

## 1975 SPECIAL CENSUS RESULTS

Late in 1975 the U.S. Bureau of the Census conducted special censuses of the populations in all counties of 1,500 or less in the nation, of which eleven are in Nebraska. One purpose for conducting the censuses, which were enumerated in the same manner as the 1970 decennial census, was to provide figures for comparison with the county population estimates produced through the Federal-State Cooperative Program for Population Estimates (FSCP). These FSCP estimates become the "official" populations for the various programs, such as revenue sharing allocations, that must utilize intercensal population data. (The Bureau of Business Research participates in preparation of the estimates, and publishes them each year in one of the early spring issues of *Business in Nebraska*. The Provisional July 1, 1974, estimates were published in the April, 1975, *BIN*; the Provisional July 1, 1975, estimates will be published in the April or May, 1976, *BIN*.) Small counties have posed difficult problems for the FSCP estimation techniques, particularly because small absolute errors in estimates result in relatively large errors in the percentages for those counties. (For example, a population estimate error of 60 persons in Lancaster County represents less than .04 percent error, while the same absolute error occurring in Arthur County represents an error equal to almost 10 percent of the 1970 population.)

Results of the Nebraska special censuses, shown in the accompanying table, have highlighted particular counties for which the FSCP estimates (as well as an earlier set of population projections) will require detailed attention. The 1975 Grant County census, in particular, showed a population decline of almost 8 percent since 1970, whereas the 1974 FSCP estimate indicated population growth. Two other counties appear to be changing in direction opposite to that of the FSCP estimates: Blaine County declined slightly (-0.6 percent) according to the census count in

contrast to its estimated growth of 3.0 percent, and Wheeler County's 1975 census showed growth of 1.9 percent in contrast to an estimated decline of 0.5 percent by mid-1974. All of the eight remaining counties enumerated appear to be changing in the same direction as the FSCP estimates have indicated—which provides some grounds for encouragement, given the large potential for error inherent in all population estimation techniques. For a few of the small counties included in the special census program, particularly Blaine and Loup, advance data for 1975 suggest that their 1975 FSCP population estimates compare more favorably with the census results than do the 1974 FSCP estimates.

In general, the special censuses for Nebraska's eleven smallest counties have shown fewer population declines than projected.<sup>1</sup> Whereas all eleven counties were projected to experience population declines by 1975, the special censuses revealed that only five had actually declined, while six of the counties showed population growth between 1970 and 1975. The special census counts confirm that the population declines experienced by Nebraska's small counties in the decades since the 1930s have slowed or reversed.

The special census counts for these eleven counties will provide the bases for their July 1, 1975, provisional FSCP estimates, which will be available soon for the other eighty-two counties in Nebraska. The special census results will also provide an indication of problems occurring in the population projections for these small counties. Efforts are currently under way to review and revise population projections for all Nebraska counties, and a report containing updated projections and an analysis of recent population developments in Nebraska will be completed by the Bureau of Business Research in mid-1976. VICKI STEPP

<sup>1</sup>Vernon Renshaw, et al., *Nebraska Population Projections* (University of Nebraska-Lincoln, Bureau of Business Research, September, 1973).

ANALYSIS OF 1975 SPECIAL CENSUS RESULTS

County	Census April 15, 1970	Federal-State Estimates		Projections		Special Census Results		
		July 1, 1974	Percent Change from 1970	1975 Medium Series	Percent Change from 1970	Final Count	Census Date	Percent Change from 1970
Arthur	606	551	-9.1	587	-3.14	565	8-21-75	-6.77
Banner	1,034	959	-7.25	1,006	-2.71	935	10-03-75	-9.57
Blaine	847	872	3.0	792	-9.17	842	8-14-75	-0.59
Grant	1,019	1,160	13.8	999	-1.96	938	8-18-75	-7.95
Hooker	939	951	1.3	865	-7.88	991	8-14-75	5.54
Keya Paha	1,340	1,318	-1.64	1,289	-3.81	1,319	9-19-75	-1.57
Logan	991	1,088	9.8	939	-5.25	1,031	8-14-75	4.04
Loup	854	863	1.1	812	-4.92	912	8-14-75	6.79
McPherson	623	647	3.9	595	-4.49	634	8-18-75	1.77
Thomas	954	1,075	12.7	912	-4.40	968	8-14-75	1.47
Wheeler	1,051	1,046	-0.48	1,007	-4.19	1,070	9-19-75	1.90
Total:	10,258	10,530	2.65	9,803	-4.44	10,205	---	-0.52
NEBRASKA	1,485,333	1,540,692	3.73	1,541,654	3.79	---	---	---
No. of counties growing:		7		0		6		
No. of counties declining:		4		11		5		

