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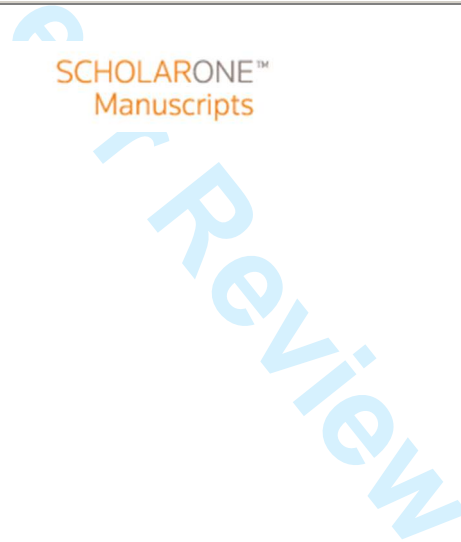
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Hybrids and professional communities: comparing UK reforms to health care, broadcasting and postal services

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3 **Hybrids and professional communities: comparing UK reforms to health care,**
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5 **broadcasting and postal services**
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8 Many countries use mixed economies of supply in which state-owned, for-profit, and third-
9 sector organizations deliver public services. Some commentators argue ‘hybrid’
10 organizational forms combining structural characteristics of each type have resulted from
11 policy reform. Taking into account ‘agency’, others argue ‘hybridity’ is observable in
12 everyday practices through which public organizations negotiate ‘public’ and ‘private’
13 influences on behaviour. This paper presents qualitative data on three areas of the UK public
14 sector that have undergone marketization: health care (48 interviews), broadcasting (36
15 interviews), and postal services (33 interviews and non-participant observations). The
16 findings show that implementation of market-based reforms in public sector organizations is
17 influenced by sector-specific differences in the characteristics of professional communities.
18 Hybridity should be explored as the outcome of interaction between factors at the regulatory,
19 organizational, and micro level of professional communities. Hybrid forms will take on
20 different characteristics depending on how these factors interact and combine.
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INTRODUCTION

Internationally, many countries are using mixed economies of supply for providing public services in which state-owned, for-profit, and third-sector organizations can deliver services. One explanation for the emergence of such plural or ‘quasi-markets’ (Bartlett and Le Grand 1993) is policymakers’ desire to improve service delivery by exposing state-owned providers to competition, while also needing to safeguard public services’ welfare role (van der Heijen 2013). In the UK, use of mixed economies of supply is linked to a broader turn towards use of ‘business-like’ management practices that aim to modernize state-owned organizations across the public sector (Hood 1995). This paper explores market-based reforms in relation to three areas of the UK public sector. In the English National Health Service (NHS), state-owned hospitals have been corporatized and granted more financial freedom, while service providers from the private and third sector have been encouraged. In broadcasting, a compulsory quota for commissioning programming from the private sector was imposed upon the British Broadcasting Corporation (BBC) in the early 1990s, and extended through subsequent organizational reforms in the mid-2000s. In the postal industry, the state-owned provider, Royal Mail, was converted into a public limited company (owned by the government) in 2001, followed by privatization in 2013 through floatation on the London stock exchange.

An influential way of interpreting market-based reforms is to describe the emergence of ‘hybrid’ forms in public service delivery. Hybrid forms of organization – that combine coordination through price, authority, reciprocity and trust – fall somewhere between the distinction between market and hierarchy found in transaction cost economics, and suggest a blurring of the boundaries between the public and private sphere in how providers deliver services. Hybridity is often approached by distinguishing between ideal types of organization – e.g. public, private, and third sector – and assessing how each is influenced by the need to

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2
3 respond to a regulatory context that emphasises both the public interest and market-like
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5 behaviour. The emergence of hybridity may be seen as a 'coping strategy' in response to
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7 these contrasting demands (Evers 2005). The influence of multiple demands on hybrid
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9 organizations has generated both optimism, such as opportunities for new sources of income,
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11 and pessimism, due to the risks of losing independence and changing values (Billis 2010).
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13 Studies at the meso (organizational) level have assessed the impact of multiple demands on
14
15 public sector organizations by examining the relationship between the regulatory context and
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17 providers' structural form, including their ownership, funding, and relationships with other
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19 providers.
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25 An alternative way of analysing hybridity, that has emerged in the public administration
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27 literature, aims to provide a theory of agency to analyse the processes through which hybrid
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29 forms are practised at the micro level, including the responses of organizations, groups, and
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31 individuals (Skelcher 2012; Skelcher and Smith 2015). Rather than privilege structural
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33 characteristics and forms of authority, these approaches explore the practices through which
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35 hybrid forms are produced and experienced to explain how potential tensions between
36
37 different demands on hybrid organizations are negotiated. For instance, hybrid organizations
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39 may be associated with financial, cultural and political risks (Brandsen and Karre 2011). At
40
41 the micro level, processes such as situated knowledge use, argumentation among
42
43 stakeholders, and local resistance in response to organizational change help to shape the
44
45 emergence of hybrid forms, meaning that they cannot be reduced to structure or agency
46
47 (Gleeson and Knights 2006; Skelcher 2012). Taking into account both perspectives, this
48
49 paper explores how different forms of hybridity emerge through interaction between
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51 organizational (meso-level) structures and agent reflexivity within organizations at the micro
52
53 level. This approach responds to a recent call for multi-level approaches to the study of
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3 hybridity, which include: ‘linking changes on the level of individual professionals or groups
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5 in public services to their changing, often hybrid, organizational and political environment’
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7 (Denis *et al.* 2015, p.284). Using a multi-level approach, this paper addresses the following
8
9 question: how is the hybridization of organizations in the public sector influenced by
10
11 interaction between regulatory and organizational change and the characteristics of
12
13 professional communities in different sectors?
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18 To link structure and agency, the analysis uses the theory of ‘communities of practice’ (CoPs)
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20 which represents a micro-level theory of agency in suggesting that learning within
21
22 organizations takes place through repeated social interaction among groups of individuals
23
24 with shared interests and skills (Wenger 1998). Within the public sector, professional
25
26 communities such as health care professionals are critical to service delivery and innovation
27
28 as they hold specialist knowledge and expertise; contribute to organizational learning through
29
30 social interaction; and often have the authority to moderate external change (Ferlie *et al.*
31
32 2005; Amin and Roberts 2008). CoPs theory can be used to analyse, firstly, how professional
33
34 communities in the public sector are influenced by regulatory and organizational change
35
36 associated with hybridization, e.g. demands for ‘commercial’ knowledge and, secondly, the
37
38 ways in which professional communities may resist or moderate the implementation of
39
40 change. In the next section, different approaches to hybridity in public administration,
41
42 focusing on organizational structure or agency, are outlined. After describing the research
43
44 methodology, the findings concerning the impact of market-oriented reform on three UK
45
46 public sector organizations are presented and discussed.
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52 **APPROACHING HYBRIDIZATION**

