an academic field. Henry noted that each phase may be characterized according to whether it has a "locus" or "focus." Paradigm 1 [1900-1926] is the Politics/Administration Dichotomy. Goodnow argued that there were "two distinct functions of government," and politics "has to do with policies or expressions of the state will," while administration "has to do with the execution of these policies."⁷ In essence, the general thrust of the field was: politics should not intrude on administration; management lends itself to scientific study; public administration is capable of becoming a "value-free" science in its own right; and the mission of administration is economy and efficiency.⁸ Paradigm 1 resulted in the strengthening of the notion of a dichotomy between politics and administration, with a corresponding value/fact dichotomy such that what was "factual" and "scientific" became the territory of public administration and matters of public policy-making became the concern of political science. This trend was reflected in the curricular offerings of political science departments where organization theory, budgeting and personnel were considered under PA, and the rest, under political science.

Paradigm 2 [1927-1937] emphasized the new thrust of PA as the application of certain scientific principles of administration that produced "experts" at work. Focus became more important than locus. The challenge to this view came after Barnard's *The Functions of the Executive* which later

influenced Simon who hurled a "devastating critique" at the status quo with his *Administrative Behavior* in 1947. Simon also offered another paradigm on two kinds of public administrators working harmoniously in a reciprocal intellectual relationship, one group of scholars developing a "pure science of administration" based on "a thorough grounding in social psychology," and the other group concerned with "prescribing for public policy," thus reviving the political economy field.⁹

Even with this challenge, however, the link with political science had to be retained due to the logical conceptual connection between PA and political science; and Paradigm 3, PA as Political Science dominated the scene with PA remaining under the discipline of political science. The result was a return to locus, the government's bureaucracy, but a corresponding loss of focus. Largely an exercise in reestablishing PA's links with political science, it ended in a "watering down" or "defining away" of the field, especially its analytical focus. The downhill trend became obvious as PA was treated only as an "emphasis," an "area of interest," and even a "synonym" of political science, until the category disappeared in the programs of political association meetings.¹⁰

Emerging as an alternative to PA's virtual disappearance, Paradigm 4, PA as Administrative Science, occurred simultaneously with Paradigm 3 but never received similar favor. The administrative science option (which included organization theory and management science), Henry noted, was a viable alternative for scholars in PA, although PA was losing its identity and uniqueness within the contest of the "larger" concept of administrative science which favored focus over locus.

A dilemma, however, was created via the administrative science route since distinctions between "public" and "private" spheres of society were increasingly difficult to define empirically. A growing philosophical and ethical dimension has also surfaced with the introduction of such concepts as "the public interest" and "public affairs," which concentrated on highly normative issues as related to the polity.¹¹

The limitations of administrative science as a paradigm then became apparent, and led to Paradigm 5, Public Administration as PA, which took off from Simon's 1947 proposal for duality of scholarship in PA. While there is yet to be a focus for the "pure science" field, organization theory has primarily concentrated on how and why organizations work, how and why people in organizations behave, and how and why decisions are made.

However, in the interface between technology and human values (or public affairs), and the waning of the distinction between the public and the private sphere, the issue of how best to institutionalize PA came out. Henry noted that "with a paradigmatic focus of organization theory and management science, and a paradigmatic locus of the public interest as it relates to public affairs, PA is at last intellectually prepared for the building of an institutionally autonomous educational curriculum that can develop the

epistemological uniqueness of the field.¹² Henry further observed that it is PA's situation in the academe which determines significantly what PA is. For as long as it is conducted in the political science department, PA simply becomes a theory of politics with an insistence on a value-free perspective. Similarly, PA programs in business schools, or the administrative science approach, are limited to its technical definitions without consideration as to the role of politics, values, normative theory, and public interest, which is so critical to any intelligent definition of PA.¹³ Hence, the synthesis of political and administrative science had to be forged for PA to attain its autonomy both as an academic unit and as a viable institutional concept.

