

Article

Public and private sectors in the UK, comparisons of management practices: 2023

An analysis of structured management practices and organisational characteristics, as reported in 2023 across the public and private sectors in the UK.

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Release date:
22 April 2025

Next release:
To be announced

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1 . Main points

- UK public sector organisations were more likely than private sector firms to report best practice in the use of targets, according to our Public Sector Management Practices Survey (PSMPS) pilot 2023; the greatest prevalence of best practice was 71% of local government organisations.
- Of central government organisations, 63% reported setting stretch targets that were "fairly difficult" to achieve; the lowest proportion of firms reporting "fairly difficult" stretch targets were in real estate (27%).
- Across the public and private sectors, organisations and firms were most likely to address underperformance within six months; education had the highest proportion of respondents reporting no underperformance of managers (40%) and non-managers (31%).
- Average management practice scores were mostly higher in private sector firms and public sector organisations that use hybrid working; the only exception was real estate, where average management practice scores were higher in non-hybrid working firms.

2 . Introduction

The Office for National Statistics (ONS) published the [Public Sector Management Practices Survey \(PSMPS\) pilot. UK: 2023 bulletin](#) in October 2024. This was the first time a survey of structured management practices in the public sector had been conducted in the UK. The ONS also published the [Management practices in the UK: 2016 to 2023 bulletin](#) in May 2024, which included results from the Management and Expectations Survey (MES), the equivalent survey of the private sector on which PSMPS was based.

Differences in management quality have been found to be related to important private sector firm outcomes like productivity, as described in [The New Empirical Economics of Management article in the Journal of the European Economic Association](#) by Nicholas Bloom, Raffaella Sadun, John Van Reenen and co-authors.

Small-scale, bespoke studies of the public sector have found that management is important to delivering better outcomes in areas such as health and education. These include [The impact of competition on management quality: evidence from public hospitals working paper from the National Bureau of Economic Research \(PDF, 164KB\)](#) and [Does management matter in schools? paper from The Economic Journal \(PDF, 394KB\)](#), both by Nicholas Bloom and co-authors.

Management practice scoring questions have been developed to measure management quality across organisations. This allows for comparisons of management practices between the public and private sector, but also across the public sector. The structured management practices scores were developed across a series of academic projects by Nicholas Bloom, Raffaella Sadun, John Van Reenen and co-authors, as described in their [Measuring and explaining management practices across firms and countries paper in The Quarterly Journal of Economics \(PDF, 575KB\)](#).

Within MES and PSMPS leaders of firms and organisations were asked a total of 16 questions across four categories of structured management practices. A scoring matrix applied a score between 0 and 1 for responses to these questions. A score of 1 reflected better structured management practices and a score of 0 reflected less structured management practices.

The total management practice score was an average of all 16 questions. Questions were grouped into four categories:

- continuous improvement: how well organisations monitor and adapt to unexpected situations (one question)
- key performance indicators (KPIs): how many, and how frequently they are reviewed (three questions)
- targets: how targets are set, tracked, and reviewed (six questions)
- employment practices: processes of promotion, management, and training of employees (six questions)

This article describes in more detail the differences in management practices between and within public sector organisations and private sector firms at a subsector level. We compare differences in target setting, approaches to managing performance, managerial rates, degree qualifications and hybrid working.

3 . The composition of public and private sector organisations

To understand differences in management practice scores, it is important to note the compositional effects that may lead to differences in subsector averages, particularly the size of employment in firms and organisations. Better management practice scores have been found to be associated with larger employment size bands, so this context helps when interpreting results at subsector level.