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55 Almost 30 years ago, Powell (1987) argued that by looking at economic organization as a
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57 choice between markets and hierarchies, one would fail to see the variety of hybrid forms that
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3 characterized the organizational landscape. We take ‘hybridity’ to mean the ‘heterogeneous
4 arrangements, characterized by mixtures of pure and incongruous origins, (ideal)types,
5 “cultures,” “coordination mechanisms,” “rationalities,” or “action logics”” (Brandsen *et al.*
6
7 2005, p.750) influencing organizational behaviour. Hybrid forms of organization are not
8
9 restricted to private sector companies engaging in joint-ventures, strategic partnering or other
10
11 forms of networks, but are today a common form of organizing the provision of public
12
13 services including social housing (Koffijberg *at al.* 2012), health care (AuthorsA), and
14
15 broadcasting (AuthorsB; Doyle and Paterson 2008). The hybridization of the public and
16
17 private sector emphasizes the interdependence of private and public interests, and the
18
19 resultant need for studies that explore the interaction and dynamic change of these interests
20
21 and their influence on organizational behaviour (Mahoney *et al.* 2009).
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30 The majority of studies analysing the hybridization of public services has focused on the
31
32 blurring of the boundaries between the public and private sector brought about by shifts in the
33
34 regulatory and institutional context. The blurring of boundaries is often linked to both types
35
36 of organizations responding to common factors at the meso or macro level. Bozeman (1987)
37
38 suggests that the ‘publicness’ of both public and private organizations depends upon the
39
40 relative influence of economic and political authority on different organizational processes,
41
42 including funding sources and regulation. In relation to the English NHS, supply-side reforms
43
44 have encouraged ‘hybrid’ providers with a variety of ownership structures, funding sources,
45
46 and modes of social control that bring together aspects of market and political hierarchy
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48 (AuthorsA). In UK broadcasting, changes in the late 1990s to Channel 4’s funding structure
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50 (the UK’s only public service publisher-broadcaster) allowed profits to be retained from its
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52 advertising, which resulted in the channel taking on a more commercial orientation and
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54 becoming less pluralistic in its programming (Born 2003).
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5 Regulatory change can also affect interactions between providers. Using the example of the
6
7 building regulation industry, van der Heijden (2013) shows that the encouragement of
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9 competition among providers in Australia relative to Canada impacted upon providers'
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11 strategies (in the latter country more complementary relations emerged). Others have argued
12
13 that the presence of common institutional pressures allows the further step to be taken of
14
15 equating hybridity with homogenization. Millar (2012) argues that, despite policymakers'
16
17 attempt to increase provider diversity by encouraging new entrants into the NHS, social
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19 enterprises and public organizations are converging due to isomorphic pressures associated
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21 with common management methods.
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26 While recognising that meso level factors, e.g. funding sources and regulation, do shape
27
28 organizational behaviour, this does not necessarily result in homogeneity. Instead, this paper
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30 explores hybridization as the outcome of interaction between meso and micro level factors,
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32 suggesting that hybrid forms will take on different characteristics depending on how factors
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34 at these different levels interact and combine. Previous comparative analyses of UK public
35
36 sector reform found that common discourses at the meso level were used to legitimise
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38 modernisation, e.g. 'entrepreneurial leadership' (Currie *et al.* 2008), but that sector-specific
39
40 differences influenced implementation at the micro level of service delivery, including
41
42 variation in professional values and institutions (Ackroyd *et al.* 2007). This suggests that
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44 interactions between factors at different levels reflect the interplay between structure and
45
46 agency during implementation processes: intended policy and organizational reforms are
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48 negotiated in, and mediated through, the everyday practices of professional groups found
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50 within organizations (Gleeson and Knights 2006).
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55 To further understanding of hybridity in the public sector, it is thus important to examine the
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57 ways in which professional groups are influenced both by reform (i.e. potential impact on
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3 their practices) and help to shape reform processes (i.e. their effect on the planning and
4 implementation of change). To systematically assess these interactions between reform
5 processes and professional groups within the public sector we draw on Wenger's (1998)
6 concept of CoPs. This argues that sustained interaction among professional groups generates
7 social and material resources for learning, including ways of doing things, stories, gestures,
8 symbols, genres, and concepts (Wenger 1998). These activities may contribute to
9 organizational learning in so far as they are aligned with wider organizational goals; equally,
10 there may be tensions between the dynamics of professional communities and the shifting
11 organizational and institutional context in which they are situated. Thus, the concept of CoPs
12 offers a useful way of exploring 'hybridity' because it draws attention to the ways in which
13 regulatory reform and organizational change influence, and are influenced by, the activities of
14 different professional communities at the micro level.