The course of these paradigms in PA can be seen as a natural development of the concurrent interest in the use of scientific methods to improve the operations of public and private organizations. In particular, Waldo's "scientific, rational, effective, efficient and productive" organizations, Simon's rational model of administration, Ostrom's theories of public choice, and Golembiewski's work in organizational development have been dominant. Under the assumption that science can be instrumental in controlling people's behavior or in making up for environmental uncertainties, effectivity (or how to accomplish the proper activities), efficiency (or how to achieve more) and economy (or how to maintain the same level of operations at less financial cost), became the watchwords of PA, just as they were in the private sector.¹⁴

Denhardt criticized this view: "[by] limiting ourselves to the examination of 'measureable facts,' of public policies or the 'manifest behavior' of organizational actors, we implicitly endorse the social conditions which have created those facts and those behaviors. The supposedly objective analyst becomes a political actor, working in behalf of the status quo."¹⁵

Denhardt then suggests an alternative style of management aimed not merely at control of behavior but rather at helping individuals with their development and needs although these may not be in consonance with bureaucratic values.¹⁶ In his view, this critical approach is important in understanding public agencies and their clients, since "clients are not merely consumers of government services, [but] as citizens . . . both producers and recipients of governmental services."¹⁷

On the other hand, Ostrom observed that before World War II, "the theory of administration assumed that technical solutions to public problems were available."¹⁸ Since then, the gathering of new knowledge in the social sciences has focused on public problems, and a new perspective on PA has emerged from the convergence of traditional PA and current streams that, in Frederickson's view, placed the new PA in context and clarified its objectives.

According to Frederickson, the five basic models in the lineage of the new PA are the classic bureaucratic model, the neo-bureaucratic model, the institutional model, the human relations model, and the public choice model.¹⁹

Beginning with Taylor's scientific management, the classic bureaucratic model presented a close link between structure and management, stressed hierarchy and control, and resorted to restructuring or reorganization as standard practice when productivity was in trouble. The underlying assumption that Taylor used was that there was one best way to design or manage a particular organization. Frederickson noted, however, that this assumption was proven faulty. The values of economy and efficiency, however, are not faulty, and should be part of the new PA.²⁰

The neo-bureaucratic model, one of the products of the behavioral phase in social science, stressed decision making as a more common unit of analysis. Premium was placed on rationality but the model still hewed closely to the means-end analysis and the politics-administration dichotomy of the bureaucratic model. While the contribution was sophisticated and substantial, the efficiency-economy-productivity values were still upheld.²¹

However, Frederickson comments that questions on how values of efficiency and economy are to be achieved and how such values conflict with other values that must concern PA have not been answered by the models.²²

The institutional model attempted to find out how complex organizations work without confronting the basic issue of what norms are the reason for the knowledge acquired and what prescriptions can be made for bureaucracy. At the same time, institutional model scholars have revealed that bureaucracy is "powerful, resistant to change, seemingly beyond legislative or executive controls, tending to isolate and seal off its technology and guarantee its sources of revenue, and tending to conceal itself with survival,"²³ which are similar to the normative issues raised by Denhardt in his criticism of PA.

The human relations model, reacting to the classic bureaucratic and neo-bureaucratic models, sprung from the Hawthorne experiments and the works of Mayo and his colleagues and reflected the values of "worker-client participation in decision-making, reduction in status differentiation and interpersonal competition, and emphasis on openness, honesty, self-actualization and general worker satisfaction." The model's impact, however, on government administration has been slight, probably due to the clash in values between the old models and the human relations school. Although there is much evidence that shared authority and worker satisfaction are correlated positively with productivity, these norms are not pervasive in public administration.²⁴

The public choice model articulated by Ostrom focused on the citizen's role as a decision maker in the provision of public goods and services, and the political feasibility of enterprises based on favorable decisions made by citizens over time. But the problem of citizens not really having access to this choice remains, and whether competition among agencies redound to the citizen's benefit is still largely undocumented.²⁵

Frederickson observed that the focus of PA clearly turned inward on the organization, its structure, internal relations, and operations. Aside from productivity goals and the three E's, more attention was given to organizational behavior and the process of decision-making. In addition to human activities, interpersonal relations and inner motivations were included in the glare of the clinical scientific light, as PA became more interested in why people in organizations behaved the way they do, and what motivated them and gave them personal satisfaction. However, the attempt to organize, describe, design, or operationalize humanistic values and norms are realizable only in decentralized, democratic organizations distributing public service equitably.²⁶

