

# Where are the lines?;

Emergent forms of state owned enterprise  
and the 'free market' and Design

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## Context

1. Large Public Sector organization turns two departments into one 'new' private company
2. Trade in the external market
3. The design parameters were highly rigid and operational
4. Significant financial pressure
5. Business model had always relied on contractors
6. New cloud computing technology

# Business Direction – swimming against the current

## Basic strategic direction:

### 1. Survival

- it was a new experimental organization
- politically it was not liked

### 2. Make money

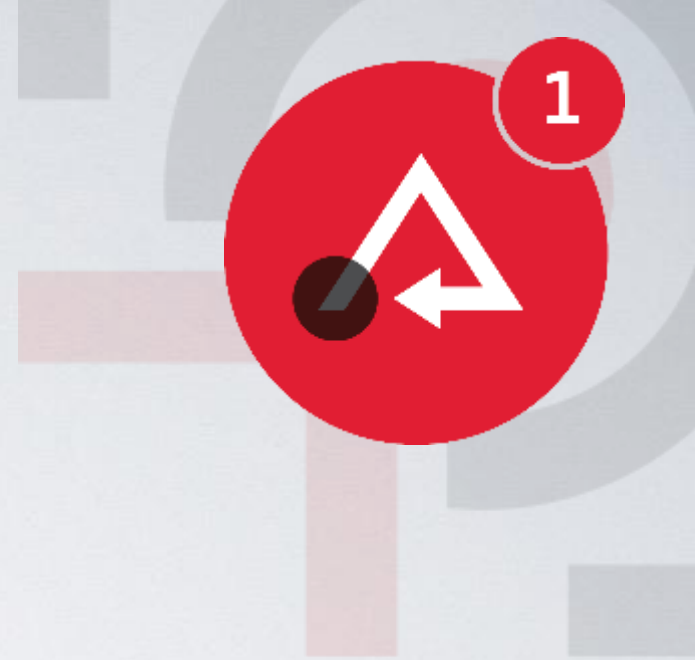
- create profit from the external environment, however restricted

### 3. No future thought

- There was no apparent thought to the future beyond the above, survival was the primary driver