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30 To systematically assess the interplay between reform processes and the dynamics of
31 professional communities, we draw on Amin and Roberts' (2008) framework that compares
32 CoPs along four dimensions: knowledge use, social interaction, organizational structure, and
33 innovation outcome. As an illustration of these dimensions, health care professionals are said
34 to learn through both academic study and learning in doing (knowledge); develop
35 professional identities through interaction with experienced members of a community
36 (interaction); are regulated by professional associations which may act as a barrier to radical
37 change (organizational dynamics); and are more geared towards incremental than radical
38 innovation, as the latter often requires interaction across professional and organizational
39 boundaries (innovation). As suggested by these dimensions, an important characteristic of
40 how CoPs are organized is their strong boundaries, as they tend to be uni-disciplinary in
41 nature, which means that CoPs can resist processes of external change (Ferlie *et al.* 2005).
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3 In this paper, we apply these dimensions to professional communities in postal services,
4 health care, and broadcasting, in order to assess, first, how the learning practices of these
5 groups are influenced by reform and, secondly, how such communities might shape the
6 implementation of reform and responses to hybridisation within each sector.
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11 12 **STRUCTURAL REFORM IN POSTAL SERVICES, HEALTH CARE, AND** 13 **BROADCASTING** 14 15

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18 Market-based reforms were introduced in the UK across a range of public services in the
19 1990s and developed further under subsequent governments. The New Labour government
20 announced in 1999 that the postal market would be liberalised, arguing that greater
21 competition would lead to ‘increased efficiency’ and encourage ‘innovation, productivity,
22 and growth’ (Department of Trade and Industry [DTI] 1999). Royal Mail’s monopoly on
23 collecting and delivering mail was phased out between 2003 and 2006 (a requirement to
24 provide a universal postal service was maintained) and private companies were licensed to
25 compete in the postal market by a new regulator, the Postal Services Commission. In 2001,
26 Royal Mail became a publicly limited company with an arm’s length relationship with
27 government and freedom to form partnerships and alliances. The government argued that
28 competition would ‘change the business culture of the post office, challenging it to become
29 more efficient and competitive’ (DTI 1999, p.19). A three-year period of ‘restructuring for
30 recovery’, which included 30,000 redundancies, was initiated by the Board. In response to
31 impending competition, Royal Mail invested in new services to complement the
32 organization’s core competence in postal collection and delivery, including data and media
33 services. In 2013, the Conservative Liberal Democrat coalition government oversaw Royal
34 Mail’s public floatation on the London stock exchange. In June 2015, the Conservative
35 government began selling off the government’s remaining 29.9 per cent stake in Royal Mail.
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3 The findings presented in this paper describe Royal Mail's response to the preceding step of
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5 the postal market's liberalisation in the early 2000s.
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10 In the English NHS, an internal market was introduced in the early 1990s in which providers
11 and purchasers of health care were separated. Authority was devolved to corporatized
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13 provider organizations, while central control was maintained through national targets and
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15 other central mechanisms for regulating providers' performance. Increased autonomy led to
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17 more 'business-like' organizations preoccupied with financial issues, encouraging of non-
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19 executive directors with private sector backgrounds, and keen to apply managerial concepts
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21 to clinical practices (Ashburner *et al.* 1996). In the mid-2000s, New Labour went further by
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23 encouraging diverse providers from the private and third sector, as part of policy of supply-
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25 side reform that aimed to reduce waiting times, improve efficiency, and increase care quality
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27 (Department of Health 2000). New entrants from outside the NHS were seen as potential
28
29 sources of innovation (e.g. in establishing new care pathways outside traditional hospital
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31 settings), while external competition was regarded as the 'grit in the oyster' for improving
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33 system performance (House of Commons Health Committee 2006).
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40 At a similar time to the English NHS, market-based reforms were introduced at the BBC.
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42 Following publication of the Peacock report on the BBC's financing, two structural reforms
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44 were introduced in the early 1990s. A 25 per cent quota for commissioning programming
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46 from the independent sector was applied to the BBC and ITV under the 1990 Broadcasting
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48 Act and an internal market for programming ('Producer Choice') involving the separation of
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50 producers from commissioners was created within the BBC. In 2007, the maximum quota of
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52 programming that could be supplied by the independent sector was increased to 50 per cent
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54 through the 'window of creative competition' (WoCC), as in-house and external producers
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3 would compete for a further 25 per cent of programme commissions. Three inter-related
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5 arguments were made by policymakers for supporting a greater role for the independent
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7 production sector in delivering public service broadcasting. Firstly, introducing competition
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9 among producers would ensure the ‘best’ possible programmes were broadcast (the term
10
11 ‘efficiency’ is also used in this context). Secondly, the use of private providers would
12
13 promote greater diversity in programme content. The WOCC promised to ‘deliver range and
14
15 diversity, promising genuine opportunity for all types of independent producer (as well as the
16
17 BBC itself) from all parts of the UK and across a wide range of output’ (Department for
18
19 Culture, Media & Sport [DCMS] 2006, p.41). Thirdly, the private sector was seen as a locus
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21 of ‘creativity and innovation’ in its own right that would be able to deliver ‘additional value
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23 to the viewer’ (DCMS 2005, p.9).
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30 In summary, across all three sectors, similar reasons were given by government for
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32 introducing market-based reforms. Competition was introduced as a means to increase
33
34 ‘efficiency’ in the delivery of services and to promote ‘innovation’ within each sector. The
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36 empirical part of this paper assesses the ways in which sector-specific differences in
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38 professional communities have influenced, and were influenced by, the implementation of
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40 reform.
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46 **RESEARCH METHODS AND CASE SELECTION**