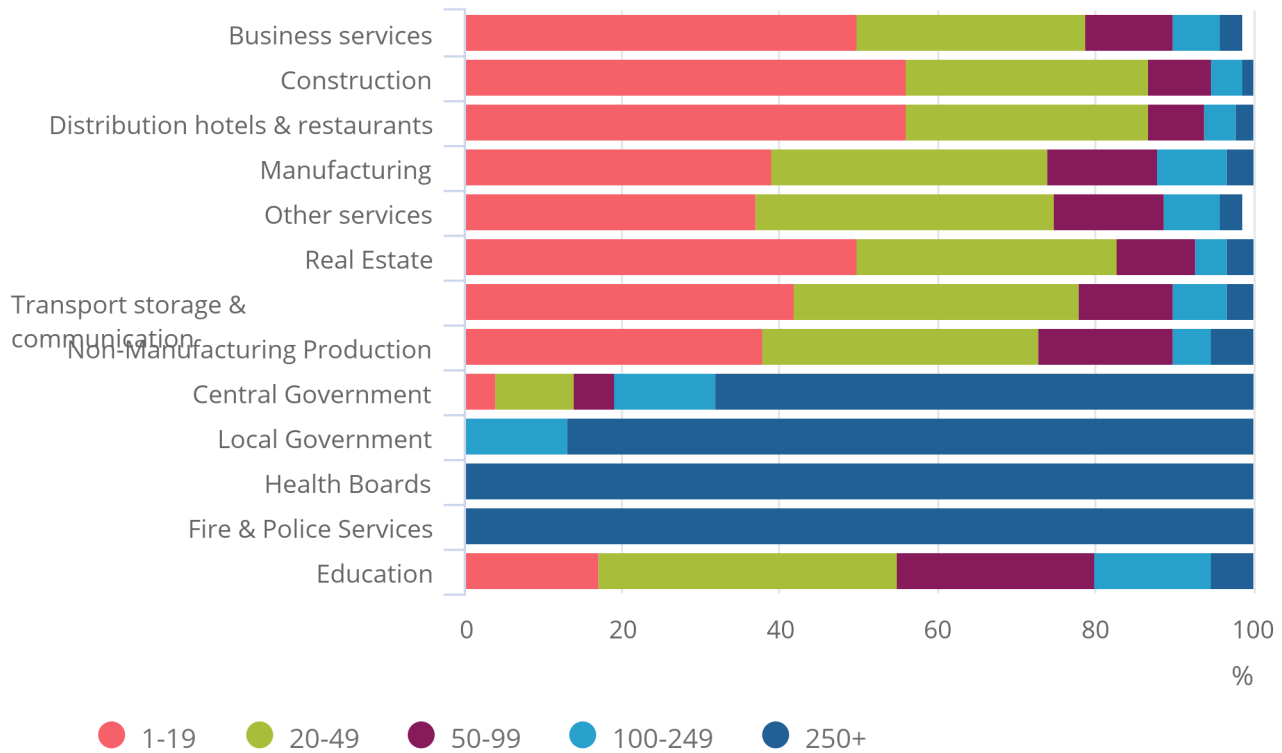
A regression analysis in our [Public Sector Management Practices Survey pilot, UK: 2023 bulletin](#) found organisations that employ between 100 and 249 people had management scores on average 0.06 points higher than organisations that employ between 20 to 49 people. For the private sector, a regression analysis in [Management practices in the UK: 2016 to 2023 bulletin](#) found that firms with more than 250 employees had higher management scores by 0.15 points compared with firms with 10 to 19 employees. These regressions were performed independently, with different models, including their own bespoke employment size bands, so results are quoted to illustrate how size bands broadly relate to management practices. Figure 1 presents the weighted composition of employment size band by subsector. This shows that in the public sector, education had very few organisations with 250 plus employees, whereas other public service subsectors more typically were comprised of organisations with 250 plus employees. In comparison, private sector subsectors were typically comprised of firms with fewer than 50 employees.

Figure 1: Public sector organisations are more likely to be large

Proportion of organisations in each size band, by subsector, UK, 2023

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Proportion of organisations in each size band, by subsector, UK, 2023



Source: Management and Expectations Survey 2023 and Public Sector Management Practices Survey (pilot) 2023 from the Office for National Statistics

Notes:

1. Totals may not sum to 100% because of rounding.
2. The Management and Expectations Survey (MES) 2023 surveys businesses with employment of at least 10. Therefore, size band 1 to 19 does not contain private firms with fewer than 10 employees.

4 . Categories of management practices

As reported in our [Public Sector Management Practices Survey pilot, UK: 2023 bulletin](#), on a scale of 0 to 1, the overall mean management practice score was 0.56 across the UK public sector. This is similar to the private sector average of 0.55 from our Management and Expectations Survey (MES) 2023, which can be found in our [Management practices in the UK: 2016 to 2023 bulletin](#). The public sector median score of 0.57 was also similar to the private sector MES median score of 0.60. The distribution shows that a greater proportion of public organisations were concentrated just below the average, whereas there was a larger proportion of private sector firms concentrated above the mean. Figure 2 shows the distribution of management practice scores across organisations in the public sector and private sector.

