

CHAPTER 12

Public and Nonprofit Organizations' Strategy

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LEARNING OBJECTIVES

- To explain why strategic management is distinctive in public and nonprofit organizations.
- To describe the nature of stakeholder influences on public and nonprofit organizations.
- To learn about the work culture in public and nonprofit organizations.
- To understand the need for reform, and the demand for accountability in public organizations.
- To account for the institutional advantages and disadvantages of nonprofit organizations.
- To classify the business models of nonprofit organizations.

INTRODUCTION

The private for-profit organizations are referred to as the First Sector, public organizations are referred to as the Second Sector, and nonprofit organizations are referred to as the Third Sector. In this chapter, we discuss strategic management insights related to the public and the nonprofit organizations. The strategy in both public as well as nonprofit organizations has some distinctive elements, because unlike in the for-profit firms, the intent is not profitable growth, but delivering superior products and services on affordable and accessible terms. The public organizations are government owned and managed, and are vehicles to execute the role of the government. The nonprofit organizations are owned and managed by the community, or by members of the community using resources and support of the community. The chapter is divided into two parts. The first part discusses public organizations, and the second part focuses on nonprofit organizations.