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49 Analysing reform across multiple sectors allows the impact of structural (meso-level) reform
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51 on different public organizations to be compared, while tracing the (micro-level) responses of
52
53 professional groups to reform facilitates consideration of the emergence of hybrids through
54
55 the interplay of structural reform and professional practice. The health care case study draws
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57 on a wider study of provider diversity in the English NHS (AuthorsC). During 2008 and
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3 2009, 48 interviews were conducted with representatives of NHS providers (22) and
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5 commissioners (7), as well as for-profit (10) and third sector (10) providers. The broadcasting
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7 case study is based on two rounds of interviews: the first included 21 interviews conducted
8
9 from 2003 to 2004, and the second encompassed 15 interviews conducted in 2008. Both
10
11 rounds of interviewing involved key stakeholders from the UK television industry, including
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13 producers and commissioners from the BBC and other channels (14), independent production
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15 companies (10), professional associations (5), the regulator Ofcom (4), a training centre, a
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17 media advisor from an investment bank, and a policy director for Channel 4 (AuthorsB;
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19 AuthorsD). The case study of postal services is derived from a nine-month ethnography of
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21 Royal Mail's marketing department conducted in 2004 (AuthorsE). This involved observing
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23 two project teams that were developing new services (that involved contracting with external
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25 creative agencies), conducting 33 interviews with middle and senior managers, and
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27 documentary analysis.
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32 This paper focuses on independent providers' involvement in service delivery; the
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34 relationships between state-owned and independent providers in each sector; and how
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36 interaction with the independent sector influenced incumbent providers' behaviour.
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39 Deductive and inductive analysis of qualitative data from interviews, observations, and
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41 documents reflected these themes, as coding was informed by both the empirical data and
42
43 relevant literature on hybridization, privatization, and public management reform. Thematic
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45 analysis enabled cross-case comparison of processes of structural reform at the meso-level,
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47 and how incumbent providers responded to the implementation of reform at the micro-level.
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51 A limitation of the dataset is that it was collected in the mid- to late 2000s and relates to
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53 policy reforms introduced by New Labour, which was prior to some important policy
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55 developments across the sectors, notably the public floatation of Royal Mail in 2013.
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58 However, subsequent governments have continued with the direction of reform set by New
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3 Labour, maintaining a policy of contracting with ‘any qualified provider’ in the NHS (DH
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5 2011) and starting a public consultation on the purpose, funding, and governance of the BBC
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7 as part of the Charter Review, which includes questions about the relationship with the
8
9 independent sector (DCMS 2015). Thus, the data presented in this paper remains relevant to
10
11 policy issues across these sectors and, by providing insight into organizational responses to
12
13 previous reforms, can inform debate about the regulation of service providers in the current
14
15 policy environment.
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18 19 **RESEARCH FINDINGS**

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22 In this section, the interplay between market-based reform and professional communities in
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24 the three sectors is examined using Amin and Roberts’ (2008) four dimensions of
25
26 communities, including assessment of the ways in which sector-specific differences in
27
28 communities influence the implementation of reform (Table 1).
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32 33 **Knowledge use**

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36 In professional communities, practitioners develop expertise through mastery of both
37
38 practice-based and codified knowledge, often via apprenticeship-style learning and extended
39
40 periods of training (Amin and Roberts 2008). Across the three sectors, the introduction of
41
42 market-based reforms demanded new forms of knowledge from providers, especially
43
44 commercial expertise, that may not fall within the established competences of professional
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46 communities.
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50 As Royal Mail prepared to compete in a liberalized market, the suitability of the knowledge
51
52 and expertise of its staff in a context of competition was questioned by those within and
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54 outside the company. Royal Mail’s monopoly status in the postal market was perceived to
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56 have had a negative effect upon investment in management training, as a human resources
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3 manager suggested: *'We can't just have a big slice of middle management who do not have*
4 *professional qualifications. It is what companies did about twenty years ago and Royal Mail*
5 *didn't. We need to make sure that we do that, so that we don't get lost, we don't suddenly die*
6 *out'*. Criticism of Royal Mail's management, associated with its public sector status, also
7
8 supported the implementation of change. For instance, denunciations of Royal Mail by the
9
10 chairman as a 'great failure' that was 'haemorrhaging cash' (Leighton 2002) helped
11
12 legitimise the restructuring programme.
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19 Royal Mail sought to increase its credibility in new markets such as data and media services
20
21 in order to consolidate its core competence in postal collection and delivery. To address
22
23 perceived deficiencies in the company's knowledge base, Royal Mail began partnering with
24
25 organizations in these sectors and recruited new staff with private sector experience into
26
27 management positions. Establishing partnerships with private sector organizations was
28
29 regarded as a quicker route to being able to offer innovative services, rather than develop new
30
31 capabilities in-house, as a senior marketer explained with regard to a new team within
32
33 Marketing: *'what this team should now be doing is thinking about what our value chain*
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35 *strategy is for the next three to five years, looking at who we need to partner with, as opposed*
36
37 *to buy, to give us that capability, and working up those relationships to make that happen'*.
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43 In relation to the NHS, the application of commercial or 'business-like' knowledge to plan
44
45 and deliver services was perceived to have become more important in a context of provider
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47 diversity. The for-profit providers competing for NHS contracts, which were often headed up
48
49 by former NHS staff, were critical of the commercial awareness among NHS providers. One
50
51 for-profit provider providing diagnostic services to the NHS suggested that existing providers
52
53 did not share their organization's drive for efficiency: *'I think a lot of it is cultural. There's*
54
55 *no magic way that we do things. It's almost a mindset. If you went to an NHS MRI [Magnetic*
56
57 *Resonance Imaging] scanner and looked at the productivity of it, you'd probably find that*
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3 *any private sector provider could certainly get another 20%, 30% just in the way that the*
4 *equipment is utilised'* (chief executive, Private sector diagnostic service). Another for-profit
5 provider suggested that, rather than being less innovative, the NHS was not as good at
6 implementing service developments relative to for-profit providers: *'a lot of NHS innovation*
7 *is done as a project and it doesn't stick. [...] as a very focused project management team, we*
8 *can take some of those best practice changes and the innovation, if you like, is actually*
9 *making them happen and delivering consistently in practice, not necessarily having the*
10 *original idea but actually implementing it'* (managing director, private sector provider of
11 acute and community care).