## HIGHLIGHTS OF THE SMALL BUSINESS SITUATION\*

The following summary is reprinted from the most recent quarterly report "based upon data obtained from a representative nation-wide sample" of the approximately 416,000 members of the National Federation of Independent Business. Information about this and other reports may be had by inquiry to: National Federation of Independent Business, Inc., 150 West Twentieth Avenue, San Mateo, California 94402. E.L.H.

1. Inflation continues to be most frequently cited as the most important problem facing *small business* today (29% of all firms in October versus 27% in July), even though the rate of price increase has fallen from 15% a year ago to about 7% for the Consumer Price Index. Taxes and government red tape and regulations were next most frequently mentioned as small businesses' number one problem (16% and 12%, respectively). Inflation is most frequently cited as the number one problem by firms with less than \$50,000 annual sales and firms in the services and distribution industries.

2. Earnings gains were also reported at about the same frequency (18% in October versus 20% in July), this again in spite of an \$11 billion increase in corporate profits. Again, concentration of the recovery in manufacturing and durable goods sales explains in part the difference in performance. Manufacturing firms earnings are additionally boosted by rapid gains in output per manhour in a recovery which reduces costs and raises profits.

Higher profits were reported most frequently in the Wholesale and Financial Services industries (26% and 24%, respectively). Increased sales volume was the most frequently cited reason for higher profits reported by 60% of those with higher net earnings. Seasonal factors, the next most frequently indicated reason for higher earnings (18%), were the most frequent contributors (35%) to higher profits for firms with less than \$50,000 of annual sales. Of those firms that reported lower earnings, 30% blamed reduced sales volume, 22% cited the cost of materials, and 16% reported higher labor costs as the most important reason.

3. There was no noticeable improvement in the proportion of firms with higher sales for the third quarter. The rapid gains recorded in the second quarter flattened out in the third quarter, this in spite of substantial growth in GNP. Thirty-two percent reported higher sales compared to 37% in July. In part, the divergent performance of the small business community may be due to a concentration of the gain in GNP in the manufacturing sector of the economy, a sector with relatively few small business members.

Forty-four percent of the firms expected real sales volume to improve during the fourth quarter, down five percentage points from the July figure. Twenty-five percent expected real sales to decline compared with 16% in July—although the Christmas season is coming up.

4. The proportion of firms reporting that they had raised their average selling prices during the preceding three months rose to 49% of all firms, slightly higher than the 48% July figure. This, however, is substantially less than the 71% reporting higher prices in the third quarter of 1974. Offsetting the one percentage point increase in the proportion of firms reporting higher prices was the two percentage point decline (20% in July versus 18% in October) in the proportion reporting that prices were 5% or more higher now compared to three months ago. From a statistical standpoint,

\*Source: National Federation of Independent Business, *Quarterly Economic Report for Small Business*, January, 1976, p. 1.

the figures have not significantly changed for the last three surveys, the major declines coming earlier in the year from highs reached in 1974. By industry, higher prices were reported most frequently by wholesale and retail firms (59% and 61%, respectively).

5. Planned price increases were reported by 25% of all firms, up only one percentage point from the July figure, but down substantially from the high of 41% reached in April, 1974. The proportion of firms (11%) planning price increases of 5% or more in the next three months was also substantially unchanged from the July figure of 10%. Taken together, the figures suggest the possibility of moderate increases in the rate of price inflation for the fourth quarter, but nothing substantial.

6. Small businesses appear to be quite content with existing inventory levels and indicated few plans for making substantial changes.

7. In the aggregate, the percent of small businesses with job openings is little changed from July (12% have openings for skilled workers, 3% have openings for unskilled workers, and 78% have no openings). By industry, skilled job openings are most frequently reported in Manufacturing (20%) and Nonprofessional Services (18%) and by region, in the West South Central (20%) and East South Central (18%). About 50% of all job openings have been available for less than three months. Only 11% of the respondents plan to add to their labor force in the next three months. The Manufacturing, Wholesale, and Financial Services industries reported plans to hire more workers with greater frequency than other industries.