Figure 2: Management practice scores in the public sector are broadly comparable to the private sector

Comparison of Public Sector Management Practices Survey (PSMPS) and Management and Expectations Survey (MES) overall management practice score distribution, UK, 2023

Notes:

1. Because of how density plots are constructed, it is possible for them to take non-feasible values. We have limited the x-axis to show only values greater than 0.

[Download the data](#)

To understand the heterogeneity of results beneath headline averages, subsector breakdowns can be used to compare within and across sector differences. To begin this comparison of how structured management practices differ across subsectors, Figure 3 presents scores for each of the four categories of management practices.

The highest management practice category scores came from within the public sector. Organisations in fire and police services (0.90), and health boards (0.89) on average scored highest in the continuous improvement category. Fire and police services and health boards also had the highest score in the key performance indicators (KPIs) category (0.62 and 0.66, respectively).

The employment practice score was highest in fire and police services (0.88) and health boards (0.79). Central government organisations on average had the highest score in the targets category (0.60). The lowest category scores were 0.35 in KPIs (construction), 0.43 in targets (distribution and hospitality, and construction), 0.57 in the employment practices category (construction) and 0.76 in continuous improvement (construction).

Figure 3: Across all categories of management practice, the highest scoring subsector is always within the public sector

Mean management practice score by component and subsector, UK, 2023

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Category scores may still mask the heterogeneity across the public and private sectors, so we have disaggregated this to question level for five public and eight private subsectors (Figure 4). This shows there is more variation within individual management practice questions across public sector subsectors than between private sector subsectors. Health boards, and fire and police service were the top two scoring subsectors across all KPI-focused questions.

Education was the highest-scoring subsector when asked what proportion of managers and non-managers were aware of targets, with scores of 0.89 and 0.73, respectively. Education was the lowest scoring subsector on questions asking how managers and non-managers were promoted, scoring 0.44 and 0.46, respectively. Education was also the lowest scoring subsector when asked how underperformance was addressed between managers and non-managers, scoring 0.56 and 0.65, respectively.

Figure 4: The public sector has more variation in management practices across its subsectors

Mean management practice score by scoring question and subsector, UK, 2023

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5 . Managing targets

Best management practice is to have targets that are set to be achieved in both the short-term (less than a year) and longer-term (greater than one year). Health boards had the highest proportion of organisations reporting best practice (72%), followed by local government (71%) and fire and police (58%) (Figure 5). The fifth-highest proportion overall, and highest of the private sector, was in real estate (45%). The lowest proportion was in distribution, hotels and restaurants (28%). In construction and in distribution, hotels and restaurants, 28% and 27% of firms, respectively, reported having no targets.

Figure 5: The public sector is more likely to use a combination of timeframes when setting targets

Target setting timeframes, by subsector, UK, 2023

Notes:

1. Totals may not sum to 100% because of rounding.

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In terms of the challenge of achieving targets, best practice scores were given for firms or organisations to set targets that were "fairly difficult" to achieve (Figure 6). That is, these targets were meant to be stretching to achieve. All public service subsectors had a higher proportion of organisations which reported this best practice compared with the proportion of firms in private subsectors. Central government had the highest proportion of best practice (63%), and the lowest proportion was in real estate (27%). Private sector firms were more likely to report that their targets were neither easy nor difficult, with the highest proportion of firms providing this response in real estate (57%).

Figure 6: The public sector is more likely to set targets which are fairly difficult

Difficulty to achieve targets, by subsector, UK, 2023

Notes:

1. Respondents who reported no targets were removed from calculations.
2. Some missing data points may be because of suppression. These are presented as “c” in the chart data download.
3. Totals may not sum to 100% because of rounding.

Download the data

When comparing responses and the pilot nature of the Public Sector Management Practices Survey (PSMPS), we have considered how this question may be interpreted by a heterogeneous group of public and private sector respondents. "Fairly difficult" as a response could have been interpreted by some respondents as sentiment regarding workload rather than a stretching target. There was some limited qualitative evidence from the supporting Public Sector Management Practices Survey (PSMPS) article, [Public sector managers' views on management practices, Great Britain: August to September 2024](#), that targets in the public sector were set elsewhere and unachievable.

Respondents were asked what proportion of managers and non-managers were aware of the targets their firm or organisation had (Figure 7). Across both public and private subsectors, a greater proportion of respondents reported that "all" managers were aware of targets than "all" non-managers. Education had the highest proportion of respondents reporting the best practice in all managers being aware of targets (86%), the lowest proportion was fire and police services (37%). Business service, other services and non-manufacturing production had the joint highest proportion of respondents in the private sector (80%).