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24 However, the introduction of competitive tendering through market-based reform also
25 stimulate use of new forms of knowledge by some NHS providers. The threat of losing
26 contracts to alternative providers encouraged incumbent providers to develop more
27 innovative responses to tenders. For instance, an acute NHS Trust's chief executive stated
28 that, in response to a recent tender for providing children's services in the community, the
29 Trust Board sought to develop a proposal that went beyond their existing capabilities in the
30 area, stimulated by the question: *'what's going to be new about the service model that we're*
31 *proposing?'*. This example highlights how competition appeared to encourage reflection and
32 debate among the incumbent provider's management, and it reflects a wider discourse
33 detected within our interviews of managers discussing the development of more 'business-
34 like' or commercial values in response to competition.

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49 In broadcasting, regulatory and institutional change has influenced the forms of knowledge
50 required in television production. In this sector, television producers are key actors in the
51 innovation process who use their knowledge to enhance the perceived value to audiences of
52 programmes, as cultural products with aesthetic or experiential qualities (Lampel et al. 2000).
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58 As a member of the BBC Trust stated, possession of this knowledge affords power to
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3 producers as a professional group: *'the nature of broadcasting and new media is that it is*
4
5 *bottom up; its power resides in the producers and the relationship between the producers and*
6
7 *their audiences'*.

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10 However, the primacy of producers' knowledge has been challenged through regulatory and
11
12 technological change. Firstly, use of codified knowledge has taken on greater importance
13
14 relative to tacit judgements of value in measuring the success of programming, as a television
15
16 director described:

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20 *'The BBC now has much more sophisticated measurements of value which mean that we*
21
22 *don't simply have to use ratings but one way or another we have to find performance*
23
24 *indicators which have got some things in them which are big, you know, in the percentile*
25
26 *range are going to be high, whether it's the love for the programme that the audience has, or*
27
28 *whether it's their commitment to it, or whether it's a public value that can be demonstrated*
29
30 *from it, or whether it's ratings. So there's no question... that is now a daily conversation in*
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32 *the organization and it just wasn't 10 years ago.'*

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35
36 Secondly, when evaluating ideas for programmes, conversations about their potential
37
38 commercial value run alongside those about their aesthetic quality or intellectual worth:

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41
42 *'encourage them to come up with things that are formatted and long running rather than the*
43
44 *bright ideas that are going to be a one-off. Particularly where anything that is international,*
45
46 *or might have international potential, or would work for the US'.*

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48
49 In summary, market-based reform across all three sectors placed a higher premium on
50
51 'business-like' or commercial forms of knowledge. Furthermore, incumbent providers within
52
53 the public sector were often depicted as weak in developing these forms of knowledge which
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55 helped to legitimise the involvement of the independent sector.
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Social interaction

Social interaction, based on shared training histories and professional standards, both underpins learning within, and the sustainability of, professional communities (Amin and Roberts 2008). In relation to the NHS, the introduction of competition had a knock-on effect upon cooperation between incumbent providers and commissioners, as the latter became responsible for contracting with a greater diversity of providers. The chief executive of a large hospital stated that competition had reduced their incentive to exchange ideas for service developments informally with commissioners, for fear that the knowledge shared may be used to inform competitive tenders: *'If that's our intellectual property, how much we're going to share of that because, if they're going to go down a tendering route, why would you share that?'* However, an ethnographic study conducted within the NHS on the commissioning of care for long-term conditions suggests that relational contracting may persist informally (Porter *et al.* 2013), based on trust and collaboration with incumbent providers.

In broadcasting, regulatory reform aimed to allow greater diversity and competition in the supply of programming. The BBC responded by formally separating producers and commissioners within the corporation and widening the opportunity for independent sector producers to deliver programming through the WoCC. Physical separation (commissioners were moved to a separate floor of the BBC building) aided the equal treatment of in-house and independent producers in the operation of the WoCC, as a programme commissioner stated: *'the perception of independent producers is that in-house producers are in a chummy way meeting the commissioners for a drink and bumping into them in corridors, and I have to say that doesn't happen... you might have your routine meeting but you are not going to see them outside of that'*. A system of electronic commissioning ('e-Commissioning') was also introduced to process all proposals, whether bids came from in-house producers or those

