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Chapter 1

Mapping the Changing Landscape of Public Service Delivery

The waves of public management reform in developed countries over the last three decades have led to government playing both a smaller and a larger role in our society. It is smaller in that it is now an established truth that public services can be delivered by a wide array of parties external to a given public sector organization as well as by in-house production. Public utilities for services such as electricity, gas, water and transport have been sold off to the private sector. Public sector organizations have contracted out a wide variety of functions, from garbage collection and cleaning to security and employment services. Government agencies establish collaborative arrangements with other government agencies to realize purposes that they cannot achieve on their own. Departments in areas such as human services and conservation enlist voluntary organizations and volunteers in helping deliver some of their services. Agencies responsible for services such as mail or public housing rely on co-productive effort from their clients. And even regulatory organizations seek to call forth voluntary compliance from those they regulate, in the form of positive actions that contribute to organizational purposes. All of these developments have meant that some of the work of delivering public services has been transferred from public sector organizations to non-governmental organizations and individuals – a phenomenon we shall refer to throughout this book as ‘externalization’.

But paradoxically, the more government surrenders the role of producing public services to external parties, the more its role expands in other respects. This is because public agencies need to interact with those external entities to elicit their productive contributions. This interaction occurs through a wide variety of...
mechanisms – including contracting, partnering, education, persuasion, incentives, subsidies, ‘hard’ and ‘soft’ regulation, and enhancing service information and convenience – which together have important implications for policy making and management. They both alter and expand the work of government organizations and their staff. Not only are they engaged in their own production tasks such as policy advice, service delivery and regulation, but also they are engaged in inducing others outside their organizations to contribute to those tasks through various mechanisms. These additional roles and mechanisms, which pose complex policy and management challenges, are the subject of this book.

The evolution of non-governmental service provision

Historically speaking, the public sector’s major role in producing services is a relatively recent phenomenon. It was not until the late nineteenth century that government’s functions began to expand beyond a historical norm.

In ancient times, rulers made extensive use of private actors to perform governmental functions. Ancient Egypt and Republican Rome utilized tax farming, in which private individuals shouldered the burden of tax collection in return for a share of the proceeds. Ancient Rome also contracted out nearly all the state’s economic requirements, including construction and army provisioning, while in classical Greece the government owned forests, land and mines, but contracted out the work on them to firms and individuals (Levi 1988; Sobel 1999; Megginson and Netter 2003).

For much of the period since then, government’s role has typically been confined to the basic functions of defence, foreign affairs, postal services and the making of laws regulating private actors in a patchwork variety of areas of economic and social life. Many activities, widely seen today as core government functions, were undertaken in whole or in part by private interests, including law enforcement, imprisonment, criminal prosecution, and overseas exploration and colonisation (Grabosky 1995a; Sturgess 1996). For instance, 163 of the 197 ships in the English fleet that defeated the Spanish Armada in 1588 were privately owned (Wettenhall 2000). Often the handing out by the ruler of licences and franchises to private parties blurred the line between the public and private spheres. However, in gradual steps from at least the Magna
Carta and through the Age of Enlightenment, notions of the rule of law and of natural rights began to shape and modify the extent to which particularist interests could crowd out the public interest (May 1997).

This had implications for how government dealt with the industrial revolution and its social effects. In the nineteenth century, two factors began to lead to pressures for greater government involvement. One was the expansion of commerce in the Industrial Revolution and in New World frontier expansion. This called for greater government involvement in the provision of infrastructure, such as transport (see Madrick 2009). The other was the reordering of class structures with the expansion of the urban working class and also a lesser increase in the middle classes, which called for government to engage in measures to ameliorate burgeoning social problems, such as poverty, hunger, homelessness and disease (May 1997). The rise of mass working-class parties towards the end of that century generated pressures for government provision of social services such as education, health care, housing and income security – pressures that continued until late in the twentieth century. In OECD nations between 1880 and 1995, for example, the median proportion of GDP spent on state welfare increased from 0.29 per cent to 22.52 per cent (Gough 1979; Lindert 2004). This trend gained added impetus from the aftermath of the Great Depression of the 1930s and expansion of national governments in the Second World War, many of which retained their war powers to tax and spend. The long boom from the 1950s to the 1970s enabled governments to garner revenue without taxing the private sector unduly, while the expectations it unleashed reinforced a popular desire for governments to provide a variety of services to citizens, as well as playing an economic stabilization role in order to avoid a recurrence of the Great Depression.