8. Planned capital expenditures by small business in the next three to six months show only 23% with affirmative plans and 66% indicating no such plans. Size of the firm is directly correlated with the reporting of plans to purchase new plant and equipment, as only 14% of the firms having sales less than \$50,000 per year indicated they have such plans versus 37% with annual sales of \$800,000 or more that cited purchase plans.

9. Optimism about the economy has declined slightly since July as fewer respondents indicated they believe the present to be a good time to expand (11% in October versus 14% in July) and fewer holding the opinion that general business conditions will be improved in the next six months (41% in October versus 48% in July).

### REMINDER - - -

A *Quarterly Net Taxable Retail Sales* report that gives the dollars of sales for regions and counties for the most recent quarter available for the current year compared with the previous year is free upon request to: Bureau of Business Research, 200 CBA Building, University of Nebraska-Lincoln, Lincoln, Nebraska 68588.

# THE CONSTRUCTION INDUSTRY IN NEBRASKA IN 1967 AND 1972

There were 8,924 construction establishments<sup>1</sup> in Nebraska<sup>2</sup> operated during 1972 primarily as general contractors or operative builders, special trade contractors, or subdividers and developers. These establishments provided employment opportunities for 7,793 proprietors and working partners and, on an average, 29,438 payroll employees, and generated \$1.1 billion of revenue for the establishments.

Nonemployer establishments, that is, those without payroll employees, numbered 5,062. These constituted 57 percent of all construction establishments in the state in 1972; "employed" 4,985 proprietors and working partners; and accounted for \$58 million, or about 5 percent of the total receipts of all construction establishments in the state. The remaining 43 percent, or 3,862 establishments, were "employer" establishments whose 2,808 proprietors and working partners combined with an average of 29,438 payroll employees to produce \$1,043 million, or about 95 percent, of the total receipts of the construction industry.

Data available elsewhere (see source for table below) show that of the \$1,043 million receipts of the employer-establishments group in 1972, \$1,007 million was received from construction work. These establishments paid \$192 million for construction work subcontracted to others, leaving net construction receipts of about \$816 million. Construction establishments with payrolls located in Nebraska paid \$342 million for purchased materials, components, and supplies. This figure included payments for materials, components, and supplies purchased for use in construction work for others; purchased and subsequently provided to subcontractors for their use; purchased and then resold to

others; and purchased and used in construction work for own accounts. However, materials furnished to contractors by owners of the projects are not included.

The employment provided during 1972 by the 3,862 payroll-establishments group averaged 29,438 persons, and ranged from a low of 25,492, for the pay period including March 12, to 32,875, for the period ending August 12 (see footnote to table for periods involved). The total payroll generated for the year for all employed amounted to \$263 million.

The table below shows that employment in establishments with payroll employees increased from an average of 25,527 persons in 1967 to one of 29,438 in 1972, or 15.3 percent. The group of general building contractors and operative builders constructing residential buildings other than single-family houses had the largest relative increase in employment, 81 percent. This group, however, had the smallest number of employees of any group. Other groups showing more important increases were those doing electrical work, up 725 persons or 40 percent; masonry and other stonework, up 1,028 persons or 55 percent; industrial building, up 441 persons or 53 percent. Major declines occurred in the highway and street contractors group, down 691 persons or 13 percent, and in the miscellaneous heavy construction contractors groups, down 949 persons or 40 percent.

Relatively, the most important industry groups in 1972 were the plumbing, heating, and air conditioning contractors, with 11 percent of total payroll employment; the single-family house and operative builders (the latter build for their own account for sale rather than as contractors) and the masonry, plastering, and tiling groups—each with about 10 percent; and the electrical work group, with about 9 percent. The other nonresidential builders group—which produces offices, stores, and farm buildings—provided 14 percent of the total employment.

Some changes occurred in the structure of the industry. From 1967 to 1972, the heavy construction general contractors share of total employment decreased from 25 to 18 percent. That of the special trade contractors increased from 45 to 51 percent. As a group, general building contractors and operative builders provided about 30 percent in both years. EDWARD L. HAUSWALD