The new PA basically assumed first, that there are no value-neutral administrators nor value-free administrative models; second, that normative values and preferences, even if in conflict, are legitimate and must be recognized since these bear strong empirical support in modern social science and are compelling issues in the pursuit of democratic ends. Such values are responsiveness, worker-citizen participation in decision-making, social equity, citizen choice, and administrative responsibility for program effectiveness.²⁷

What more then does the new PA have to offer? To the old PA, new PA adds social equity to the basic objectives of efficiency and economy. The question to be answered is, "Does this service enhance social equity?" The new objective refers to value premises and activities designed to enhance the political power and economic well-being of the discriminated or disadvantaged minorities systematically overlooked by established stable bureaucracies, which result in continued economic and political malaise that threatens in the long term the viability of any political system. The new PA then is deeply committed to both good management and social equity as values, objectives or rationales, which involves notions such as program-planning-budgeting systems, executive inventories and social indicators in the pursuit of organizational and political forms which exhibit capacities for flexibility or change.²⁹

This clearly calls for a fusion of policy and administration and a concern for relevance in the context of the public or client's needs or demands, a trend that Frederickson describes as "second generation behavioralism" which emphasizes the public aspect of PA with an outward, external focus. Frederickson summed up the whole idea of the new PA as "less generic and more public, less descriptive and more prescriptive, less neutral and more normative, but no less scientific, and less institution oriented and more client impact oriented."²⁹ Where there is concern for the proper distribution of goods and services, methods like cost benefit analysis are used to determine beneficial or non-beneficial results, and the boundary exchange process focusing on client-administrator relationships takes place with an underlying commitment to equal rights and access to opportunities.

To ensure a flexible system and an adaptable structure, the new PA called for exploration and experimentation techniques, for integrating potentially conflicting values and practices between administrators and clients, or between higher and lower level administrators, and for pursuing a large degree of autonomy that accommodates various perspectives of the organization.³⁰ To ensure integration, sensitivity training, T techniques, and/or organizational development are utilized to enhance the rationale of new PA by enabling individuals to become self-reliant and less dependent on the hierarchy, to know how to manage and tolerate conflict, and to prepare them to take greater risks.³¹

Pilar's matrix summarizes the contrasting qualities of the old and new PA:³²

	Classical/ Conventional PA	New PA
Environment/ Value prémisses	stability, predictability, orderliness in environment	turbulence, tempora- riness, uncertainty
	assumes a mechanical model of man	assumes an authentic & humanistic model
	belief in primacy of organizational goal (internal orientation)	belief in primacy of societal/individual goal (external orien- tation)
Values	efficiency economy effectiveness	relevance social equity client orientedness
Structure	bureaucratic	non-bureaucratic
Processes	O & M personnel fiscal	distributive integrative boundary exchange socio-emotional

In retrospect, the old and new concepts of PA can be said to be products of the historical and economic developments of societies. Changing environments, different needs and shifting perspectives have resulted in a dynamism in PA which proves its continuing relevance and role in the society it serves and of which it is an integral part.

This dynamism is evident in Development Administration (DA) which, according to Najjar, shifts its focus from the stable, orderly, urbanized and industrialized societies of the developed countries to the rural and agricultural societies of the developing countries, where political and economic

systems are in transition or in a state of flux. As a carrier of innovating values focused on "achieving change in situations where change is difficult," DA seeks to control and manage the change from a poor society to a rich one. DA is characterized mainly by a sensitivity and an awareness of the environment of PA, guided by a strong participatory ethic that apparently sees development planning as incompatible with an extremely bureaucratic control. Najjar also notes that "genuine development can only take place in an atmosphere where hierarchical prerogatives are not duly emphasized."³³ As a reinforcing stream to the new PA, DA confronts the same issues that the new PA posed before the old PA, and moves further ahead by multi- and even supra-disciplinary frames of reference, such as concepts like relevance, personal morality, value-consciousness, client-centeredness, authenticity and intrinsic motivation themes that have originated in humanistic psychology.³⁴

According to Caiden, this trend towards a value and client orientedness includes a study of administrative attitudes to determine whether they are "public minded," "forward looking" decision makers and policy makers. Such attitudes would reflect the concern for the social repercussions of their policies, awareness of political values, community feelings, and societal goals, as well as their regard for truth and public accountability. These would be qualities that characterize a change oriented public administration intent on providing an environment conducive to innovation.³⁵