But as the 1970s proceeded, counter-trends emerged. The combined effects of a growing antipathy to big government, the ‘tax revolt’, opposition to perceived excessive regulation and tightening fiscal circumstances resulted in a search for non-governmental ways to deliver public services. This manifested itself in a global movement to privatize government functions (Salamon 1981; Savas 1983; Kristensen 1987; Wolf 1988; Hughes 2003). Alongside this, in a lower key, were some initiatives to enlist co-production by citizens, volunteers or clients, together with the hiring of non-profit organizations (Whitaker 1980; Brudney and England 1983; Smith
and Lipsky 1993; Alford 2009). By 2000, the types of arrangements involving external providers had proliferated to an extent that would have been unrecognizable forty years before.

**Service delivery, implementation and achieving outcomes**

Making sense of this proliferation has been a challenge for scholars in the field. For a start, there are different ways of framing exactly what is being externalized. Here it is described as ‘service delivery’, for the simple reason that this term is widely used in public management. But it should be recognized that service delivery is a subset (albeit the most substantial one) of a larger body of activities the policy literature describes as ‘implementation’, that is, putting policy into effect (Pressman and Wildavsky 1973; Parsons 1995; Bridgman and Davis 2004; Weimer and Vining 2004).

Service delivery is therefore not quite the same thing as implementation. It is typically used to describe the provision of outputs, such as welfare benefits, school classes, or roads, rather than of outcomes, such as mitigation of poverty, improved literacy or road safety. Moreover, it implies (but doesn’t necessarily entail) provision of services to the clients of the government agency, rather than to the agency itself. However, ‘service delivery’ sits awkwardly with some kinds of instruments, for instance, with applying regulatory constraints or broadcasting advertisements to encourage changes in public behaviour (for example, to use less water) – both of which could reasonably be described as implementation, directed towards achieving particular social outcomes.

In this vein, therefore, we will *mainly* employ the term ‘service delivery’, conceived as the ‘production’ of outputs, which includes provision of services to government agencies as well as to their clients. But where the focus is on bringing about outcomes, or on the imposition of obligations, we will instead refer to ‘implementation’, and in some cases to ‘achieving outcomes’.

**Terminological confusion**

There is a plethora of terms for the act or process of externalization, used in differing ways, such as partnering, partnership, strategic alliance, collaboration, cooperation, network, network governance, joined-up government, whole-of-government, privatization, commissioning, contracting and outsourcing. While there is no such
thing as a ‘correct’ definition of these terms, we need to be clear about what we mean by the words we use in the present analysis.

There are also numerous typologies organized along a wide variety of dimensions, each of them partial in its comprehension of the field. One early attempt was by the former Reagan Administration official, Emanuel Savas (1983, 1987). He put forward a typology of different forms of privatization based on the delineation of three role dimensions: who specifies and arranges what is to be produced, who produces, and who pays. Each of these roles can be played by alternative actors – for example, the role of specifying and arranging can be performed either by an individual consumer, a political authority (for example, an elected government) or a government agency. From these elements, Savas constructed a typology of alternative service arrangements.

But not surprisingly for one who was a crusader for privatization under Reagan, Savas tended to start from the assumption that market solutions are preferable, that is, that government-as-producer is ‘guilty until proven innocent’. This mindset meant that his model was prone to a number of shortcomings, such as ignoring the possibility that each of the roles can be shared between two or more parties, or assuming that all dealings between parties are either hierarchical or contractual. But classical contracting and hierarchical supervision are not the only types of relationship; others include coercion, negotiation or collaboration (deHoog 1990).

Subsequent typologies classify arrangements in a wide variety of ways. Some of them categorize relationships in terms of the number and sectoral location of the parties involved (Alter and Hage 1993; Mariotti 1996; Exworthy et al. 1999; Bovaird 2004; Selsky and Parker 2005). Many of them take the form of continua, in which arrangements vary, for example, in the extent to which they entail closeness between the parties (Lorange et al. 1992; Alter and Hage 1993; Huxham 1996; Sullivan and Skelcher 2002; Mandell and Steelman 2003; Agranoff 2007; Sandfort and Milward 2008), or contractual specificity or formality (Hall et al. 1977; deHoog 1990; Ring and Van de Ven 1992; Lyons and Mehta 1997; Beinecke and DeFilippi 1999; Bovaird 2004; Donahue and Zeckhauser 2011). Some focus on the level at which interaction occurs – Sandfort and Milward (2008), for example, consider collaborative efforts at the level of policy, organization, programme and client. Some combine two or more of these dimensions into selected ideal-types (Oliver 1990). Skelcher (2005), for instance, identifies public
leverage, contracting out, franchising, joint ventures and strategic partnering as specific forms, varying along several dimensions.

