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# Developing Management Capacity in Latin America: A Comparative Survey of Public and Private Sector Students

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**DEVELOPING MANAGEMENT CAPACITY  
IN LATIN AMERICA: A COMPARATIVE  
SURVEY OF PUBLIC AND PRIVATE  
SECTOR STUDENTS**

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**INTRODUCTION**

As economic growth slowed during the 1980s, governments in many countries began to reduce the size and scope of the public sector and to explore ways to strengthen the role and capacity of the private sector.<sup>1</sup> The preferred treatment for renewed economic development in rich and poor countries alike is lean public organizations and robust private firms (Moussios *et al.*, 1990; World Bank, 1983). From Bamako to Washington, down-sizing, right-sizing, and privatizing policy measures have been advocated as cures to contain the cancerous growth of public bureaucracies. The focus is currently on training public managers to function in a reduced organism that is more dependent on private-sector partners. Injections of credit, technical assistance, and management training are to be provided to the private sector to stimulate growth and development; regulations that have bound the feet of organizations are to be loosened.

Many Latin American countries have experienced severe economic difficulties and have begun the prescribed policy treatments. A capable managerial workforce is necessary for these policy interventions to succeed. Training of effective managers in both

public and private sectors is needed to rekindle economic and political change (Collins and Wallis, 1990; Ozgediz, 1983). Yet in both the public and private sectors in developing countries, managerial capacity at all levels is in short supply (Kerrigan and Luke, 1987).

It is important to understand the contributions of management education to the development of mid-level managerial capacity of both public and private sectors and their organizations. There are several implicit and unexamined assumptions about managerial education and retention. Several of these assumptions are:

1. Trainees will return to the public and private organizations from which they came, thereby increasing the managerial capacity of those sectors;
2. The reward preferences of public and private managers are different; and
3. Managerial education is a means to democratize managerial cadres in both public and private sectors by increasing the representation of women and lower-class managers.

### CENTRAL ISSUES

To explore these assumptions, this study examines similarities and differences in intentions to return to former employers after completions of management training and motivations and background characteristics of trainees with prior work experience in both public and private sector organizations in Latin America. The issues surrounding each of these assumptions are discussed below.

*Is graduate management education contributing to the development of managerial capacity of both public agencies and private firms, or is it facilitating a brain drain from the public to the private sector?*

One purpose of the present study is to determine whether students from each sector plan on returning to the same organization and sector upon completion of their graduate studies. Enhanced managerial capacity of both public and private organizations is important for the success of these policy reforms. Yet, lack of commitment to the public sector and its organizations has been cited as a major problem in developing their managerial capacity.

According to the World Bank (1983), in half of all developing countries, public-sector managers leave their organizations to work in the private sector. Perlman (1989) notes that top-level managers in Latin America move in and out of the public sector. If management education is facilitating a brain drain of these potential middle managers from the public to the private sector, capacity of public-sector agencies will suffer. In the private sector in developing countries, the issues of turnover and career mobility have received little attention. Yet, if foreign donors are investing in management education to increase management capability of specific organizations or sectors, these issues warrant closer attention and comparative analysis.

*How do the motivations and reward preferences differ from public-sector managers as compared to private-sector managers, and what do these differences imply about designing systems that will attract and retain managers?*

The argument that privatization will be more efficient is based in part upon an assumption that private-sector employees are different, *i.e.*, either inherently or situationally by efficiency-related factors than public-sector employees and interested in different job rewards. By shifting organizational arrangements away from public-sector employees to private-sector employees who face different rewards or who seek efficiency-oriented rewards, the provision of goods and services will become more efficient. Different reward preferences and perceptions of employees about their ability to attain them in a given organization or sector have been shown to influence choice of sector and the retention of these employees (Porter and Steers, 1973).

Studies in the U.S. (Ban, 1987; Rawls *et al.*, 1975; Wittmer, 1991; Rainey, 1991) found monetary rewards to be less important for public employees than for private-sector employees. However, studies in the U.S. federal public sector indicate that those employees perceive a weak relationship between financial rewards and performance (Pearce and Perry, 1983). But how important is salary or financial rewards based on performance to mid-level public managers in this region as compared with those in the private sector?