Innovation in organizations becomes essential, according to Eden, because "today the techniques for solving yesterday's problems are themselves perceived as problems." The situation becomes more complex due to the urgent demands of national development and the expansion of government functions.³⁶

DA responds to the problem of redistributing income by strengthening the administrative machinery that would bring about socio-economic-political development, through a "development of administration," the internal focus external focus on clients, on implementing development policies for education, health, national income, natural resources and other tasks of national significance.³⁷ Underlying this view is the critical link between DA and its political and socio-economic context.³⁸

DA also grew out of the realization that for real development to occur, poverty, inequality and unemployment must have decreased. From hindsight, Seers had observed that using a single measure of development like the GNP, is inadequate in realizing "true" development which is inevitably a "normative term." For despite increases in GNP, food and jobs are scarce and income unevenly distributed.³⁹

Thus, the change in the focus of PA over the years from internal to external, from administrative efficiency to a client orientation, from economy to relevance is also seen in the concepts of DA with its concentration on social equity as it attempts to develop administrative capacity.

Business Administration

To determine whether parallel developments relative to shifts in focus have similarly occurred in the discipline of Business Administration, a review of the literature was also undertaken.

Traditionally, business, operating under the ideological framework of capitalism and free enterprise, has worked under the premise that the purpose for its existence is to maximize profits and to increase the wealth of its owners. Even in our present environment, business schools and their faculty have readily accepted this position as the purpose of business. It is an inwardly directed view, and considers only the self-interests of capitalists, because it presumes that this is the best situation for society in general, which is supposed to benefit from the healthy competition. In addition, other premises which support this framework are the full availability of information in order for the market to respond rationally, and the absence of a pre-dominant force among competitors, so that no one can dictate business on his own terms.

The internal focus of profit maximization as the purpose of business is widely accepted even by present day authors in the field of Business Administration (BA). Runyon, a Marketing author, states that "Monetary profit is the indispensable condition for privately-owned businesses. Ultimately, profit is the rationale for businesses and in order to survive, a business must make a profit."⁴⁰

Rados, who writes of non-profit organizations, is just as blunt when he states that "A business operates to enrich its owners and managers."⁴¹

Lipsey and Steiner, in a book on Economics, assume that "... the firm makes decisions in such a way that its profits will be as large as possible. In technical language, it is assumed that the firm maximizes profits."⁴²

Authors in the field of Production and Manufacturing do not even bother to talk about the purpose of the firm. Their main concern is really internal efficiency and economy, that is, cutting down internal costs while maintaining the capability to deliver the right amount of goods at the right time with the required quality level. However, Appleton, in writing on the related field of Industrial Marketing, was more direct when he stated that "[t]he objective is to maximize profits for the total corporation."⁴³

The abovementioned authors, it must be emphasized, are of very recent vintage with books written in the 80's. In the Philippines, Saldana, dean of the College of Business Administration at the University of the Philippines, wrote in 1985 that "... in a basically free enterprise open market economy like the Philippines, value maximization should remain as the primary and long term goal [of business]."⁴⁴ By this he meant that the purpose of business is to maximize the wealth of the owners.

According to Anderson and Sharpe, Classical Economic Theory holds that "each entrepreneur should act to maximize his profits and by so doing, contribute to the maximization of economic benefit for the society at large."⁴⁵ It is obvious that this theory is still prevalent such that it can not be termed "old."

However, at the same time, other authors like De George have begun writing on the notion that business must now weigh many factors in decision making, including the rights of employees, consumers and society in general.⁴⁶

Drucker, an influential and prolific writer on management, has presented the view that business cannot be explained in terms of profit alone and that profit maximization is a meaningless concept as a business purpose. Although profit is crucial, it is just a limiting factor on business enterprise. It is not an explanation, cause or rationale of business behavior or decisions, but a test of validity. He strongly emphasizes that the concept of profit maximization as the purpose of business is quite harmful and has been responsible for the worst mistakes in policy as well as for the belief that a company cannot make a profit and at the same time make a social contribution.⁴⁷