Each of these typologies makes sense for the topic or issue to which it is applied. But none of them on its own suits the purposes of this analysis. What is necessary is a framework encompassing all of the phenomena under consideration, but, at the same time, sufficiently discriminating to enable realistic consideration of specific cases. By drawing on the partial insights offered by the existing typologies, we propose a framework that covers the field while enabling useful distinctions to be drawn within it, by addressing three questions:

1 What types of external providers are involved?
2 What are the alternative distributions of roles – such as deciding what to do, funding, or service-delivery – between these external providers and government organizations?
3 What types of relationship are there between these external providers and government organizations? By what alternative modes – such as compulsion, contracts, or collaboration – do government organizations prompt external providers to deliver the desired services?

On the basis of this analysis, we will offer some definitions of key terms, which we argue are clarified by the framework.

Types of external providers

Almost all of the existing typologies conceive of the entities involved as organizations, mainly formal ones, such as government agencies, business firms or non-profit/voluntary organizations, and give scant consideration to individuals as external providers. Here we include external providers who are not organizations, such as volunteers, clients and regulatees, in addition to organizations as providers. Table 1.1 sets them all out.

The most well-known type of external provider is the private for-profit firm, usually engaged on a contractual basis. They take a variety of forms, ranging from large corporations, such as IT suppliers or defence contractors, through private partnerships such as management consulting or accountancy firms, to small businesses. Almost as well-known is the voluntary/non-profit/third
<table>
<thead>
<tr>
<th>External providers</th>
<th>Local</th>
<th>State/provincial</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Other) local government body</td>
<td>Multi-municipality waste disposal facility</td>
<td>Funding for road maintenance</td>
<td>Employment programmes, Early childhood programmes</td>
</tr>
<tr>
<td>(Other) state/provincial government body</td>
<td>Disaster recovery programmes</td>
<td>Anti-drugs strategies</td>
<td>Services for indigenous people</td>
</tr>
<tr>
<td>(Other) national government body</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private firm</td>
<td>Garbage collection</td>
<td>Engineering maintenance Primary Care Partnerships</td>
<td>Defence equipment procurement Employment programmes</td>
</tr>
<tr>
<td>Voluntary agency</td>
<td>Primary Care Partnerships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteers</td>
<td>Meals on Wheels</td>
<td>National park conservatorship</td>
<td>Land conservation programmes</td>
</tr>
<tr>
<td>Clients</td>
<td>Household garbage collection</td>
<td>School pupils and their parents</td>
<td>Welfare recipients</td>
</tr>
<tr>
<td>Regulatees</td>
<td>Cafe proprietors</td>
<td>Polluting companies</td>
<td>Taxpayers</td>
</tr>
</tbody>
</table>
sector organization, also engaged on a contractual basis, usually in areas such as human services or environmental conservation. These also entail a variety of forms, from fully incorporated non-profit companies to less formal associations of volunteer members, such as Neighbourhood Watch or community environment groups. (For the sake of brevity, we will call these entities ‘non-profits’ throughout this book.) Also commonly known are individual volunteers, who donate their time and effort to government agencies in fields such as rural fire-fighting, environmental conservation and community safety, sometimes under the auspices of non-profit/third sector organizations.

Also prominent as external providers, especially in recent years, have been other government agencies. In a world where inter-organizational collaboration, ‘joined-up government’ and ‘whole-of-government’ initiatives have become commonplace, any particular government organization looks to other government agencies as actual or potential partners. At first sight, it might seem that the lateral relationships typical with the private/non-profit sector partners are less relevant here, since each government agency has the option of going to a political superior to resolve conflicts. But for many inter-agency relationships, this option is not so clear-cut. Often the other agency will be part of a different governmental jurisdiction. Thus a national government agency might find itself dealing with a state or local government organization over which the national government has little formal authority (even though it might have informal power). In a federal system such as that of Australia, Canada or the United States, state or provincial governments are effectively sovereign in respect of those functions and powers guaranteed to them in constitutions. In these circumstances there is no official who has formal authority over the contending parties; they must resolve issues laterally, or take them to a supreme or high court (which can be costly and time-consuming). Even where two or more partnering agencies are within the same government, the lowest level official who has authority over both or all of them is likely to be the political chief executive, such as the president, governor, prime minister or premier. Unless the issue is of great significance, these officials are unlikely to have the time or inclination to get involved in inter-agency dealings. Even more challenging is where the relationship crosses national boundaries, such as those within the multinational military peacekeeping force that intervened in East
Timor to deal with rampaging Indonesian-backed militia following the referendum in 1999, or between national agencies and supranational bodies such as the United Nations. In short, to achieve their purposes, government agencies often need to enlist and engage other government agencies as external providers or partners.