Figure 7: Across the public and private subsectors, managers are more likely than non-managers to have an awareness of targets

Awareness of targets for managers and non-managers, by subsector, UK, 2023

Notes:

1. Respondents who reported no targets were removed from calculations.
2. Missing data points may be because of suppression. These are presented as “c” in the chart data download.
3. Totals may not sum to 100% because of rounding.

Download the data

6 . Managing performance

The ability of an employer to identify and address underperformance in managers and non-managers is an indicator of better management practice, where doing so within six months being the best practice. If a respondent reports there is no underperformance of managers or non-managers, they scored 0 for these questions as all employers should have some examples of underperformance.

Across all subsectors, the most common response was that underperformance in managers and non-managers was addressed within six months. However, some differences were found in reports for managers and non-managers. A higher proportion of "no underperformance" was reported for managers than non-managers in all subsectors.

Education had the highest proportion of respondents reporting that there was no underperformance of managers (40%) and non-managers (31%). Local government, and fire and police subsectors, were the least likely to report no underperformance in managers (5% and 0%, respectively) and in non-managers (2% and 0%, respectively). Fire and police services had the highest proportion of respondents reporting that underperformance was addressed within six months for managers (85%). Local government had the highest proportion of respondents reporting that non-managers' underperformance was addressed within six months (84%).

Figure 8: Underperformance is more likely to be reported for non-managers than managers across all subsectors

Timescales to address underperformance in managers and non-managers, by subsector, UK, 2023

Notes:

1. Missing data-points may be because of suppression. These are presented as "c" in the chart data download.
2. Totals may not sum to 100% because of rounding.

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7 . Managerial rates

A manager is defined as someone who manages people and has employees directly reporting to them, with whom they meet regularly. Both the Public Sector Management Practices Survey (PSMPS) and Management and Expectations Survey (MES) provided estimates of the proportion of managers in organisations and firms. We use this to calculate a managerial rate, which is the average number of managers as a proportion of total employees. Within the private sector, the average managerial rate varied between 18% in non-manufacturing production to 23% in business services. In the public sector, the average managerial rate ranged from 12% in education to 34% in central government.

Figure 9 shows the average management practice score and the average managerial rate by subsector. The subsectors with the largest managerial rate did not have the highest management practice scores. Health boards had on average the second highest management practice score (0.66) but were joint 9 out of 13 subsectors in terms of the managerial rate (17%). Central government had the highest managerial rate (34%) but the third highest management practice score (0.65). Construction had the lowest average management practice score (0.49) but the fifth highest managerial rate (22%).

Figure 9: The relationship between management quality and managerial rate is variable

Managerial rate and management score, by subsector, UK, 2023

Notes:

1. We have removed a small amount of private sector data from these calculations because of data quality. Further information can be found in [Section 10: Data sources and quality](#).
2. Data points have been calculated as a subsector mean for both managerial rate and management practice score.

[Download the data](#)

8 . Degree qualifications

The Public Sector Management Practices Survey (PSMPS) and Management and Expectations Survey (MES) both asked respondents to estimate the proportion of managers and non-managers who held a degree level qualification. This is an estimate of the stock of human capital as measured by the education level of the workforce.

The highest proportions of organisations reporting 80% or more managers with degree level qualifications in the public and private sectors were education (75%) and business services (40%). The highest proportions of organisations reporting less than 20% of their managers with degree level qualifications were fire and police services (58%) in the public sector, and jointly construction and non-manufacturing production (64%) in the private sector. While degree level differences exist, it may also be that subsector and occupation specific forms of human capital were more relevant to these roles, such as qualifications below Level 6, including vocational or workplace qualifications.

Figure 10: Employees working in education are most likely to be qualified to degree level

Proportion of employees qualified to degree level, by subsector, UK, 2023

Notes:

1. A small number of public sector respondents did not answer questions presented. These have been removed from calculations.
2. Missing data points may be because of suppression. These are presented as “c” in the chart data download.
3. Totals may not sum to 100% because of rounding.