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3 external to the BBC, reinforcing the idea of equality of treatment, and circumventing the
4
5 claim from some producers of difficulty in having access to the commissioning process
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7 (AuthorsB).
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10 Despite reform, our findings suggest that, alongside changes to formal commissioning
11
12 processes, informal business and personal relationships between commissioners, in-house
13
14 producers and independent producers persist. Among programme makers, shared social
15
16 environments outside the workplace where there is a concentration of producers (e.g. in
17
18 metropolitan districts such as London's Soho) facilitates ongoing interaction that supports
19
20 learning:
21
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23
24 *'even if you are talking to a producer that is not a direct competitor, and not even working in*
25
26 *the same genre, there are things you will learn from each other and things that you pick up,*
27
28 *approaches, attitudes, ideas, little pieces of market information.'*
29
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31

32 With regard to relationships between commissioners and producers, some broadcasters have
33
34 expressed a preference for developing long-term supply relationships with a limited number
35
36 of producers. Durable relationships enable the development of mutual understanding and
37
38 trust, as stated by a C4 executive: *'Lots of these things [relations with independent*
39
40 *producers] come down to personal relationships, so if you have got a good personal*
41
42 *relationship with someone in indie and you are working closely with them it can be*
43
44 *absolutely brilliant'*. The BBC also maintains relationships with large independent
45
46 production companies or 'super indies' which may lessen opportunities for new production
47
48 relationships with different types of producers across the sector as a whole
49
50
51 (AuthorsB;AuthorsD).
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55 Royal Mail's response to reform, that involved undertaking restructuring and establishing
56
57 partnerships with private enterprises, influenced processes of social interaction in projects
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1
2
3 aimed at producing innovation. We observed the development of a new service introduced by
4
5 Royal Mail, 'Web DM', which allowed small businesses to create direct mail campaigns
6
7 online. Reflecting the external partnering strategy, the project was undertaken with a creative
8
9 agency which was contracted to develop the website, overseen by a Royal Mail product
10
11 manager. However, the website failed to achieve sales targets. Some contributory factors
12
13 were linked to the ways in which Royal Mail's response to reform influenced social
14
15 interaction among staff linked to the project. Due to the restructuring programme, many
16
17 managers within the marketing department left Royal Mail or changed roles. There was a
18
19 lack of contact between past managers of the product and present ones, meaning that
20
21 interaction and learning was often not supported across generations. There was a lack of
22
23 formal mechanisms for transferring skills from external agencies to in-house staff to reduce
24
25 dependency on the former, as Royal Mail focused on managing the partner's delivery of the
26
27 project, rather than see that meeting its objectives required mutual engagement. Greater
28
29 success in other projects occurred where more intensive and durable relations between Royal
30
31 Mail and partner organizations existed, based on use of 'retainer' contracts, which facilitated
32
33 the development of trust and learning through 'everyday' interaction between both parties
34
35 (AuthorsE).
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42 In summary, organizational responses to reform across the three sectors influenced the nature
43
44 of the social interactions that underpin working relationships (e.g. encouraging competitive
45
46 relations between economic units including commissioners and providers of services).
47

48
49 Despite reform, relationships between these economic units that were based on professional
50
51 communities persisted in both health care and broadcasting; however, disruption to these
52
53 relationships was greater within Royal Mail as restructuring caused staff to change roles or
54
55 leave the company and where more arm's length relationships were established between
56
57 Royal Mail and incoming partners from the private sector.
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Organizational dynamic

Professional communities may not be open to external change, especially where professional associations have a protectionist role (Ferlie *et al.* 2005). Resistance to external change in the market environment was most apparent in the health care and broadcasting sectors, while there was less resistance to change within postal services. Within the NHS, there was some resistance from incumbent providers to new entrants from the private sector. For instance, a group of local primary care practices formed a not-for-profit organization that brought together over 250 staff to improve the quality of community-based services when new forms of provider were being encouraged. As their director stated, this new organization was formed partly in response to for-profit providers entering the local area that were not perceived to share the same ethos in providing care: *'our rules specifically exclude the private sector from becoming members'*.

In the broadcasting sector, rather than play a protectionist role, the independent sectors' professional association helped to lobby for change in the terms of trade with broadcasters and to widen the commissioning opportunities for indies. Lobbying for reform was precipitated by a small group of indies that shared an interest in exploiting the intellectual property associated with their programming, rather than transferring this to broadcasters:

'without PACT's involvement we organized a mini lobby group with 3 or 4 other independents, pretty much the only 3 we could find at the time who had valuable intellectual property anywhere and were fighting to keep it. We arranged the meetings to lobby senior civil servants, and the DCMS, and the government ministers and those sorts of things, even way back in the mists of time.'

1
2
3 Widening the window of programming that could be produced by the independent sector had
4
5 the effect of increasing scrutiny of production roles within the BBC. In-house production
6
7 underwent restructuring and there were job losses:
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10
11 *'the idea that people are not in production but are being paid by BBC can't be right for*
12
13 *licence fee payers. When you look beyond the headline of BBC losing jobs that is part of what*
14
15 *will be going and that feels right to me.'*
16

17
18 The WoCC was regarded by some as an incentive that was necessary to motivate in-house
19
20 producers. As the head of a BBC channel told us, benefit could be derived from in-house
21
22 production staff being motivated to compete in a 'tough battle' for commissions: *'if they feel*
23
24 *it is on a plate for them, the commissions, you are not going to be pushing yourself as hard as*
25
26 *you might'*.
27