These types are consistent with our commonsense understanding of the term ‘providers’. They contribute inputs to the government’s production process. By analogy with a private sector production process, they are suppliers rather than buyers. However, we argue that there are other types of external provider who do not conform so readily with this image.

One is the clients of public sector organizations – those who receive private value at the ‘business end’ of the agency’s operations, such as welfare recipients, pupils in government schools, road users, public hospital patients or employment programme participants. To the extent that they receive private value, clients differ from citizens, who collectively ‘consume’ public value, which includes, *inter alia*: law and order and other pre-requisites for the functioning both of the market and of society; remedies to various forms of market failure, such as inability to provide public goods, externalities, or natural monopoly; promoting procedural and distributional equity; and economic stabilization, through macroeconomic management (Moore 1995; Alford 2002; Hughes 2003: 78–80). Public sector clients also differ from the private sector customers who receive private value from firms, with whom they have direct, voluntary economic exchanges. Many of them, such as school pupils, welfare recipients or road users, are beneficiaries, who receive a service for which they do not pay any money directly (although they may pay indirectly through taxes, in a different capacity). Unlike the private firm, the agency is not concerned to maximize sales but rather to ration them, according to some notion of equity, through devices such as eligibility rules or waiting lists.

Other members of the public, such as prisoners or those subject to regulatory obligations, do not wish to receive a service, but instead are at least to some extent compelled to do so. These obligatees are not engaged in an economic exchange with the agency, so it makes no sense to call them customers. But they have a client-like relationship with the agency to the extent that it seeks to prompt rehabilitation and greater voluntary compliance from them.
by providing fair, responsive and helpful service to them (Alford and Speed 2006).

Both ‘beneficiaries’ and ‘obligatees’ are roles rather than categories. Typically, an individual client will constitute some mix of these roles, as well as being a citizen. For example, an unemployed welfare recipient receives income support and job search assistance, but is also obliged to look actively for work and to report changes of income, address or other circumstances.

However, for the purposes of this book, we will distinguish between clients and obligatees, and indeed refer to the latter as regulatees, for three reasons. First, there are many regulatees, and nearly all of them turn out to be contributing to agency purposes when they comply with their legal obligations. Second, many regulatees are companies rather than individuals, and so that extent are not as comfortably encompassed by the term ‘client’. Third, regulatees have a rather different relationship to regulatory agencies than client/beneficiaries do to other government organizations. Accordingly, we devote a separate chapter to regulatees as providers.

The essential point here is that clients and regulatees can – and quite often must – constitute external providers to the extent that the agency relies on their contributions of time and effort to achieve its purposes. This phenomenon, sometimes called ‘co-production’, is more prevalent than appears at first sight. For example, employment services need their unemployed clients to actively seek work or engage in job-relevant training. Schools cannot educate unless students engage actively with learning processes. Doctors cannot bring about a more healthy population unless patients follow prescribed medical therapies and more broadly undertake preventive measures such as better diets and more exercise. In many areas of social life, the success of government programmes depends on the clients doing some work to facilitate it. On the regulatory side, tax authorities find it difficult to ensure the right amount of tax is being paid unless taxpayers comply with their obligations to file tax returns accurately and promptly. Health and safety inspectors seek to prompt voluntary compliance from companies.

Thus, we can identify a considerable range of types of external provider with which a government agency can interact, as set out in Table 1.1. Thinking more broadly in this way
enables public managers to imagine alternative means of achieving outcomes.