EMPLOYMENT IN CONSTRUCTION INDUSTRIES IN NEBRASKA, 1967 and 1972

Industry Groups	Number of Employees <sup>1</sup>		Percent Change 1967-1972	Percent of Total		Industry Groups	Number of Employees		Percent Change 1967-1972	Percent of Total	
	1967	1972		1967	1972		1967	1972		1967	1972
<b>Total</b>	25,527	29,438	+15.3	100.0	100.0						
<b>General Building Contractors and Operative Builders</b>						<b>Special Trade Contractors</b>					
Single Family Houses and Operative Builders	2,259	2,992	+32.4	8.8	10.2	Plumbing, Heating, Air Cond.	2,980	3,318	+11.4	11.6	11.3
Residential Building other than Single Family	378	684	+81.0	1.5	2.3	Painting, Papering, Decorating	807	890	+10.3	3.2	3.0
Industrial Building	834	1,275	+52.9	3.3	4.3	Electrical Work	1,832	2,557	+39.6	7.2	8.7
Other Nonresidential	4,211	4,182	- 0.7	16.5	14.3	Masonry, Plastering, Tiling	1,870	2,898	+55.0	7.3	9.8
<b>Heavy Construction General Contractors</b>						Floor Laying, Other Floorwork	278	262	- 5.8	1.1	0.9
Highway and Street	2,442	2,133	-12.6	9.6	7.2	Roofing, Sheet Metal Work	837	990	+18.3	3.3	3.4
Water, Sewer, Utility, Bridge, and Tunnel	1,163	1,532	+31.7	4.6	5.2	Concrete	795	885	+11.3	3.1	3.0
Not Elsewhere Classified	2,636	1,585	-39.9	10.3	5.4	Water Well Drilling	444	438	- 1.4	1.7	1.5
						Excavating and Foundation	617	648	+ 5.0	2.4	2.2
						Carpentering					
						Other <sup>2</sup>	1,037	[1,033]	+99.7	4.1	3.5
						Subdividers and Developers	107	98	- 8.4	0.4	0.3
						Not Elsewhere Classified					

<sup>1</sup>Average of employment for pay periods including 12th of March, May, August, and November.  
<sup>2</sup>Includes: Structural Steel Erection, Glass and Glazing, Wrecking, Installing Building Equipment, Others Not Elsewhere Classified.

Source: U. S. Bureau of the Census, Census of Construction Industries, 1972, Area Series, West North Central States, CC72-A-4, July, 1975, Table 2, page 4.

## Review and Outlook

Nebraska's production figures for November (the physical volume indexes in Tables 1 and 2) show a tendency for some improvement in the state's economic situation. The November ratio to the same month in 1974 of 99.5 (Table 1) was about 1 percentage point above the October ratio of 98.5. Likewise, the November ratio to the 1967 base of 127.1 was slightly above the October ratio of 127.0. Agricultural activity continued to hold up in November, being somewhat ahead of the same month of 1974 and at a level only slightly lower than in October on the 1967 base. In general, the figures in Table 2, which are the most useful when evaluating the cyclical situation, show a gradual improvement for the state in both dollar and physical volume. The U.S.

indexes also indicate continued improvement in the national economy.

It should be noted that the main figure entering into the agricultural indexes, namely cash farm marketings, has been greatly revised by the U.S. Department of Agriculture. These farm marketing figures are revised several times each year, sometimes drastically. The previously published indexes for 1975 are, therefore, no longer valid; however, the general pattern of past changes remains valid.

The state index of November's city retail sales (Table 2), which are price adjusted and do not include motor vehicle sales, was slightly below its year-ago level. The state ratio for the regions' sales, which do include motor vehicle (Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

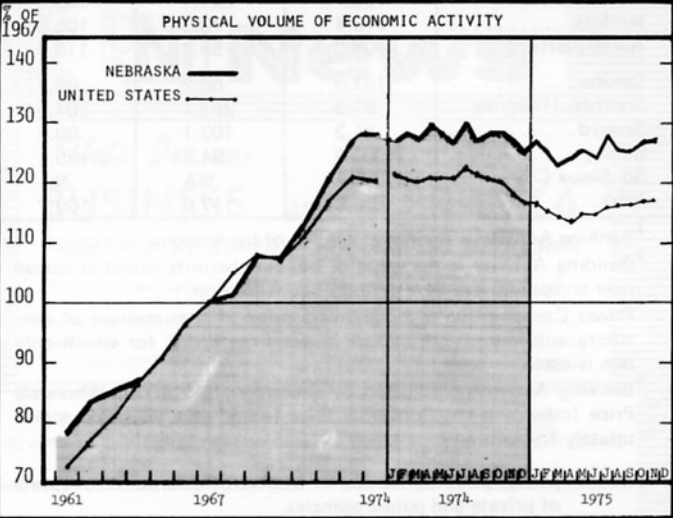
### ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR				
November, 1975	Current Month as Percent of Same Month Previous Year		1975 Year to Date as Percent of 1974 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
<b>Indicator</b>	<b>Nebraska</b>	<b>U.S.</b>	<b>Nebraska</b>	<b>U.S.</b>
Dollar Volume	105.9	105.0	106.6	104.3
Agricultural	118.5	94.9	103.2	94.4
Nonagricultural	103.6	105.4	107.3	104.7
Construction	90.7	105.5	109.6	95.9
Manufacturing	94.5	97.3	103.1	99.7
Distributive	107.1	109.2	107.6	107.2
Government	109.6	109.0	112.3	108.9
Physical Volume	99.5	99.2	98.0	95.9
Agricultural	106.6	93.5	95.8	96.4
Nonagricultural	98.3	99.5	98.5	95.9
Construction	87.3	101.7	99.7	87.0
Manufacturing	92.7	92.8	93.4	89.3
Distributive	99.8	101.8	98.4	98.0
Government	104.3	103.9	106.6	104.2