[Download the data](#)

9 . Hybrid working and management practices

At the beginning of the global coronavirus (COVID-19) pandemic there was a shift in ways of working. Workers more commonly began working from home (WFH) to adhere to lockdown restrictions where travel and contact were limited. Office for National Statistics research, [Management practices, homeworking and productivity during the coronavirus \(COVID-19\) pandemic](#), found that in 2020, better managed firms were more likely to have adopted homeworking. This has been expanded on in [Managing to adapt: Structured management practices and firm resilience](#) by Kyle Jones and co-authors, published by the Economic Statistics Centre of Excellence (ESCoE). They concluded that firms with better management practices adopted homeworking more extensively than firms with lower management scores in response to the coronavirus pandemic and maintained this higher rate of adoption in the following years. The subsector itself may determine whether hybrid working will be prevalent or possible. For example, industries such as construction, hospitality and education are likely to have more job content that must be carried out on site.

Management and Expectations Survey (MES) and Public Sector Management Practices Survey (PSMPS) respondents were asked to report on average how many days managers and non-managers worked from home each week in 2023. We can group these workforces into hybrid (one to four days worked from home) and non-hybrid (only work from home or only work on site). Figure 11 shows that hybrid working for both managers and non-managers tended to be associated with higher average management practice scores. Only one subsector, real estate, reported higher average management practice scores for non-hybrid organisations over hybrid ones.

Hybrid working patterns differed between the private sector and public sectors, with some variation between managerial and non-managerial positions. Of central government and local government organisations, 94% reported using some form of hybrid working arrangement, and these were consistent across managers and non-managers.

Health boards and fire and police services had some variation between manager and non-manager hybrid adoption rates. Of health boards, 95% reported managers utilised hybrid working compared with 88% reporting non-managers utilised hybrid working. Similarly, 91% of fire and police services organisations reported hybrid working for managers compared with 85% of organisations for non-managers.

Only 16% of organisations in education reported that managers utilised hybrid working, and 15% for non-managers. This probably reflects how most of these organisations were schools where staff have both teaching and oversight duties for children that cannot be separated from the workplace.

All other subsectors, all within the private sector, had between 25% to 59% respondents utilising hybrid working for managers and between 15% to 51% for non-managers. Hybrid working was more prominent amongst managers than non-managers in the private sector; no subsector reported rates of hybrid working for non-managers higher than that of managers.

Figure 11: Organisations that use hybrid-working practices tend to have higher management practice scores on average

Proportion of organisations and ways of working patterns for managers and non-managers, plus management score, by subsector, UK, 2023

Notes:

1. Hybrid and non-hybrid proportions sum to 100% by subsector.
2. Average management score is calculated as the subsector and working practice average.

[Download the data](#)

10 . Data sources and quality

The analysis presented in this article was based on two surveys, Management and Expectations Survey (MES) and Public Sector Management Practices Survey (PSMPS). These asked respondents a range of questions about their structured management practices and broader organisational characteristics. Data were weighted so that they were representative of the number of employers in their respective subsectors. Details of methodology data are fully explained in Section 9: Measuring the data of our [Management practices in the UK: 2016 to 2023 bulletin](#) and [Public Sector Management Practices Survey pilot, UK: 2023 bulletin](#).

For the purposes of this analysis, we joined these two surveys together into one larger database of management survey returns. Only questions shared across both surveys were retained, and question level metadata made consistent.

Some variables in the MES and PSMPS dataset have been used in this analysis for the first time. In undergoing further quality assurance, there were minor imputations for a small number of variables. We also excluded a small number of returns for the purposes of this analysis in the absence of options for imputation.

In some analysis, we suppressed data because of it being disclosive. Disclosure control was applied to ensure individual respondents could not be identified from published statistics. This was because of primary disclosure risks such as where a data point is calculated using a low number of observations.

The disclosure policy is explained in [Statistical disclosure control](#).

11 . Related links

[Public Sector Management Practices Survey pilot, UK: 2023](#)

Bulletin | Released 21 October 2024

The Public Sector Management Practices Survey (PSMPS) is a new survey of management practices in public sector organisations. These are official statistics in development.

[Management practices in the UK: 2016 to 2023](#)

Bulletin | Released 13 May 2024

Review of management practice scores for firms in the production and services industries across the UK in 2023 and Great Britain from 2016 to 2023.

[Public sector managers' views on management practices, Great Britain: August to September 2024](#)

Article | Released 21 October 2024

Public sector managers' views on their organisations' management practices, administration, technology and innovation, and on how these affect productivity.

12 . Cite this article

Office for National Statistics (ONS), released 22 April 2025, ONS website, article, [Public and private sectors in the UK, comparisons of management practices: 2023](#)