While financial rewards are less important to public employees in the U.S., job security may be more important to them than to private employees (Baldwin and Farley, 1991). In developing countries it is

assumed that non-pecuniary rewards such as job security may be a sufficient reward to justify maintaining a difference in the salaries of the public and private sectors (World Bank, 1983). Is job security substantially less important in the career decisions of private-sector employees? In an era of retrenchment in the public sector, can it be assumed that public employees have a stronger sense of job security than their private-sector counterparts?

There is an increasing recognition of the importance of public service motivation as a means to stimulate improved performance in the public sector, particularly in times of retrenchment (Ingraham and Barrilleaux, 1983). This public sector motivation may include commitment to particular programs, to the public policy process, loyalty to the broader purpose of government as a whole, commitment to social equity, and service to society (Perry and Wise, 1990). Commitment to these values of serving the public interest has been found to be different between the two sectors in the U.S. (Rainey, 1982). In the context of developing countries, the importance of this motivation has received little attention. Moreover, Perlman (1989: 679) suggests that public employees in the Latin American region do not have a "service ethic." Are there differences in motivation between the two sectors and, if so, what are the implications of these differences for designing reward systems to attract and retain managers?

*Is management education contributing to the democratization of managerial cadres in both public and private organizations? Are people from modest social origins as well as women also benefiting from this opportunity for career development?*

If management training is preparing future managers who are predominantly from the middle and upper classes, it may be contributing to the underrepresentation of lower middle and lower classes in the managerial ranks of both public organizations and private firms. Similarly, if women are not included in management education programs, they may continue to be underrepresented in management positions in both public agencies and private firms in the region. The distribution of the benefits of employment is important because managerial jobs provide material rewards that influence living standards as well as opportunities to participate in political (Wise, 1990) and economic development. When underrepresented

groups have access to managerial positions, employment practices contribute to the democratization of the workforce (Guyot, 1962).

One criticism of public-sector organizations in Latin America is that their managers are demographically underrepresentative of the broader citizenry. This difference in class origins is thought to alienate the citizens from the state and thus to weaken the potential for democracy (Subramaniam, 1990). Most countries in Latin America have relatively small upper- and bureaucratic-technical classes that control a substantial portion of the national income (Portes, 1984). Therefore, in a region characterized by wide disparities in income distribution, it is worth investigating the class background of managerial students to determine whether there is a difference in class backgrounds of those in the public and private sectors.<sup>2</sup>

Women are underrepresented in management positions in Central America (Yudelman, 1988) and in most of the world (United Nations Office at Vienna, 1992; Adler and Izraeli, 1988). While the proportion of women has increased in the workforce, they have not emerged in substantial numbers in the management ranks (Col, 1991). One study suggests that women in the region have better access to managerial management in the public sector than in the private sector (Yudelman, 1988).

Access to management training is one factor that can influence promotional opportunities of women within their organizations, public or private. While top level executives in Nicaragua and Costa Rica believe that women have equal access to training opportunities (Osland, Snyder, and Hunter, 1993), there may be a gap between perceived access and actual admission to training programs.<sup>3</sup> Thus, this study considers the degree to which women are included as beneficiaries of graduate management education and whether they are from public or private sector organizations.

### SURVEY INSTRUMENT AND SAMPLE

The survey instrument used items from other questionnaires that have been employed to investigate differences between public and private sector employees.<sup>4</sup> The instrument was forward- and backward-translated and pretested with students and faculty in the U.S. and Costa Rica. Data from the surveys were double-entered and all data entry errors reviewed and corrected by reference to the original documents.