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	221.9	197.7
Agricultural	266.3	216.5
Nonagricultural	214.2	197.0
Construction	184.2	173.5
Manufacturing	235.2	184.7
Distributive	207.9	201.9
Government	223.6	214.8
Physical Volume	127.1	117.2
Agricultural	133.0	114.4
Nonagricultural	126.0	117.4
Construction	96.4	90.8
Manufacturing	131.4	105.9
Distributive	125.5	121.9
Government	131.9	135.4

### 3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)

Region Number <sup>1</sup> and City	Sales in Region <sup>2</sup>		
	City Sales <sup>2</sup> Nov., 1975 as percent of Nov., 1974	Nov., 1975 as percent of Nov., 1974	Year to date '75 as percent of Year to date '74
<i>The State</i>	99.2	100.3	97.1
1 Omaha	99.0	100.5	95.6
Bellevue	98.7		
2 Lincoln	102.7	103.7	97.2
3 So. Sioux City	100.4	102.2	99.9
4 Nebraska City	87.8	102.4	94.4
5 Fremont	101.5	104.4	99.0
Blair	100.7		
6 West Point	110.0	99.7	94.4
7 Falls City	92.1	102.0	95.5
8 Seward	110.1	93.3	98.1
9 York	91.4	104.0	100.3
10 Columbus	103.8	99.9	97.8
11 Norfolk	99.4	101.6	100.3
12 Grand Island	104.2	100.8	100.6
13 Hastings	97.1	99.8	97.6
14 Beatrice	104.1	104.2	96.5
Fairbury	91.8		
15 Kearney	104.4	103.5	103.2
16 Lexington	92.6	89.5	97.8
17 Holdrege	96.5	95.8	98.3
18 North Platte	95.3	97.0	100.4
19 Ogallala	84.2	88.9	95.5
20 McCook	99.2	100.7	94.4
21 Sidney	104.2	93.2	91.9
Kimball	101.6		
22 Scottsbluff	100.8	98.3	99.4
23 Alliance	92.9	99.9	98.5
Chadron	100.8		
24 O'Neill	104.0	98.1	92.4
25 Hartington	101.2	101.5	97.5
26 Broken Bow	97.4	95.4	93.7

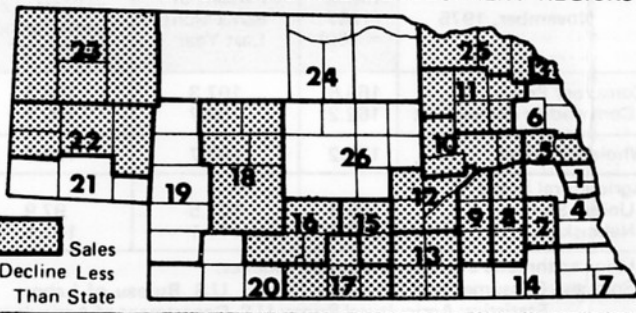


<sup>1</sup> See region map below.

<sup>2</sup> Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals exclude motor vehicle sales.

Compiled from data provided by Nebraska Department of Revenue.

### 1975 YEAR TO DATE AS PERCENT OF 1974 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4) sales, was slightly above. This and data available elsewhere indicate that there has been a marked surge in motor vehicle sales in the state, beginning in September. Without adjusting for price changes, the dollar volume of motor vehicle sales for the state for the months of September, October, and November combined was 17 percent above that of the same period in 1974.