Levitt, a Marketing professor from Harvard, agrees with Drucker in that "profit must be defined as the excess of what comes in over what goes out (called 'positive cash flow') and is not a purpose but a requisite of business. Just as eating is required to live, one does not live only to eat. . . [t]o say that (business) should attract and hold customers forces facing the necessity of figuring out what people really want and value, and then catering to those wants and values. This concept provides specific guidance and has moral merit."⁴⁸

There is a shift in focus therefore from the internal [profit] to the external [customer] in determining the nature and purpose of business. Some have called this a marketing orientation. According to Nichels, marketing is a "societal process that, subject to internal and environmental constraints, attempts to establish beneficial relationships."⁴⁹ Kotler also states that "a market definition of purpose (in business) calls for stating the company's mission in terms of serving a defined customer group, a customer need, or both."⁵⁰ Zudak confirms that "consumer demand is . . . to be the ultimate reason for all production, work and investment. If no customer demands a product, it has no market, production is not undertaken, and the firm cannot will it."⁵¹

In this light, Drucker views institutions as the means through which individuals "find their livelihood, access to social status, to community, to individual achievement and satisfaction" and that every institution today exists "to contribute outside of itself, to supply and satisfy non-members, with business, especially existing to supply goods and services to customers rather than to supply jobs to workers and managers, or even dividends to stockholders."⁵² This means that the task of business management is "to

make work productive and the worker achieving," or making work suitable for human beings. The implication is that man's peculiar physiological properties, abilities and limitations should be a primary consideration. It must be borne in mind that human resources are human beings who have personality, citizenship and control over their own work and can determine to a great extent how much and how well they work. Other considerations would include responsibility, motivation, participation, satisfaction, incentives and rewards, leadership, status and functions.⁵³

Another dimension of business management is to administer and improve what already exists and is already known, and to be an entrepreneur who "redirects resources from areas of low or diminishing results to areas of high or increasing results." The manager must create tomorrow through innovations as well as efficiency and effectiveness. He should optimize yields from resources by doing better with what is already being done (efficiency), and he also focuses on creating opportunities to produce revenue, new markets, and changing the economic characteristics of existing products and markets (effectivity). Efficiency is the minimum condition for survival or "doing things right" while effectiveness is "doing the right things."⁵⁴ Thus, profit is now viewed as a result of performance of business in marketing, innovation and productivity, a feedback on the organization by measuring efficiency, and a premium for the risk of uncertainty.⁵⁵

Soriano, another professor at the UP College of Business Administration, states that a business exists "in response to a felt need, which consists of certain products and services for which the buying public is willing to pay a reasonable price."⁵⁶ Corollary to this, Drucker insists that it is the customer who determines what a business is, in his willingness to pay for a good or service that converts economic resource into wealth. What he thinks he is buying, what he considers of value is decisive because it determines the nature of a business, its products and whether it will prosper. A customer buys and values not a product but utility, or what a product does for him, a value that is often not quite obvious.⁵⁷

Correspondingly, Levitt asserts too that products are problem solving tools bought by customers in hopeful expectation that their needs and wants will be satisfied. These expectations are effectively communicated by the packaging rather than by the simple generic descriptions of what is in the package.⁵⁸ The logic is simply the marketing concept that when the customers call the tune, "the players had better play it right." There is no effective corporate strategy that is not marketing oriented and subject to the unyielding formula: "the purpose of business is to create and keep a customer, and to do that, you have to do those things that will make people want to do business with you. All other truths are derivative."⁵⁹

In the situation where the business offers services, the product is intangible and is basically a promise that has to be "tangibilized" in their presentation or marketed in meaningful contexts where metaphors and similes substitute for the tangibility that cannot be experienced in advance.⁶⁰

Levitt recommends that the less tangible the product, the more powerfully and persistently the judgment about it is shaped by the packaging: "how it is presented, who presents it, what's implied by metaphor, simile, symbol and other surrogates for reality."⁶¹

In the light of this orientation, institutions then are psychologically, geographically, culturally and socially part of the community as neighbor, source of jobs and tax revenues, just as they are the source of waste products and environmental pollutants. Therefore, Drucker advocates that business organizations and institutions must be concerned fundamentally with the "quantities of life" and the "qualities of life" of modern man and his community.⁶² This fundamental concern then is the final, and possibly the most important, task of the business: to manage the social impacts and responsibilities of the enterprise. Drucker states that "none of our institutions exists by itself and is an end in itself; every institution is an organ of society and exists for the sake of society. Business is no exception."⁶³