The survey was administered to 207 students with at least two

TABLE 1  
DISTRIBUTION OF RESPONDENTS BY NATIONALITY AND SECTOR

|             | <u>Public</u> | <u>Private</u> |           | <u>Public</u> | <u>Private</u> |
|-------------|---------------|----------------|-----------|---------------|----------------|
| Argentina   | 1             | 1              |           |               |                |
| Boliva      | 3             | 4              | Honduras  | 5             | 5              |
|             |               |                | Nicaragua | 41            | 16             |
| Costa Rica  | 19            | 22             | Panama    | 2             | 14             |
| Ecuador     | 2             | 16             | Peru      |               | 1              |
| El Salvador | 14            | 6              | Uruguay   |               | 2              |
| Guatemala   | 11            | 21             | Venezuela | 1             |                |

*(Totals: Public 99 persons, Private 108 persons)*

TABLE 2  
BASIC RESPONDENT CHARACTERISTICS

|                               | Total       | Sample          | Public      | Sector          | Private     | Sector          |
|-------------------------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|
|                               | <u>Mean</u> | <u>Std.Dev.</u> | <u>Mean</u> | <u>Std.Dev.</u> | <u>Mean</u> | <u>Std.Dev.</u> |
| Age                           | 30.55       | 4.62            | 32.79*      | 4.34            | 28.63*      | 3.89            |
| Total Years Worked            | 7.61        | 5.16            | 9.65*       | 5.45            | 5.66*       | 4.15            |
| Years in Most Recent Position | 4.55        | 3.94            | 6.31*       | 4.49            | 3.13*       | 2.74            |
| Supervisory Experience        | <u>N</u>    | <u>%</u>        | <u>N</u>    | <u>%</u>        | <u>N</u>    | <u>%</u>        |
| No                            | 54          | 27.0%           | 33          | 35.1%**         | 21          | 19.8%**         |
| Yes                           | 146         | 73.0%           | 61          | 64.9%           | 85          | 80.2%           |

\*p < .05 t test

\*\*p < .05 chi square



years prior experience in public and/or private organizations who have returned to graduate management educational programs at the *Instituto Centroamericano de Administracion de Empresas* (INCAE) in Nicaragua and Costa Rica and at the University of Costa Rica. INCAE was founded with support from Harvard University and has developed a reputation as a prestigious, exclusive, and demanding school that trains people from both the private and public sector.

Additional public-sector respondents were drawn from the University of Costa Rica's master's program in public administration; this is also a well-respected program and is the largest in the Central America region. Since the quality of management training programs varies widely throughout the region, this sample may represent the better students in the region rather than the entire population of graduate management students. Approximately half of the students received partial scholarships; less than a sixth of these were granted by employers. All students had completed one or more years of managerial training.

The sample includes 99 individuals from public-sector organizations (47.8% of the respondents) and 108 individuals (52.2% of the respondents) from private organizations. The nationalities and distribution by sector of the respondents are presented in Table 1. Public-sector employees are from 67 government agencies and 32 state-owned enterprises. Private-sector employees are from 21 family owned enterprises and 87 private firms.<sup>5</sup>

The age, work experience, and length of employment of the two groups are significantly different. The public-sector employees are returning for graduate education later in their careers and are more experienced than the private-sector group. The average age in the public sector is 32.8 years while the average age in the private-sector group is 28.6 years.

The average total years of work experience is 9.6 years in the public sector and 5.66 years in the private sector. Public employees have also worked more years with their previous employers. While the private-sector group is both younger and has less work experience, they are more likely to have been in supervisory positions in their most recent positions than the public-sector group. Almost all (91.7%) of those with family owned firms were formerly supervisors while 76.8% of those from other private firms reported supervisory experience. Nearly two-thirds (64.9%) of the public-sector group had supervisory experience and many of those without supervisory responsibility were staff analysts. Thus the private-sector employees

have returned for graduate management education earlier in their careers with more supervisory experience than the public employees.

## FINDINGS

In this section the findings of the analysis of similarities and differences in career expectations of students from public agencies and private firms following graduation are reviewed. Next, similarities and differences in reasons for staying or leaving their previous employers are noted for the two groups. Finally, class background and gender of students from the public and private sector organizations are presented.