28
29 However, the widening quota for independent production, coupled with job losses through
30
31 restructuring, did affect morale at the corporation, as a senior producer stated: *'There's an*
32
33 *overall feeling I think amongst staff that they're playing for the losing team, that there's this*
34
35 *slide that, you know, with every change there appears to be a progressive erosion of the*
36
37 *BBC'*.
38
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40
41 Within Royal Mail, professional communities appeared to be less able to resist external
42
43 change. Incumbent communities came under threat by a new management ethos, one that was
44
45 concerned with seeking efficiencies through restructuring and developing new competencies
46
47 deemed appropriate to a competitive marketplace. Incoming managers were often critical of
48
49 the existing culture and were forthcoming with views about how behaviour needed to change.
50
51 A new client director within Sales, who had worked for a multinational technology company,
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53 proclaimed that Marketing was not oriented enough toward understanding the needs of Royal
54
55 Mail's customers: *'They need to start connecting with the clients and they need to get out*
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3 *more. It's not about being in Media House and thinking up good ideas. They need to go out*
4 *and engage the client. They're not connected. Too many people sat behind too many desks for*
5 *too long'. Some interviewees suggested the company's shift in orientation toward working*
6 *with the private sector was more symbolic and undertaken to improve the organization's*
7 *credibility in new markets beyond postal collection and delivery. A senior operational*
8 *manager felt that the need for management to signal that the culture was changing by*
9 *partnering with media agencies stemmed from an 'inferiority complex' about not being*
10 *perceived as a 'sexy company'; one where the workers were engaged in a 'grungy job'.*

11
12 In summary, professional communities influenced the implementation of reform in the health
13 care and broadcasting sectors (the power of medical professionals helped to resist reform in
14 the former, while the association representing independent producers helped to lobby for and
15 encourage change in the terms of trade with broadcasters). In Royal Mail, the weaker status
16 of professional communities meant that these groups had less of an influence on the
17 implementation of reform.

18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 **Innovation outcome**

37
38 Professional communities tend to produce incremental rather than radical innovation,
39 although the latter may be stimulated through interaction with other groups (Ferlie *et al.*
40 2005; Amin and Roberts 2008). Across all three sectors, policy and organizational reform
41 aimed to encourage innovation by increasing the involvement of the independent sector in
42 service delivery.

43
44 In broadcasting, policymakers' desire to stimulate creativity and diversity in programming by
45 widening the independent sector's involvement was undermined by unintended consequences
46 of regulatory change. Firstly, encouraging senior television producers to remain with the
47 BBC or join the corporation became more difficult as the terms of trade for the independent
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3 sector have improved: *'experienced and successful producers have the opportunity to earn*
4 *far greater sums potentially in the independent sector because they can own the formats. So*
5 *how one persuades those people that they want to work with the BBC can be quite*
6 *challenging'* (BBC channel controller). Secondly, it was suggested that more emphasis within
7 the BBC is being placed on commissioning to fill quotas in different programme genres, with
8 the quality of the idea being secondary: *'the regulation side, ironically, because this will be*
9 *the precise opposite of what it intends, only plays into the decline in creativity [...] it's*
10 *probably the single biggest reason why talented directors would leave the BBC. If I was 30*
11 *years old I would not work in the BBC because the first point of emphasis is quota filling and*
12 *that's a very, very bad place to start.'* (Television director). Thirdly, within both broadcasters
13 and the independent production sector, more emphasis has been placed on developing
14 programming within profitable genres (e.g. entertainment formats likely to have returning
15 series or international appeal). This emphasis appears to have had a knock-on effect on the
16 experience of staff working on such programmes: *'although it's uniform it's predictably*
17 *reliable and the quality in that reliability is good, so objectively you might say it's not very*
18 *creative, but when you turn up to watch 'Top Gear' or 'How To Look Good Naked' or 'Wife*
19 *Swap', it will be pretty much like it was last week and if you liked what you saw last week*
20 *that's good. From a creative point of view, as a director, it's miserable'* (Television director).

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43 Our study suggested that the impact of reform on innovation within the NHS was mixed. On
44 the one hand, interaction between incumbent providers and those from the independent sector
45 stimulated new approaches to service delivery. There were examples of NHS hospitals
46 partnering with organizations outside the NHS to compete for contracts put to the market by
47 local commissioners. This approach to bidding came about in areas where the skills of the
48 two sectors complemented one another. The chief executive of a large hospital stated that
49 while the hospital's membership body provided a *'perspective'* on potential service
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3 developments, a third sector organization already providing services in that area *'gives us a*
4 *capability'* as, for example, *'the membership organization might say, "you need to work with*
5 *the prostitutes in this area for this particular service" [...] the third sector would say, "and*
6 *this is how you do it"'*.
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11
12 On the other, some incumbent providers faced challenges in trying to learn from independent
13 sector providers. Among managers of incumbent NHS providers, there was recognition that
14 privately-owned providers had been able to introduce new working practices that the NHS
15 could try to learn from. An NHS hospital's chief executive suggested that a privately-owned
16 'Independent Sector Treatment Centre' had *'a much slicker admin process'* and that *'if they*
17 *give patients admission dates I think it's almost unheard of that they don't keep to them'*. In
18 response, the hospital focused on trying to ensure that appointment dates are kept: *'when you*
19 *give an appointment you keep the appointment is a mantra that we've tried to adopt'*.
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30 However, implementing this standard was not straightforward because it relied on the
31 cooperation of individual consultants at the clinical service level where, according to the
32 CEO, *'we do not always have much forward planning in terms of what we do'*. As discussed
33 earlier, there was also some resistance from incumbent providers to for-profit providers'
34 entry in particular.
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42 The implementation of change within Royal Mail relied on existing communities of practice,
43 albeit to enable incremental forms of learning and innovation. Although senior managers
44 attempted to engender a new way of working through restructuring, observations of
45 marketers at the level of practice indicated that incumbent staff were key in enacting change.
46
47 For example, observing a marketing team's attempt to make sense of their organizational role
48 in the new structure highlighted the importance of the existing marketers in aligning 'past'
49 practices with the 'new' structures. As indicated by the following excerpt from one of the
50 marketing team's monthly reports following the restructuring, the first task of the team was to
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3 define the purpose of the team in the reorganized structure: *‘Much of the month has been*
4 *taken up with the deceptively simple task of defining what we do and the team’s interface with*
5 *sales and other areas of marketing’*. Defining *‘what we do’* was accomplished through
6
7 further interpretive work by the team, which included the creation of an informal ‘way of
8
9 working’ document to show how different teams should work together and everyday
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11 interaction with sales teams to bring together client knowledge and marketing skills to
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13 develop new sales propositions.
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18 19 **DISCUSSION**