The retail sales ratios for the smaller cities are chancy. One month may be high, the next month low, in the actual reported sales. Hartington and Holdrege have had extreme variations lately. Sometimes this fluctuation in the ratios is due to extremely high or low figures for the previous year, sometimes for the current year. The Beatrice ratio given last month for October, however, was erroneous. The ratio for the price adjusted figure was given as 96.8, when it should have been 99.4.

The November ratio for banking activity in the state (Table 4), also adjusted for price changes, is 101.0 percent of the same month of 1974. This represents a modest increase in the activity in this important sector. It should also be noted that Gering has been combined with Scottsbluff in Table 4. A merger of the Scottsbluff and Gering Chambers of Commerce has made possible reports for both cities and, due to their close geographic relationship, they are being reported as one trading center. The retail sales data in Table 3 are still for Scottsbluff only.

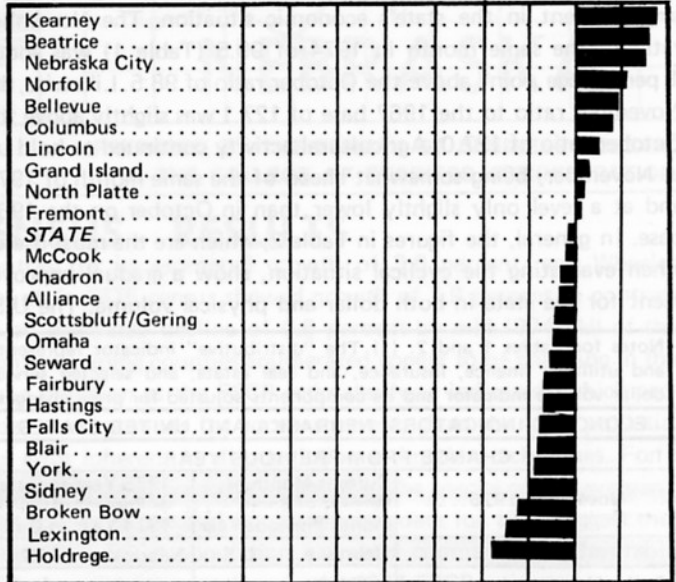
Building activity varies tremendously, both from city to city and from month to month, although for all cities combined it has remained consistently below 1974. Power consumption levels are still below those of 1974 for all cities combined, but many of the cities show individual increases above 1974 levels. The state total seems to be depressed by heavily weighted Omaha, for which power usage is off by more than 10 percent.

In the city business indexes in the chart, the same cities have tended to be at the top for several months. Kearney, Nebraska City, and Beatrice are among these leaders, but Holdrege has dropped from last month's fourth place to last place, mostly because of its low banking activity. The indexes going into this composite city business index are for retail sales, banking activity, building activity, and power consumption. An attempt has been made to temper the influence of the building activity by applying a statistical technique that lessens the influence of its extreme fluctuations.

The various price indexes in Table 5, which are used in adjusting for price changes in the other tables, moved both up and down in November compared with October levels. Consumer prices were higher, but wholesale and agricultural prices were lower.

E. Z. P.

CITY BUSINESS INDEXES  
Percent Change November 1974 to November 1975  
-10 -5 0 5 10



Source: Table 4 below.

4. NOVEMBER CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Banking Activity <sup>1</sup> (Adjusted for Price Changes) <sup>4</sup>	Building Activity <sup>2</sup>	Power Consumption <sup>3</sup>
<i>The State</i> .....	101.0	93.3	96.7
Alliance .....	100.3	83.6	121.2
Beatrice .....	112.4	174.1	98.7
Bellevue .....	106.7	170.2	104.1*
Blair .....	97.5	48.4	96.9
Broken Bow .....	87.8	91.6	104.4
Chadron .....	92.8	110.8	108.0
Columbus .....	103.3	157.3	97.7
Fairbury .....	100.7	85.2	100.0*
Falls City .....	100.4	107.7	87.5
Fremont .....	99.3	95.0	100.8*
Grand Island .....	98.2	110.4	99.5
Hastings .....	91.9	108.0	103.2
Holdrege .....	83.8	133.7	93.8
Kearney .....	104.9	347.0	101.3
Lexington .....	94.0	62.8	107.5
Lincoln .....	111.8	48.5	103.8
McCook .....	86.2	204.2	119.9
Nebraska City .....	122.7	204.1	108.6
Norfolk .....	116.4	78.3	105.6
North Platte .....	98.0	155.2	112.9
Omaha .....	101.0	66.2	89.7
Scottsbluff/Gering ..	81.3	253.1	104.4
Seward .....	81.3	103.1	99.0
Sidney .....	85.5	91.7	95.1
So. Sioux City .....	NA	NA	NA
York .....	95.8	117.6	100.7