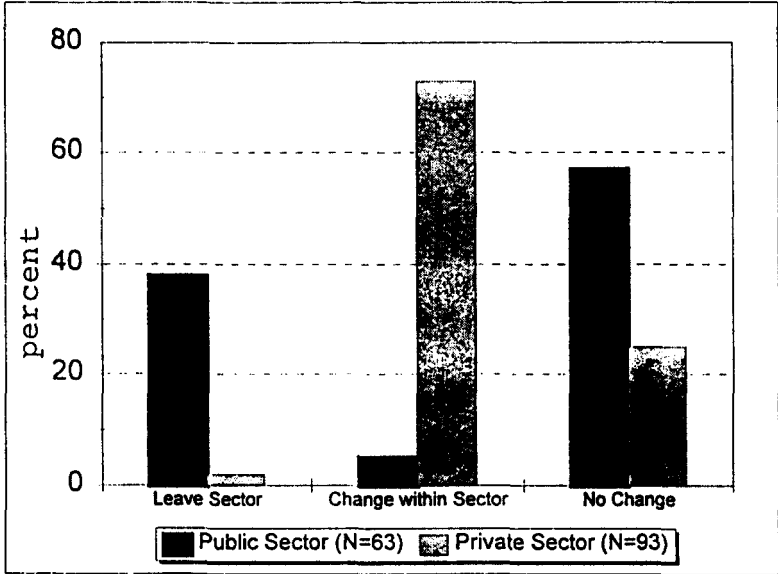
### *Contributions to Organizational and Sector Capacity*

To investigate the potential contribution of management education to the development of managerial capacity in public and private organizations and sectors, respondents indicated the sector in which they expect to work upon completion of graduate studies. In addition, they indicated if they expect to work in the same organization and/or at the same level when they leave school. These expressed intentions are considered good predictors of turnover and have been used in studies of turnover and career mobility in the U.S. (Ban, 1987).

Most of the students in both sectors (89.4%) indicated that they had taken their last jobs to advance their education and training. As a result of their management education, they now expect to move into positions at a higher level upon completion of graduate education. Thus students of both sectors are similar in their expectations of upward mobility.

However, there are significant differences between the two sectors regarding their plans to return to the same organization and sector upon graduation (Figure 1). Only one-fourth of the private-sector participants plan to return to the organization from which they came. Within this group, nearly half (47.8%) of those from family-owned firms expect to change organizations<sup>6</sup>, while 83.3% of those from other private firms expect to look for positions elsewhere. However, very few (2%) plan to leave the private sector. In contrast, more than half (58%) of the public-sector participants plan to return to their previous organization. Yet, most of the former public-sector employees who are leaving their present organizations

FIGURE 1  
MOBILITY STRATEGIES



are not simply transferring to another government agency; 38% of the public-sector group expect to leave the public service entirely.

### *Motivation and Reward Preferences*

What do the employees of the private and public sectors want from work? Are there differences in the factors that may influence their decisions to leave or to stay in the sectors from which they came? To answer these questions, respondents rated a series of factors as reasons for staying in or leaving the sector in which they were last employed. In a modification of the 1986 U.S. Merit Principles Survey (U.S. Merit Systems Protection Board, 1986), respondents were asked to indicate if each of the items in Table 3 was (1) a reason to stay, (2) had no impact on staying or leaving, (3) a reason to leave, or (4) not applicable in their case.

There were few significantly different reasons between the two groups for staying or leaving their previous sectors of employment. Three of the four frequent reasons for staying in the sector are the same for both groups: the work itself, job security, and promotion opportunities. Notably, job security does not significantly distinguish between the two groups; it is rated as a reason to stay in the sector by approximately half of both groups.<sup>7</sup> Even though the respondents in the two groups indicate different expectations in their intent to return to their former sectors, job security is not significantly more important to the public-sector group than to the private-sector group. Salary and promotions are similarly important factors for both groups in forming decisions about staying and leaving.

There are only two factors that indicate a significant difference in the responses of the two groups. These are: "the opportunity to have an impact on national development" and "financial incentives to perform well." Seventy-six percent of the public-sector participants gave impact on national development as a reason to stay in the sector as compared with 47.7% of the private-sector group.<sup>8</sup> Few of the public-sector group indicated impact on development as a reason to leave and the private-sector group was more likely to indicate this factor as a reason for leaving that sector. Although the private-sector respondents are more likely than the public-sector respondents to indicate financial incentives to perform well as a reason to stay in their sector, it is noteworthy that salary does not distinguish between the two groups.

