

International Research Society for Public Management – Hong Kong April 2016

LOCATING CUSTOMER VALUE IN CONTRACTING-OUT DECISIONS IN ENGLISH LOCAL AUTHORITIES.

Russ Glennon¹

Centre for Service Management, Loughborough University.

Zoe Radnor¹

Centre for Service Management, Loughborough University.

Ian R. Hodgkinson¹

Centre for Service Management, Loughborough University

I.R.Hodgkinson@lboro.ac.uk

Rosamund Chester Buxton¹

Centre for Service Management, Loughborough University.

¹Loughborough University, Leicestershire LE11 3TU, United Kingdom.

Abstract

In the UK a mixed economy in the delivery of public services has emerged over the last thirty years. Governments of both left and right have relied on market forces and competition to drive improvements or efficiencies in public service delivery (Entwistle and Martin, 2005). Whilst administrations have differed in the extent to which outsourcing is encouraged or obligatory, and discourses of ‘partnerships’ abound, the principles of commissioning, procurement, and outsourcing have been well absorbed into managerial and political orthodoxy. Academic studies have tended to explore whether these arrangements deliver more efficient or effective services (Andrews et al., 2011), and the evidence here is mixed (Zafra-Gómez et al., 2013, Boyne, 2002). Some have also argued that the marketization of public services challenges the extent of ‘publicness’ (Bozeman and Bretschneider, 1994, Andrews et al., 2011, Haque, 2001).

Contemporaneously, a body of scholarship has emerged regarding co-production, public service-dominant logics and service value in an environment of new public governance (e.g. Osborne, 2010, Radnor et al., 2014, Bovaird and Loeffler, 2012), which locates services users /customers at the heart of the service-driven process for effective public delivery. Recent exploratory research presented at IRSPM2015 suggested that delivery modalities (public, private or non-profit provision) do have some impact on a three factor model of performance (business, customer, and social). It also outlined the importance of customer input in contracting-out decisions, and the scarcity of studies that examine this. Conceptual confusion may exist between considering customer/client value and representational mechanisms such as

service user involvement. Therefore the extent to which customers' views are represented as part of the decision making process merits further exploration.

This project builds on those earlier theoretical foundations and carries out qualitative investigations into how commissioners feature customer/client views in contracting-out decisions in nine English local authorities, using empirical data to anchor future theoretical and practical propositions around building public value into outsourcing processes. The Local Government Association (2015) estimates that funds available for delivering many popular public services will have shrunk by 66% by 2020, yet the expectations on public services are only increasing. Outsourcing is often seen as a method for reducing expenditure and financial considerations thus are likely to be given priority in contracting processes. In light of the harsh financial environment, is customer / user value actually being eroded despite the rhetoric of enhanced service delivery?

References

- ANDREWS, R., BOYNE, G. & WALKER, R. M. 2011. Dimensions of Publicness and Organizational Performance: A Review of the Evidence. *Journal of Public Administration Research and Theory*, Publicness and Organizational Performance: A Special Issue, 301-319.
- BOVAIRD, T. & LOEFFLER, E. 2012. From Engagement to Co-production: The Contribution of Users and Communities to Outcomes and Public Value. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 23, 1119-1138.
- BOYNE, G. A. 2002. Public and Private Management: What's the Difference? *Journal of Management Studies*, 39, 97-122.
- BOZEMAN, B. & BRETSCHNEIDER, S. 1994. The "publicness puzzle" in organization theory: A test of alternative explanations of differences between public and private organizations. *Journal of public administration research and theory*, 4, 197-224.
- ENTWISTLE, T. & MARTIN, S. 2005. From Competition to Collaboration in Public Service Delivery: A New Agenda for Research. *Public Administration*, 83, 233-242.
- HAQUE, M. S. 2001. The Diminishing Publicness of Public Service under the Current Mode of Governance. *Public Administration Review*, 61, 65-82.
- LOCAL GOVERNMENT ASSOCIATION 2015. Future funding outlook for councils 2019/20 Interim 2015 Update. London: LGA.
- OSBORNE, S. P. 2010. Delivering Public Services: Time for a new theory? *Public Management Review*, 12, 1-10.
- RADNOR, Z., OSBORNE, S. P., KINDER, T. & MUTTON, J. 2014. Operationalizing Co-Production in Public Services Delivery: The contribution of service blueprinting. *Public Management Review*, 16, 402-423.
- ZAFRA-GÓMEZ, J. L., PRIOR, D., DÍAZ, A., PLATA, M. & LÓPEZ-HERNÁNDEZ, A. M. 2013. Reducing costs in times of crisis: Delivery forms in small and medium sized local governments'waste management services. *Public Administration*, 91, 51-68.