Distribution of roles

For any service to be delivered, certain things have to happen. Decisions need to be made about what is to be done and who is to do it. Resources need to be devoted to its execution. And someone has to do the actual work. For present purposes, we can group these activities into two broad categories:

- *The deciding role.* This is the set of activities directed towards determining what is to be produced, arranging for someone to produce it, and providing resources to enable it to be done. It is similar to, but we hope slightly broader in its scope, than the ‘principal’ role in principal–agent theory; the ‘purchaser’ role in purchaser–provider splits; the ‘policy’ role in the separation of policy from implementation; or the ‘commissioning’ role, which has emerged in UK parlance in recent years. These roles tend to entail a more precise form of ‘deciding’ – namely, the ‘specifying of services’ – whereas we also include cases where services are not so much precisely specified as broadly determined, and/or fine-tuned or adapted as circumstances evolve, especially in collaborative relationships.

  Related to this is the funding role. The funder is usually but not always the same as the decider. In some circumstances, such as franchising, at least part of the funding role is performed by clients (for example, public transport passengers, postal customers), who pay the purchase price for the service. Another exception is where a private firm provides some of the funding, as happens in many public–private partnerships. The motivation for the private firm in these cases is usually the opportunity to receive a future stream of income or some assets from the project (English 2005; Shaoul 2005). For the purposes of this book, we will generally subsume funding under deciding, but point out exceptions where they arise.

- *The producing role.* This is the set of activities directed towards converting resources into valuable results. It is similar to the roles
Rethinking Public Service Delivery

of, respectively, agent, provider or implementer in the binary distinctions made. It should be stressed that ‘production’ is here defined very broadly. Although in some minds it conjures up factory production lines churning out material goods, here it refers to any activity that converts resources of any kind into tangible or intangible things of value. Thus it might refer not only to outputs such as public housing construction or postal deliveries but also to outcomes such as improved literacy or reduced crime. The provider is the person or organization who carries out the task that has been decided upon, and can be any of a number of types.

Conceivably, each of these roles could be performed either solely by the government organization itself, or solely by the external party, or by some mix of the two, as set out in all six cells in Figure 1.1. But for the present analysis, we focus on only four of the cells (shaded in grey), since our concern is only with arrangements where the deciding role is at least partly the responsibility of the government organization, and the producing role is at least partly the responsibility of the external party. We therefore exclude cells 3 and 4 from consideration, and focus on the relationships between cells 1 and 2 on the one hand and 5 and 6 on the other. This gives us four permutations, represented by the arrows in the figure:

<table>
<thead>
<tr>
<th>Deciding</th>
<th>Producing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performed solely by government organization</td>
<td>1</td>
</tr>
<tr>
<td>Shared between government organization and external party</td>
<td>2</td>
</tr>
<tr>
<td>Performed solely by external party</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>5</td>
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<td></td>
<td>6</td>
</tr>
</tbody>
</table>

**FIGURE 1.1** Possible allocations of roles
1 Government decides, production shared (cells 1 and 5). This is the kind of arrangement seen in some public–private partnerships, where both the public agency and the private firm contribute effort, but the arrangement is subject to a government-imposed contract. It is also common in regulatory relationships.

2 Government decides, external party produces (cells 1 and 6). This is the archetypal form of outsourcing (or ‘contracting out’), in which government is clearly the principal and the external party is clearly the agent, but also applies to the relationship with volunteers.

3 Deciding role shared, production shared (cells 2 and 5). This is the archetypal form of collaborative partnership, where the government organization and the external party jointly govern the service and jointly deliver it. It is essentially the arrangement seen in some public–private partnerships (different from those mentioned in point 1 above), in partnerships with non-profit organizations, in joined-up government, and also co-production with clients.

4 Deciding role shared, external party produces (cells 2 and 6). This is where an external party delivers a service under a joint governance arrangement where both it and the government organization are represented. It is a relatively uncommon arrangement, but observable in some settings such as primary care partnerships.

However, while this schema is inclusive of all the conceivable arrangements, it does not allow important distinctions to be drawn between certain types that appear to be similar within it but in fact are different. For example, contracting out can be conducted in various ways ranging from transactional to collaborative. This brings us to the third factor in our taxonomy.