Because the public-sector group demonstrated a propensity to

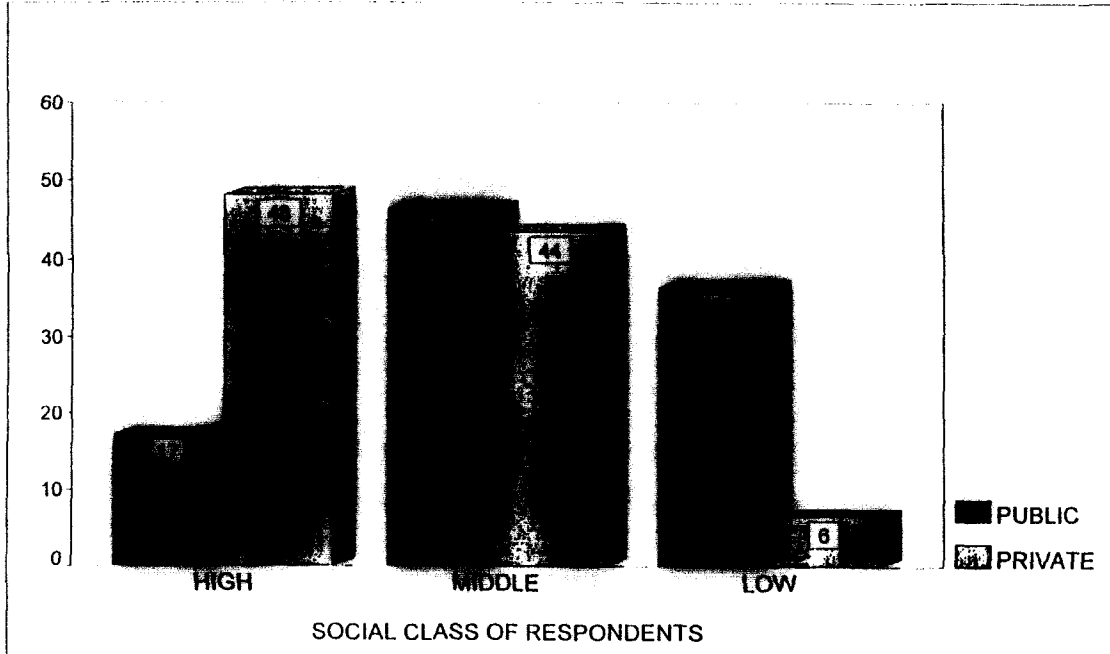
TABLE 3  
REASONS TO STAY OR LEAVE CURRENT SECTOR

| Reason                               | Reasons to Stay    |                   | Reason to Leave   |                    |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|
|                                      | Public<br>% (n)    | Private<br>% (n)  | Public<br>% (n)   | Private<br>% (n)   |
| Impact on national development       | <u>**75.6 (68)</u> | 47.7 (42)         | 8.9 (8)           | <u>**22.7 (20)</u> |
| Work itself-duties performed         | 62.0 (57)          | 54.3 (51)         | 19.6 (18)         | 24.5 (23)          |
| Job Security                         | 51.6 (48)          | 49.5 (46)         | 23.7 (22)         | 14.0 (13)          |
| Promotion opportunities              | 48.4 (44)          | 44.9 (44)         | 31.9 (29)         | 38.8 (38)          |
| Salary                               | 34.1 (31)          | 35.4 (34)         | 36.3 (33)         | 41.7 (40)          |
| Financial incentives to perform well | 28.9 (24)          | <u>*40.0 (38)</u> | <u>*43.4 (36)</u> | 26.3 (75)          |
| Current job market in other sectors  | 23.8 (19)          | 15.1 (13)         | 43.8 (35)         | 43.0 (37)          |
| Public image of employees in sector  | 21.8 (17)          | 30.8 (16)         | 24.4 (19)         | 11.5 (6)           |

\*p < .05 (Mann-Whitney; underlining indicates sector with higher group averages on each scale)

\*\*p < .01 (Mann-Whitney; underlining indicates sector with higher group averages on each scale)

FIGURE 2  
PERCENTAGE OF PUBLIC AND PRIVATE SECTOR RESPONDENTS  
ACCORDING TO FAMILY SOCIAL CLASS IN CHILDHOOD



leave the sector, the investigators examined these factors in relation to the public-sector respondents' intentions to leave or return there after completion of the management degree. There are significant differences in several factors according to the stated expectation to leave or stay. Those who intend to leave the sector are significantly more likely to indicate the following as reasons for leaving while those who are returning to public employment are more likely to note them as reasons to stay: promotions, job security, the work itself, and the public image of employees in the sector. Salary is not a significant factor in the decision to stay or leave but financial incentives to perform well is significantly different between the two groups (Table 4).