Since the dominant religious sect in our country is Catholicism, it is relevant to quote from the encyclical *Laborem Exercens* of the Second Vatican Council: "[t]he fundamental purpose of . . . productivity must not be the multiplication of products. It must not be profit or domination. Rather it must be the service of man and the demands of his intellectual, moral and spiritual life."⁶⁴

Byron aptly sums up the relationship of profit to the purpose of business as follows: "You can't continue a business without profit, but profits are not the be-all and end-all of corporations . . . if it does not at the same time serve the needs of society, then the corporation as an instrumentality of accomplishment will surely perish, and deserves to perish."⁶⁵

It is apparent that the external focus of business championed by some modern authors has led BA to examine more closely the concept of the social responsibility of business, to analyze the impact of the firm on the more common goals of society and to be more aware of the hidden costs to society such as industrial pollution. This implies however that those in business must be critically aware of their personal preferences and values because as Christensen has put it, ". . . there is no way to divorce the decision determining the most sensible economic strategy for a company from the personal values of those who make the choice."⁶⁶ In other words, after analyzing what the enterprise might and can do in the light of the opportunities available in the environment and the internal strengths of the enterprise, the alternative courses of action are decided by what management wants to do. To quote further, ". . . our own preference for an alternative opposed by another stems from values as much as from rational estimates of economic opportunity . . ."⁶⁷ Techniques of analysis, no matter how objective and quantitative, are subjected to personal judgment and perception of values.

After determining what the firm might do, can do and wants to do, Christensen states that ". . . the fourth component of strategy formulation

(is) the moral and social implications of what was once considered a purely economic choice."⁶⁸ The firm then decides on what it ought to do. In other words, "... determining future strategy must take into account — as part of its social environment — steadily rising moral and ethical standards."⁶⁹

This understanding of the purpose of business has led some schools to be more conscious of value systems and the individual's relation to society and his perception of the common good as necessary components in educating business students. While techniques of determining and allocating profit is useful in attaining efficiency in management, it is more important to be critically aware of social issues and personal value systems especially in evaluating and choosing among competing ideological frameworks that offer contrasting purposes and meanings to life.

The survey of literature in business administration thus shows that, at present, there are differing views as to the purpose of business. Many hold that profit maximization is the only purpose while others believe that satisfaction of the client's needs is the reason for existence of the business.

Conclusions and Recommendations

The parallelism in the external focus of PA and BA can be summarized as follows:

	Internal Focus	External Focus
PA	efficiency, economy economic growth	relevance, client needs, social and income equity
BA	profit maximization, increase in owner's	customer needs in the light of social responsibilities

The values of efficiency and economy are still necessary in administration but only as tools to be used in the pursuit of more valid goals, not as ends in themselves. Scientific Management, if it is at all possible, becomes a means and not a goal. The "one best way," if it can be discovered, is used only for certain tasks which have characteristics such as repetitiveness, and cannot be *the* method in management.

Similarly, profits and GNP are measures and consequences, and cannot be considered as a justification. Even if some would view them as necessary conditions in good administration, certainly they cannot be sufficient requisites by themselves. In other words, the economic view of man is not all there is to it. While the quantitative aspects of this view make it very convenient for computational techniques and comparison purposes, it is founded on certain qualitative, personal and ethical premises which themselves result from whatever philosophy of man one believes in.

The shift in focus from internal to external indicates how much PA and BA are influenced by external factors, by other disciplines and fields of study, and especially by social values. Both cannot remain in isolation from their environment and therefore, a critical awareness of environmental trends that influence PA and BA are necessary for a proper understanding of their nature and purposes.

We must also note the contribution of Christensen in emphasizing the role of personal values in the formulation of strategy and in decision making in business. Economic estimates are not the only basis in choosing between alternative courses of action. Ultimately, the strategy is a projection of personal preference. Therefore, just as administrators have to be aware of social values which are public in nature, they have to be even more sensitive to their own personal value systems as it affects their decisions, because internal motivations are more subtle and more subject to convenient self-serving rationalization.