Modes of coordination

Identifying the respective roles of entities is a necessary but not a sufficient consideration in understanding a productive relationship. To enable the entities to perform these roles in a useful way, some type of mechanism is needed to ensure that the behaviours or actions by those producing are consistent with what the deciding
party wants. Writers such as Savas (1987) and others imply that the only possible types of relationship are either ones based on contract or ones based on formal authority, that is, markets or hierarchies (See for example, Coase 1937; Jensen and Meckling 1976; Milgrom and Roberts 1992). But as discussed above, there is a substantial literature pointing to other modes of coordination between entities. Many put forward a spectrum, which at one end has contractual mechanisms such as precise service specification, competitive tendering, incentives and penalties, and at the other has collaborative relationships, involving trust, shared goals and mutual commitment, as the means by which the parties coordinate their activities (Ring and Van de Ven 1992; Lyons and Mehta 1997; Beinecke and De Filippi 1999; Bovaird 2004). Indeed, some of those who focus on the collaborative end of the range propose a continuum of collaboration sub-categories ranging from something like loose coordination through to strong collaboration (for example, Himmelmann 1996). Another mode which attracts less attention is directive supervision – simply put, where a superior gives instructions to someone who acts as a subordinate, as occurs inside a hierarchy, for example, in an employment contract. This receives limited attention in the inter-organizational literature because it is seen as being more common inside organizations. But it can be seen in some relationships with external providers – for example, where an organization engages a legal adviser or an IT expert to provide services as required, with specific requests framed as circumstances arise, rather than the work being specified in advance in a contract.

DeHoog points out that even in outsourcing, there can be other modes of coordination besides classical contracting. One is collaboration, as discussed above, but another is a mode that sits somewhere between contracting and collaboration – namely, negotiation or ‘relational contracting’, where ‘a form of consensual and incremental decision making is the norm’ (deHoog 1990: 325). Unlike contracting, it does not involve open competitive tendering, but rather invitations to selected bidders, and specific details are then agreed on through negotiation.

The literature on modes of coordination can credibly also be applied to non-organizational external providers such as volunteers or clients. Their contributions to organizational purposes can be elicited not only through incentives and sanctions but also through the building of good relationships, manifested as collaboration. However, this literature has little to say about relations with regulatees, who are also part of our set of potential external...
providers. In this book we take the view that regulatees can be subject to a variety of modes of coordination just as all the other types of external providers can. Nevertheless, compulsion or sanctions loom large in this particular type.

In order to encompass all these aspects, we put forward a continuum traversing five nodal points, as shown in Figure 1.2. At one end is the application of compulsion and at the other end collaborative relationships. In between are directive supervision, transactional contracts, and negotiated agreements. This enables us to distinguish, for instance, between different types of outsourcing arrangements – those based on tightly specified contracts backed up by incentives and penalties, those entailing episodic instructions from the principal, and those that rely on cooperative relationships.

A qualifying factor: the duration of the relationship

One factor to consider is that arrangements can vary in their duration. At one end of the scale would be ‘once-off’ single transactions which are almost certain not to be repeated – for example, the purchase of banners and bunting for the staging of the Olympic Games in a particular city. At the other end would be interactions of indefinite length such as that between two government departments which work jointly on certain issues – for example, between the police and the mental health service on dealing with psychiatric clients who reside in the community. In between these two extremes, at the shorter end of the scale would be contracts for limited terms such as one year, while towards the longer end would be multi-year franchises, such as those in public transport in the UK, which can run for 12 or 15 years, or public–private infrastructure partnerships, which can be of even longer duration. Also affecting the perceived duration is whether these engagements are repeated.

What makes this factor important is that it affects the expectations of the parties as they establish and maintain their working relationships. If they see the relationship as long-term, it is worth them investing more time and energy in maintaining shared
commitment and trust. If, however, they see it as ‘once-off’ or short-term, they will tend to place less weight on these issues. However, in the interests of parsimony, we will not add this factor as a fourth dimension in our framework, but rather take note of it where it is relevant in the forthcoming pages.

Defining terms

As we noted, there has been a proliferation of terms in this field and, moreover, they are used in many different ways. This means that there is no ‘correct’ definition of each of the terms under consideration. Instead, all we can do here is put forward what we mean by particular terms, and use them consistently throughout the book. The foregoing analysis provides a basis for this. Our key meanings are therefore as follows (see also Table 1.2).