Notably, opportunity to have an impact on development does not differentiate between those who expect to stay and those who expect to leave; only 13.6% of those who intend to leave indicated that opportunity to have an impact on national development would be a major reason for their departure.

#### *Access, Socioeconomic Background, and Gender*

Is management education in these institutions contributing to a more representative managerial workforce in both public and private organizations in Latin America? Do people from diverse socioeconomic backgrounds and women have access to education that will facilitate their careers in both public and private sector organizations? To explore these questions, respondents indicated their gender and their family social background during childhood according to three categories ranging from lower to upper class in addition to the highest education level of each parent.

The social class background during childhood (Figure 2) is significantly different for those working in the public sector prior to returning to school compared with those in the private sector. Those from middle class backgrounds constitute a substantial proportion of both groups, 46.5% of public-sector students and 44.3% of the private sector. However, nearly half (49.1%) of the private-sector group are from upper classes while fewer (17.2%) of the public-sector group are from such backgrounds.

In contrast, the public sector is more heavily represented among the lower classes (36.4%) than the private sector (6.6%).<sup>9</sup> Moreover, two-thirds of those with lower class backgrounds expect to remain in the public sector upon completion of training; nearly half (46.7%) of

**TABLE 4**  
**REASONS FOR LEAVING PUBLIC SECTOR**

| Reason for leaving or staying        | Reason for leaving<br>Intent to leave<br>% (n) |
|--------------------------------------|--|
| Impact on national development       | 13.6 (6)                                       |
| Promotion opportunities              | **47.6 (20)                                    |
| Work itself/duties performed         | *32.6 (14)                                     |
| Job security                         | **36.4 (16)                                    |
| Salary                               | 39.5 (17)                                      |
| Public image of employees in sector  | *30.8 (12)                                     |
| Financial incentives to perform well | **58.5 (24)                                    |
| Current job market in other sectors  | **64.9 (24)                                    |

\*p < .05 (Mann-Whitney)

\*p < .01 Mann-Whitney



those from the middle class and the majority (62.5%) from the upper class expect to work in private-sector management in the future.<sup>10</sup>

Less than 20% of the students are women. The majority of the women (76.9%) have been working in the public sector while less than half of the men (41.1%) are from public organizations. The social class background differences according to sector of employment are also more pronounced when gender is considered. More than a third (36.7%) of the women in the public sector are from lower middle and lower class backgrounds. In contrast, no women in the private sector reported lower class family social background and 44% were from the upper class.

## DISCUSSION AND CONCLUSIONS

These findings challenge some of the implicit assumptions about the contributions of management education to development of managerial capacity in both public and private sectors at a time when basic reforms in the scope and role of each sector are underway. While it may have been assumed that management education enhances the organizational capacity of their previous employers, these findings indicate that it is more likely for organizations in the public sector than in the private sector. Only a fourth of the private-sector managers intend to return to their previous organizations. Thus financing management education may not be rational from the perspective of the individual private employer without adequate career ladders and salary levels; however, an association of firms or international aid agencies may support training to increase the capacity of the sector in general without regard for specific firms or types of firms.

In the case of public organizations, there is evidence that management education may be facilitating brain drain of more than a third of these future managers, particularly of students from more affluent backgrounds. It appears that some public-sector employees, particularly those from upper class backgrounds, may be using graduate education as a springboard out of the public sector whereas many private-sector participants view it as a mechanism for occupational mobility within the same sector.