However, even if PA and BA both possess an external focus, there are natural differences between the two. Because serving the client's needs is the defined goal, the feedback process becomes a critical component of administration. In BA, the feedback on the consequences of one's actions can be very swift since customers may or may not purchase from individual competing firms. In PA, however, feedback is slower because the electoral process is cumbersome, expensive and infrequent. The situation is aggravated if there is no legitimate legislature that is truly representative of the people. In this case, "experts" within the bureaucracy can define policy by themselves without the benefit of consultation and popular participation. Another source of feedback is the presence of a free press and its sense of responsibility to society.

Another difference is in the relationship between efficiency and service to the client. In BA, efficiency normally is the minimum condition for the survival of the firm. Without profits, there will be an endless infusion of new capital, which is intolerable. In PA, government institutions are not normally subject to the fatal effects of bankruptcy. In fact, public agencies can acquire a life of their own and proceed on their own momentum even when their original purpose for existence is no longer valid. Politicians will find it difficult to terminate public offices if they are no longer relevant to the needs of society.

Thirdly, there is a difference in the scope of responsibility. PA addresses the needs of the whole society while BA often contents itself serving specific and well defined segments of the population. Because the needs of society are enormous, PA has to be conscious of the priorities it sets when it allocates the resources of government, especially when they are limited. While the solutions to social problems are not mutually exclusive, the lack of resources will make it a "guns or butter" situation. BA has a more limited scope and is more selective simply because defining needs is not sufficient. There must be a customer who can afford to pay the service, otherwise

there is no business to speak of. There is then an obvious limitation to the social responsibility of business because it cannot serve those without capital except during occasional acts of charity, by providing employment, by lowering the cost of living through a more efficient delivery of goods and services, and by paying the proper amount of taxes to the government.

The similarities and differences in the external focus of PA and BA have their implications for our present political situation. Two of the avowed goals of the Aquino government are economic recovery and generation of employment. These two are to be achieved through budgetary pump priming of the economy and through private initiative wherever possible. The latter means that private enterprise will be the main and more lasting engine for economic recovery and employment generation. Government will stop going into business and will sell its existing investments to the private sector as much as possible.

One implication is that business must, at the very least, be conscious of external focus. Business cannot assume a purely profit motivation because we cannot have a situation where business will flourish while the rest of society remains in need, or where development will be unevenly distributed geographically or demographically, depending on which concept of the social responsibility of business becomes more relevant.

This means there has to be agreement between PA and BA on issues related to privatization. One that easily comes to mind is the issue of labor intensive versus capital intensive projects. If business chooses the latter option, it may meet its objectives but this would not necessarily help the government. The concept of serving customer's needs as the purpose of business will not be sufficient if it is not consistent with social goals. Other examples that could be cited are the case of multinationals and their effect on the economy, the case of the ubiquitous jeepney driver serving a customer but stopping in the middle of the road to do so, or the case of a mediaman faithfully recording events but not intervening even when the occurrence of violent death is imminent.

A related issue is the problem of who defines the needs and wants of clients. In PA it is the ruling party which theoretically represents the people. In BA, even if feedback is swift, the business may exist to serve only a particular market niche such that it will be immune from the ethical demands of the rest of society. There are also situations where business indeed serves the customer's needs even if these needs are not valid, are illegitimate, or are harmful to the customer himself. A more subtle case is when business creates unnecessary needs through the power of advertising. The sense of social responsibility and the consistency of personal values with social ethics becomes even more important.

The existence of these issues show there are a lot of gray areas as far as the concept of privatization is concerned. If BA academicians and authors have not agreed that the external focus should be the norm, we can expect

much less agreement among businessmen themselves. Even for those who accept the concept, there are problems of perceptions of social responsibilities and the definition of the needs and wants of customers which must be consistent with the common goals of society enunciated by government.

This can only mean that government cannot abdicate its role in its drive for development through private initiative. While it should lessen its participation in business, it must not lose its leadership in providing direction and values for society. Social responsibilities stem from the individual's appreciation of social norms, values and ethics which are public standards that can and should be fostered and nurtured by PA. The external focus of BA should therefore be guided by the external focus of PA.

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