<table>
<thead>
<tr>
<th>General terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External providers:</strong> any entities outside the government organization in question that produce all or some of the service.</td>
</tr>
<tr>
<td><strong>Externalization:</strong> any arrangement in which one or more external providers produce all or some of the service.</td>
</tr>
</tbody>
</table>

Terms relating to the distribution of roles

| Outsourcing: any arrangement in which the whole of the production of a given service is handed to an external entity. Another term for outsourcing is ‘contracting out’ (with the word ‘out’). |
| Partnership: any arrangement in which the production of a given service is shared between two or more organizations. |

Terms relating to the mode of coordination

| Collaboration: where the coordination between two or more entities is primarily through the mechanisms of trust, mutual commitment and shared goals. |
| Contracting: where coordination occurs through transactional mechanisms such as tight specification, financial incentives, penalties and competitive tendering. Note that this is not the same as ‘contracting out’. |
External providers are any entities outside the government organization in question that produce all or some of the service. Externalization is accordingly any arrangement in which one or more external providers produce all or some of the service. This is the umbrella term for the processes considered in this book; it can cover either situations where the whole of the production of a service is handed over to an external entity, or where it is shared with an external entity.

Outsourcing will be defined as a particular subset of externalization. It refers to any arrangement in which the whole of the production of a given service is handed to an external entity.

Partnership is a term which has had an especial confusion of meanings. One usage refers to the mode of coordination, which confuses it with collaboration. Thus a partnership is said to be a relationship in which the parties interact collaboratively. The other usage, which is the one we use here, is more structural, and refers to the role relationship. It covers any arrangement in which the production of a given service is shared between two or more organizations (in this case, one of the organizations would be the government agency in question). Two of the leading authors on partnerships, Klijn and Teisman (2000: 85–6), contrast the terms similarly:

Contracting-out is characterized by a principal–agent relationship in which the public actor defines the problem and provides the specification of the solution... Partnership, on the other hand, is based on joint decision-making and production in order to achieve effectiveness for both partners.

Thus partnership is contrasted with outsourcing, and is a different subset of externalization. In this definition, a partnership can operate either in a more collaborative fashion or a more transactional fashion.

In a different dimension, collaboration and contracting (minus the word ‘out’) will be taken to refer not to whether the production is shared between the parties but rather to modes of coordination. Collaboration is where the coordination between two or more entities is primarily through the mechanisms of trust, mutual commitment and shared goals. In this context, trust is both an antecedent and a consequence of collaboration. As an antecedent, it is analogous to (and an alternative to) the other modes of coordination...
such as contracts or compulsion. But trust is also a consequence of collaboration, in that successful cooperation contributes to a ‘virtuous spiral’ of increasing trust. (This will be explained in detail in Chapter 5.)

By contrast, contracting is where coordination occurs through transactional mechanisms such as tight specification, financial incentives, penalties and competitive tendering. It refers to externalization, which is conducted on a transactional or contractual basis rather than through collaborative mechanisms. This is different from contracting out (with the word ‘out’ added) which is here seen in terms of role relationships, as a subset of outsourcing. Each of these terms can be applied to either an outsourcing arrangement or a partnership.

**Taxonomy**

On the basis of the foregoing discussion, it is now possible to put forward a taxonomy of alternative arrangements between government organizations and external providers, as set out in Table 1.3, which encompasses our three key dimensions. It should be pointed out, at the outset, that this taxonomy does not cover all the possible arrangements conceivable. Rather it is confined only to those cases relevant to the scope of this book: namely where a government organization is at least partly the decider, and an external entity carries out at least some of the provision of the service.

Thus we do not cover arrangements in which government solely performs all three roles, nor those in which an external entity such as a private firm or a voluntary agency or some combination of them performs all of the roles. Nor does it cover situations where government shares the deciding role (for example, through consultation with community organizations) but performs the service-delivery role by itself.

The taxonomy delineates a variety of conceivable types, each representing a different mix of public and private. Some of them are familiar and widespread, such as the several varieties of classical contracting, including commissioning and franchising, and of partnering, such as public–private partnerships and collaborative partnerships. Also increasingly familiar are ‘joined-up’ arrangements between two or more government agencies.

The classification scheme also allows us to distinguish between different types of public–private partnerships. As will be explained
<table>
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<th>Who decides what is to be done?</th>
<th>Mode of coordination</th>
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<tr>
<td>Outsourcing (Ch. 4)</td>
<td>Private firm, non-profit/voluntary agency, other government organization</td>
<td>Government organization</td>
<td>Contract and/or negotiation</td>
</tr>
<tr>
<td>Partnering (Ch. 5)</td>
<td>Public-private partnership (rhetorical)</td>
<td>Government organization and private firm</td>
<td>Contract and/or negotiation</td>
</tr>
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<td></td>
<td>Public-private partnership (substantive)</td>
<td>Government organization and non-profit/voluntary agency</td>
<td>Some by contract, some by collaboration</td>
</tr>
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<td></td>
<td>Collaborative partnerships</td>
<td>Government organization and non-profit/voluntary agency</td>
<td>Mainly collaboration</td>
</tr>
<tr>
<td></td>
<td>Joined-up government</td>
<td>Government organization with other government organizations</td>
<td>Mainly collaboration</td>
</tr>
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**TABLE 1.3 (Continued)**