While administrative reforms in developing countries often assume differences regarding the importance of pay and job security across the two sectors and neglect the possibility of a national or

community service orientation, these assumptions are not supported by this study. The importance of job security is not significantly different between the public and private groups. Thus, this sample of Central American management students does not support the findings from studies of U.S. employees on public-private differences in the importance of job security.

One explanation for this similarity is that the public personnel systems in this region do not offer the career continuity and protection that are provided to those in the U.S. where civil service systems are more established.<sup>11</sup> This may contribute to a lower sense of job security in the public sectors in the region than in the national civil service systems of other Western countries, thus diminishing the difference between the two sectors. The finding that job security is an important factor for those public-sector employees intending to leave the sector supports this interpretation. In addition, the trend towards public-sector down-sizing as part of structural adjustment policies in Latin American countries may have contributed to the perception of reduced job security in the public sector.

Financial incentives to perform well are also important to both groups and constitute an important factor for more than half of those public employees who intend to leave the sector. This supports and extends the findings of Rainey (1991) and Pearce and Perry (1983) that extrinsic relations are weak in the public sector. Pay reforms that bypass these mid-level managers may contribute to retention problems in both sectors. While pay reforms, along with reductions in the workforce, have been the dominant reforms in civil service systems in developing countries (Nunberg, 1990), these changes are sometimes limited to senior level managers based on the assumption that salary compression in the public sector of many developing countries has resulted in brain drain of top-level managers (Wescott *et al.*, 1990; World Bank, 1983).

The intermediate levels--such as most of these returning students--are often excluded from the reforms. The data in this study suggest that excluding these future returning managers from performance-based financial opportunities exacerbates the brain drain from the mid-level ranks as well. Moreover, based on these data, the conclusion seems unfounded that higher job security or other intrinsic interests in the public sector may be a sufficient reward to justify differences in financial rewards between the public and private sectors

Promotion also emerges as an important factor in retention for

both groups. Most of these people took their last jobs because of opportunities for education and training and they expect to take positions at a higher level when they finish, regardless of sector or organization. If the goal of employers is to have a high percentage of those employees return to the organization from which they came, then career ladders and promotional opportunities should be developed to facilitate their return. Binding scholarships that stipulate the students' return to the organization for a specified amount of time are unlikely to generate long-term organizational commitment and may only delay their departure.<sup>12</sup> Higher positions coupled with monetary incentives, especially those tied to performance, may be necessary to entice graduates of both groups back to their previous place of employment and to retain them.

While promotion, job security, and financial reward preferences are not different between the two groups, the importance of having an impact on national development is significantly different between the two sectors. More public-sector respondents rated this factor as a reason to stay in the public sector than any other factor. While this is not a direct measure of public service motivation, these findings support the work by U.S. researchers noted above who are developing the concept of service motivation. However, this factor is not significantly different between the public employees who intend to leave and those who intend to return to that sector, but other intrinsic factors were more frequently indicated by those leaving. This suggests that this reward is available to them in the public sector but is not sufficient enough to keep them there if extrinsic incentives are perceived to be inadequate.

While Perlman (1989) suggests that public employees in Latin America do not have a public service ethic, this study provides a public-private comparison on this issue. Opportunity to have an impact on national development was a reason to stay for 72% of public managers and this motivation was significantly less important for the private managers. While private-sector organizations are expected to carry increased responsibility for development, these future managers do not seem to consider this goal as an important factor in their choice of employment. The issues of altruism and public service orientation of future public and private managers in the region warrant further exploration. This potentially important factor is frequently overlooked in civil service and privatization reforms.

Finally, management education does not appear to be similarly

neutral for class or gender in the two sectors. While efforts have been made to increase diversity at INCAE, the private-sector management graduates in this study are predominantly males from middle- and upper-class backgrounds. Existing recruitment practices, admission or residency requirements and the constellation of external funding and scholarships in these institutions are not contributing substantially to a very diverse management workforce in the private sector. While students from middle-class backgrounds are well represented in both public and private groups, those in the public sector have experienced greater social mobility than those from the private sector. Respondents from lower middle and lower class backgrounds and women are concentrated in the public sector. The absence of lower middle and lower class women from the private sector is striking and raises questions about the career barriers that women experience in the two sectors.