### 4. New behaviours expected

- based on trust and coaching leadership style



# Nature of relationships

## **Service provision through taxation**

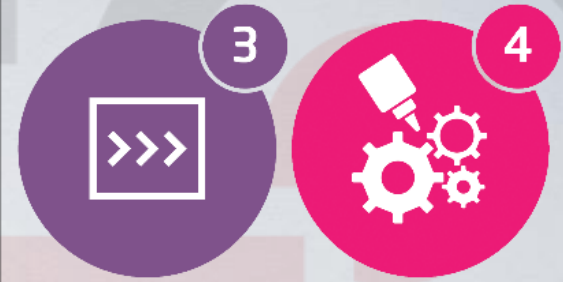
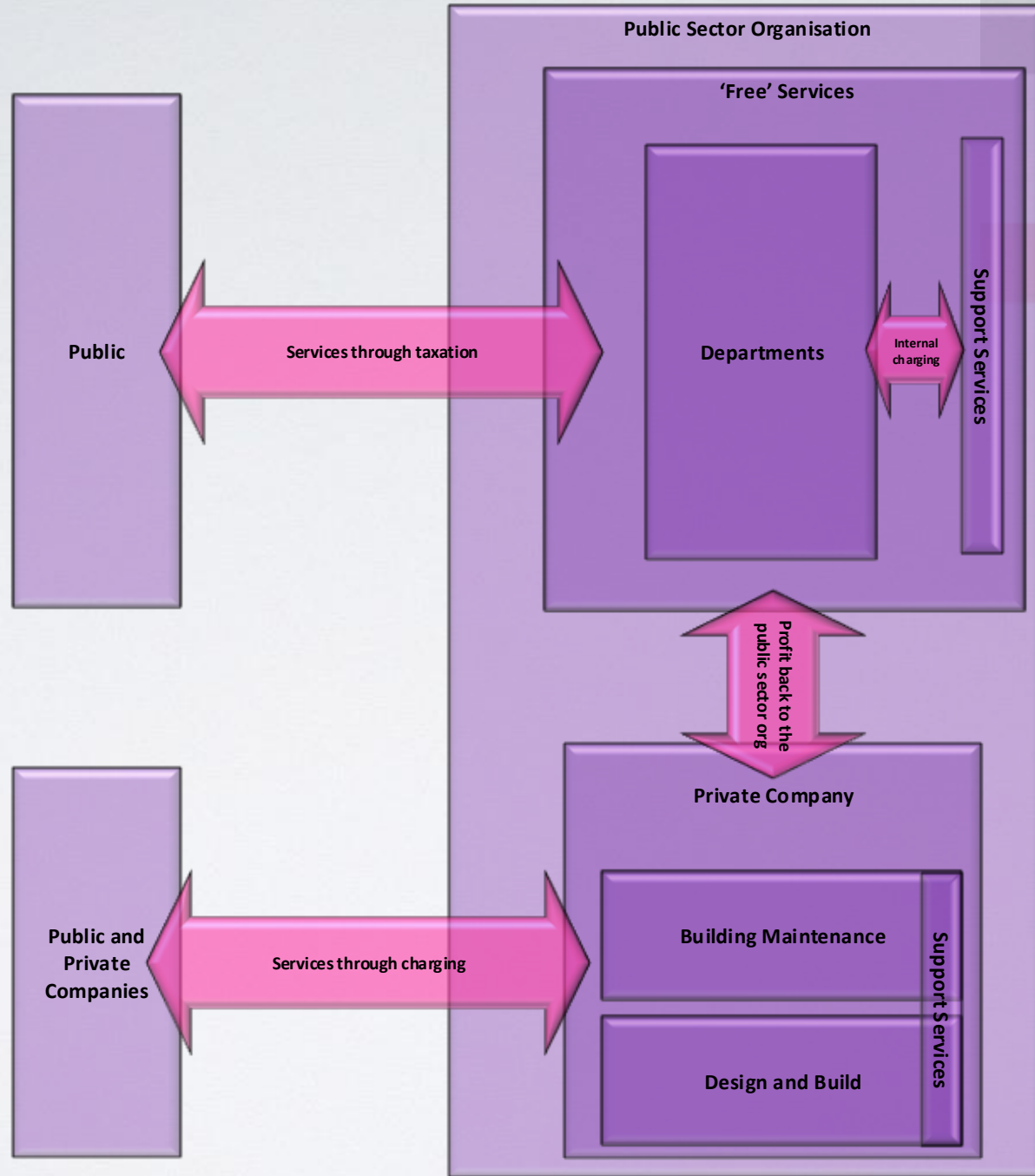
Mixed income from taxation and redistribution, partly from central government, partly from local taxes. Resource perpetuation – maximising the use of resources over a longer term period in order to create sustainability of services.

## **Service provision through charging**

Income through charging for work and subsequently profits given back to the owner(s) of the company. In this case, the owner was the public sector. Resource exploitation – exploitation of resources in order to create the conditions for profit which in turn funds the company as well as providing additional revenue to the public sector.

Where is the **line** between public and private sector?

# Public-Private Enterprise (UK)





# Questions



# Markets and Context

1. In the previous model, **the lines between public and private are blurring**. But this is not unique. In China (and other places) Economies are highly controlled. For example:
  - Is Didi comparable to Uber? – \*c25million trips daily in China (2016), Uber forced out of China through uncompetitive practices of aggressive loss-leader rates...
  - Uber competes in 'Free Markets' including dealing with Democratically elected politicians, Taxi Unions, Civil Liberties Groups and Employment Lawyers...
  - Didi is a Chinese company operating affectively a monopoly following merging with Kuaidi and became profitable in 2018...
2. Could this actually occur in the USA and Europe?
  - If so, in what context and how might we apply this?
  - If not, what **are** the learnings from an Organisation Design perspective? Should we even discuss organising models set within different socio-economic-legal contexts?

\*Source: Zhu, F., & Iansiti, M. (2019)



# Conclusions and Take aways



# Final Questions and Thank You for participating!



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