

## Volume 5 / Issue 1 2003 (English) - Editorial

### Public Management Versus Private Management

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The last few years have been marked by a heated discussion concerning the virtues of private initiative in the delivery of public services. This debate goes beyond reforms in the public sector. We are now dealing with a more radical idea of handing over certain public duties to the private sector, which will be able to carry them out with fewer costs and more benefits, due to its capacity to take initiative and risk.

Thus, we shift from a concept of reform in public management – New Public Management - to a process of passing public services management on to private businesses – Private Initiative.

Attitudes to this process vary between those that assume a more ideological posture and others that, apparently, see the public sector from the technocratic point of view. Some claim that the public services will only effectively serve the public if they are managed by civil servants whose spirit of mission keeps them safe from any contamination by profit or taking advantage in their own interest.

Others consider civil servants and public management to be a bureaucratic model in which public services are seen as rigid, passive and indifferent to the results and their agents.

In the area of health, the process of privatisation becomes particularly acute because the nature and object of this service involves questions of ethics and quality.

The underlying idea of privatisation is that everybody will gain advantages: the hospital administration, which simultaneously concentrates more on the delivery of health care and will allow specialised entities to provide more professional and quality services in non-clinical areas; the patients, who are more satisfied when they understand that both clinical and hospitality services are better delivered; and, furthermore, the public finance institutions, since the regime of 'outsourcing' is more cost-effective in the long term.

Many European hospitals have outsourced functionally autonomous areas such as complementary diagnostics, especially in Clinical Pathology, Pathologic Anatomy and Imaging. These areas are characterised by having clearly identifiable means and materials, as they confine themselves to responding the medical prescriptions of other services and function according to technical and quality patterns that are easy to define and evaluate. Therefore, even though there is some disagreement, these forms of service contracting are relatively well accepted today.

The consensus comes to an end when there is an intention to introduce private management in the areas of disease diagnostics and treatment, assistance to patients, health promotion and disease prevention. The diversity and complexity of these kinds of services, the unpredictability of situations, the seriousness of the disease and the patients' social and psychological conditions make it much more difficult to proceed with handing over a public responsibility to a private service provider, whether or not it is to make profit.

In the mean time, many countries such as Portugal, Spain and Sweden have opted for the privatisation of public hospital management. In the case of Portugal, the 'benchmarking' studies carried out up to date have found evidence for some economic advantages of private management.

However, this is not the case when it comes to the questions of quality and patient's satisfaction.

In the case of Spain, for the last two years, the hospital that was built and is managed by a private consortium to provide a public service, under a contract with an Autonomous Region, has occupied first place in 'TOP 20', a national ranking of hospitals carried out by independent entities.

We cannot forget either that in other countries in Europe and on the American Continent hospitals have always been private, with a significant majority of non-profit organisations. Being private has not prevented these hospitals from delivering a service with 'public' characteristics. Quality standards and the satisfaction of patients and population in general, particularly in Europe, are fairly high. Thus, the controversy concerning public and private hospital management has not yet reached any credible conclusion.

Whether well or ill thought out, this approach seems to lead irreversibly to opening hospital management to the private sector, with public financing and private service delivery. Possibly, there will be no inconveniences for the citizens. But quality, ethics and equity are fundamental

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values that can only be guaranteed by strong control mechanisms.

Are the states prepared for that? Manuel Delgado, President

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