Because of the limited sample size and the possibility that these programs attract students who may differ from the general population, these findings should be viewed as formative. The results replicate some of the findings in the U.S. and differ from others. Future research should replicate the survey with a larger sample taken from a variety of graduate management programs. Are the class and gender differences found in this study typical of those in students at other graduate programs in this and other regions? Is government and foreign donor support of management education in support of private-sector development accelerating the class bias towards managerial elites from elite classes in those countries and undercutting the democratization of the managerial workforce?

Although this study focused upon public-private sector differences with regard to training, it would be useful to study reward preferences between public- and private-sector employees in the region who are not students. The findings in this study suggest that the assumptions about these public-private differences warrant further investigation in other settings where privatization policy reforms are underway.

## NOTES

1. The authors acknowledge the support of the Fulbright Scholar Program (for the first author) and of the U.S. Agency for International Development, Managua Mission and Office of Women and Development for this study. Comments from Robert Golembiewski and Gloria Grizzle on drafts were especially helpful. The

views expressed in this study are those of the authors.

2. Studies from other countries have indicated that those from the middle class are overrepresented in public agencies (Subramaniam, 1990). However, these studies in other developing countries have not investigated the differences in background of public and private managers.
3. A review of U.S. financed education and training projects world-wide indicates that women are often not identified at all as actual beneficiaries of training and education projects. When they are noted as beneficiaries, they are receiving a limited proportion of the training and educational benefits (Snyder, 1993).
4. Items were modified to reflect application to both public and private sectors and additional changes were made in response to feedback from preliminary testing. For example, the rating scale from a more recent version of the MSPB Survey was replaced with the less complex form from the earlier study due to respondent complaints.
5. The definition of public and private is sometimes problematic in the literature. The definition used here is based on current ownership. The authors considered other approaches to classifying the type of organization—the degree of external control over organizational processes and the sources of funding (Bozeman, 1987). While many state-owned enterprises in the region have been privatized, those organizations identified as state enterprises by the participants were classified in this study as public-sector organizations. In practice, the authors found it difficult to differentiate state-owned enterprises from other government agencies; even those who worked in the state-owned enterprises frequently considered those agencies to be governmental organizations rather than a special and separate category. In contrast, family-owned firms or other private firms were easily and consistently characterized by employees, academics, and consultants in the region as belonging to the private sector. However, because state-owned enterprises and parastatal are usually excluded from civil service systems in this region (Ruffing-Hilliard, 1991), the authors analyzed the patterns of responses and found no notable differences between state-owned enterprises and other government agencies.
6. Anecdotal information from these students indicates some hope to get experience in multinational firms.
7. As a comparison, the Merit Systems Protection Board survey of about 17,000 public employees in the U.S. noted that 70% considered job security as a reason to stay in the public sector (Rainey, 1991).
8. In contrast only 20-45% (depending on the agency) of U.S. federal civil servants considered impact on public affairs, a similar public service motivation, as a reason to stay in the federal service (Rainey, 1991).
9. The role of the public service in developing a more diverse workforce than the private sector has been noted in other countries. Examining a predominantly male

workforce over thirty years ago in the U.S., Guyot (1962) found that twice as many government managers as private managers came from the lower strata as determined by paternal employment while twice as many private-sector managers as public managers came from the upper occupational strata.

10. The self-reported family social background is statistically associated with the educational levels of the parents ( $p < .01$ ). Forty percent of the fathers of public-sector employees had no secondary education while only 14.2% of fathers of private-sector employees reported this low level of education. Mothers of public-sector employees were also less educated than those of private-sector employees; 52% of mothers of public-sector employees had less than a high school education.
11. See Ruffing-Hilliard (1991) and Kearney (1988).
12. While government agencies in developing countries may use contracts requiring the return of employees to public service in the country or payment of all or some educational costs, these contracts do not create long-lasting retention. In Malaysia, for example, Mat-Zin (oral communication, 1993) noted that professionals in the Public Works Department who had received binding scholarships for higher education intended to leave the sector for higher pay upon completion of their contractual period. About one-sixth of the INCAE students received support from their former employers and the contracts between them are seldom enforced as there are no penalties for non-compliance.

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