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<th>Mode of coordination</th>
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<td>Volunteering (Ch. 6)</td>
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<td>Government organization</td>
<td>Quasi-employment relationship</td>
</tr>
<tr>
<td>Regulation (Ch. 7)</td>
<td>Government organization with private firm, non-profit/voluntary agency</td>
<td>Government organization</td>
<td>Compulsion plus negotiation and/or collaboration</td>
</tr>
<tr>
<td>Client co-production (Ch. 8)</td>
<td>Government organization and client</td>
<td>Government organization and client</td>
<td>Mixture of exchange, collaboration and compulsion</td>
</tr>
<tr>
<td>Multiparty networks (Ch. 9)</td>
<td>Government organization and multiple private firms, and/or non-profit/voluntary agencies, other government organizations</td>
<td>Government organization and multiple private firms, and/or non-profit/voluntary agencies, other government organizations</td>
<td>Various simultaneously</td>
</tr>
</tbody>
</table>
in Chapters 4 and 5, some are truly ‘partnerships’ in substantive terms, but others are only so in rhetorical terms, in that the producing role is performed solely by the private firm, with varying types of financing arrangements. They are thus more like outsourcing arrangements than partnerships.

Other notions – such as seeing regulatees as external providers – are less commonly framed in this way. But to the extent that regulatees contribute to the achievement of organizational purposes and therefore to creating value for the public, they fit squarely within the logic of this analysis. Consider the notion of co-regulation, in which the agency sets the broad parameters of regulatory obligations, and the regulatee translates these parameters into specific obligations and a plan for meeting them, as well as implementing the plan. The regulatee thus performs some of the work of the regulator, whose role is streamlined to giving expert advice, approving the plan and (infrequent) periodic audits of its implementation (Ayres and Braithwaite 1992: ch. 4; Baldwin and Cave 1999: 39–41).

Similarly, to see clients as co-producers of public services is at odds with the usual way we conceive of clients: as recipients rather than providers. But they fit within this typology as sharing the work of the public sector agency, typically in a collaborative mode.

These are only some of the possible arrangements. In fact, a moment’s reflection on the various dimensions and the range of alternatives within each of them would disclose that there are literally hundreds of possible arrangements. The basic point is that there is no simple divide between ‘public’ and ‘private’, but rather a vast field of possible intermediate structures in between a notionally purely public and a notionally purely private arrangement. Whilst this is more complex, it is also more useful. It enables consideration of the full range of possible external providers on a comparable basis. It also enables identification of more imaginative alternatives for service arrangements than everyday thinking might allow.

**Conclusion**

From the 1970s, a long run trend of government assuming increasing responsibility for economic and social activities began to be reversed. But this change of direction did not entail simply handing functions back to businesses across a simple divide between the public and private sectors. Instead, the reallocation of roles is
more complex, in that it involves a broader range of parties. Services for the public do not have to be performed only by public sector organizations; they can also be produced by a wide array of other entities, such as private firms, voluntary agencies, clients, volunteers, regulatees and even other government departments. It is also more complex in the variety of relationships these external actors have with government. Not only the mechanisms of markets and hierarchies, but also those of networks and others, play a significant role.

This chapter has sought to map this domain in a framework which aims to make sense of the breadth of possibilities. The remainder of this book will delve into this framework. Chapters 2 and 3 explore what government organizations and external providers seek from each other, considering the benefits and costs to public agencies, and the motivations of external providers and the mechanisms which resonate with those motivations. Chapters 4 to 9 then take each of the main categories of external providers in turn. Chapters 4 and 5 consider organizations (private firms, voluntary agencies and other government departments) as external providers, whereas Chapters 6 to 8 look at individuals (volunteers, regulatees and clients) as external providers or co-producers. Chapter 9 considers multiparty networks of providers, and Chapter 10 brings it all together in a contingency framework, setting out the circumstances in which each type of arrangement is most suitable and the choices that need to be made in managing external providers. Chapter 11 examines how government organizations can best equip themselves to manage external providers, considering structure, culture and skills. Finally, Chapter 12 provides the conclusion.
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