<sup>1</sup>Banking Activity is the dollar volume of bank debits.  
<sup>2</sup>Building Activity is the value of building permits issued as spread over an appropriate time period of construction.  
<sup>3</sup>Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked \* for which only one is used.  
<sup>4</sup>Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

November, 1975	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices .....	165.6	107.3	109.3
Commodity component	162.2	106.7	109.1
Wholesale Prices .....	178.2	103.7	109.7
Agricultural Prices			
United States .....	189.3	101.5	97.9
Nebraska .....	200.2	111.1	107.1

\*Using arithmetic average of monthly indexes.  
 Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

## IS MANAGEMENT IN THE PUBLIC SECTOR DIFFERENT ?

Raymond J. Barrett says that management in the public sector (government) differs from that in the private sector (business) for a number of reasons even though one "common charge" made to administrators of public agencies is that "government [is] just like business."<sup>1</sup> If true, then business management principles and practices should be applicable to government management. Barrett says, however, that "the reaction of public administrators [to the above charge] is almost universally that management in public affairs has particular dimensions of its own" and that there are "characteristics of public management that are significantly different from business management."

Barrett notes that "the basic reason why it is hard to explain the differences between public and private management is that they do share the same underlying features. The functions of management—decision-making, organizing, staffing, planning, controlling, communicating, and directing—are common to both. Each seeks organizational purposes through people. The insights of the behavioral sciences, quantitative analysis, communications theory, systems analysis, and many other disciplines are relevant to management across the board. Finances are crucial to both public and private management. Consumer satisfaction is essential to both. Other basic similarities could undoubtedly be named."

According to Barrett, however, "the differences [between public and private management] arise from the nature of public affairs. They give special dimensions to management in the public sector. Government is not just another business." Thus, although business methods can be applied to certain functions of government—such as computerizing, records, bidding, inventory control, contracting, and the like—such techniques often break down when they come up against political realities.

Barrett argues that "the crucial difference between the public and the private sector" is that "government is people." He admits that both government and business deal with people; yet, he contends, government must interact with people day in and day out in ways that are uniquely direct. The "consumers" of the public administrator's products or services "are simultaneously the

owners of his organization—and they are very well aware of this fact." Seldom is the business manager faced with an interaction as immediate and pervasive as is the public manager.

The direct interaction with the public affects how the public administrator spends his time and does his job. This interaction "adds dimensions to management that are unique to the public sector," such as:

1. "The 'customers' directly influence or even determine what the 'organization' and its administrators can do.
2. The host of intermediaries that this process produces must also be reckoned with by the public administrator.
3. The public administrator cannot choose his customers.
4. Nor can the public administrators choose the locale and characteristics where his organization operates.
5. Representativeness in the public service [of all racial, ethnic, and sex groupings] is now important."

The public administrator also finds that he must inform and explain via an educational process as he tries to execute. He must engage in dialogues; yet, he cannot wait until all groups are sufficiently educated. Good public management demands that both education and execution be done well constantly.

Relevant to making public management different from private management is the intimately political context in which public management operates. A governmental entity exists not only to perform a public service but also as "a nexus of interests among politicians, legislators, interest groups, jobholders, and many others." The political context determines also the framework within which the public administrator must operate; thus "the public manager works within an organization structure basically defined by constitution and law that is beyond his control."

Since most public governing bodies are elected, there may or may not be a relationship between the ability to get elected and the ability to govern. Of particular importance, supervisory responsibility is diversified in the public sector and, as a result, the public manager finds supervisory authority and managerial flexibility sharply limited. In the private sector, however, the manager is responsible to only a limited number of superiors and ultimately only to the chief executive. Accountability becomes, therefore, a key aspect of the difference between public and private management.

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<sup>1</sup> Raymond J. Barrett is with the Department of Administrative Studies at Glassboro State College, Glassboro, New Jersey. These excerpts are taken from his article as reprinted in the February, 1976, issue of *International Assessor*.

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