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Working is different at public, private companies

By Andrea Coombes
MARKETWATCH

Next time you're on a job hunt, consider whether the companies to which you're applying are publicly traded or privately held.

The difference between the two company types goes a long way in describing what kind of corporate culture you'll encounter, not to mention the kinds of bonuses you're likely to receive and how well delineated your career path is.

"There are defining differences in values and cultures that are palpable. You feel them across companies depending on whether they're public or private," said Paul Clifford, a senior consultant for the Hay Group, a global organizational consulting firm in Philadelphia.

You might prefer a company that treats workers like family, likelier at a private firm. Or maybe you're more interested in a clear-cut career path, often better defined at a public company.

The main contrast, of course, is that private firms don't have to fear the punch that can result from failing to meet investors' expectations, and that can offer a measure of comfort to workers.

"There is a degree of insulation there that I'm sure a lot of people who work for private companies feel good about," said John Endean, president of the American Business Conference, a Washington-based trade group for midsize public and private companies.

"You don't have the immediate pressures of the capital markets determining what the company should look like, whether it should downsize," he said.

CB Richard Ellis' move to become public last year was not the reason Bob Palmer left his job as one of the commercial real estate company's top brokers after 18 years on the job. But it certainly was a consideration in his decision to start his own company, The Palmer Team, he said.

At a public company, "there's more of a focus on profit and loss than there is maybe on strategic things that you might spend money on that you don't see a benefit for a couple of years," said Palmer, in Sacramento, Calif.

"I'm not saying that a public company doesn't spend money to make money, but you definitely have a different view of the world," he said.

Of course, public companies offer benefits, too, not the least of which include stock grants and organizational stability.

"In a publicly traded company ... there could be a more structured management team, a more structured career path for individuals," said Kevin Knaul, executive vice president at Hudson, a global staffing and outsourcing firm. That's a boon "for people who like to know exactly where they're going in an organization," he said.

After working eight years at a privately held firm, Knaul moved to Hudson, a division of Hudson Highland Group, three years ago.

"The benefits plan is much more structured at the publicly traded company. ... At the privately held company,

things were somewhat ambiguous," Knaul said.

Private companies often focus on endangering loyalty among workers that publicly traded companies don't always strive for with the same degree of enthusiasm.

"Privately owned companies, especially family businesses, tend toward a family environment for their employees, a sense of commitment to their employees and a sense that long-term tenure is a sign of success," Clifford said.

That commitment may help explain why six of the top 10 companies on Fortune's 100 Best Places to Work list are privately held., including Wegmans at No. 1 and W.L. Gore at No. 2.

The Fortune list is largely based on employee surveys.

At Wegmans, a grocery chain, workers may know each other better than family: 20 percent of employees - about 6,000 people - boast job tenure of 10 years or more.

While you might encounter a more familial atmosphere at a private family-run shop, that can also have its downsides.

"That bloodline may be more important than your talent," said Ed Pospesil, vice president at Bruner Consulting Associates and chairman of an online job forum.

"If you happen to be the senior IT (information technology) executive in a closely held company and one of the children in the family graduates from college with an IT degree and is brought in as an understudy, you might want to dust off your résumé," he said.

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