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21 Similarities in the rationale were given by policymakers for involving the private sector in
22
23 different parts of the UK public sector, but the experiences in each sector of interacting with
24
25 the private sector differed in practice. In describing the experience of reform in each sector,
26
27 this paper used structural and practice-based approaches to analyse hybridity, in order to
28
29 understand how meso and micro level factors (and their interactions) influenced the delivery
30
31 of public services. Structural or meso level factors were important in helping to legitimize the
32
33 increasing involvement of the private sector, but we suggest that much insight can be gained
34
35 from examining how such factors interact with the practices of professional communities in
36
37 understanding how the hybridisation of public organizations is produced and experienced.
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43 Using the four characteristics of professional communities described by Amin and Roberts
44
45 (2008), the findings showed that professional communities in each sector have an upward
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47 influence on reform, contributing to differences in implementation. For example, the
48
49 organizational dynamics of professional communities in the NHS enabled resistance to
50
51 reform. In contrast, Royal Mail managers had weaker professional status when faced with
52
53 restructuring, while the professional association for independent producers helped to bring
54
55 about regulatory reform in broadcasting. The findings develop the framework further in
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3 highlighting that regulatory reform and organizational change may also have a downward
4
5 influence on the dynamics of professional communities. Hybridization due to market-based
6
7 reform influenced knowledge use within communities as commercial expertise became more
8
9 important, and also reshaped social interaction where relationships between purchasers and
10
11 providers of services became arm's length or were formalised. Thus, it is important to situate
12
13 and examine the dynamics of professional communities in their wider regulatory and
14
15 organizational context.
16
17

18
19 Interactions between professional communities and organizational responses to reform
20
21 contribute to innovation outcomes, meaning that both perspectives need to be acknowledged
22
23 when evaluating hybridity. Within broadcasting, structural regulatory reform and
24
25 organizational change has enabled greater involvement of the independent sector in the
26
27 delivery of programming. However, exploring the impact of reform at the micro level
28
29 highlighted that structural change had not generated the degree of innovation intended
30
31 because the BBC and the independent sector remained embedded in a broader production
32
33 community that transcended formal organizational boundaries. Similarly, despite supply-side
34
35 reform to promote provider diversity within the English NHS, the persistence of informal
36
37 relationships between health care commissioners and providers has continued to shape the
38
39 local health economies in which services are delivered at the micro level, which may help to
40
41 explain the limited penetration of alternative providers within health care in England
42
43 (AuthorsF). At Royal Mail, the recruitment of senior managers with private sector
44
45 experience, organizational restructuring, and partnerships with private enterprises to develop
46
47 new capabilities, represented a shift by the organization's management toward using external
48
49 agents to produce innovation. Within Royal Mail, professional communities appeared to be
50
51 weaker relative to other sectors enabling the implementation of reform. Yet existing staff
52
53 within Royal Mail's marketing department were important sources of tacit knowledge that
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3 helped bed in new structures. The empirical cases highlight the importance of analysing
4
5 hybridity not only in structural terms, but also in terms of professional communities'
6
7 responses to structural reform at the micro level of practice.
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10 This paper contributes to and develops the conceptualisation of hybridity as a multi-level
11
12 process in three ways. Firstly, it shows that reform towards promoting hybridity in different
13
14 parts of the public sector is mediated by agency at the micro level of practice which, in our
15
16 analysis, varied due to differences among professional communities associated with each
17
18 sector. One variable was differences in power at the service level. Claims to professional
19
20 autonomy allowed physicians within the NHS to resist change at the clinical service level,
21
22 reflecting previous studies (e.g. Flynn 2002). However, the weaker status of middle managers
23
24 within Royal Mail rendered them less able to resist change (to some, managers were a target
25
26 of derision in symbolising 'inefficiency'). Another variable was persistence of relationships
27
28 associated with professional communities despite changes in organizational form or context
29
30 (e.g. new organizational boundaries). Within broadcasting, production relationships were
31
32 sustained with a limited range of suppliers by commissioners, which appears to work against
33
34 an objective of reform to increase diversity of programming. A third variable was the degree
35
36 to which professional communities supported innovation or reform via professional
37
38 associations.
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44 Secondly, while agency may shape responses to reform, structural variables remain an
45
46 important influence on the form that hybrid organizations take. For instance, changes to
47
48 commissioning within both the NHS and the BBC created intra-organizational boundaries
49
50 (which were also physical in the BBC's case) between commissioning and provider units.
51
52 Boundaries were introduced to accommodate a market-based logic in the selection of service
53
54 providers. The restructuring of Royal Mail involved staff redundancies and was perceived by
55
56 some managers to entail the reallocation of resources for innovation from internal marketing
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3 teams to external partner organizations, contributing to a sense of turmoil among the staff that
4
5 remained. Such structures help to frame the context in which agency is exercised.
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9 Thirdly, and in line with the suggestion of Skelcher and Smith (2015), examples were found
10
11 of staff in all three sectors responding creatively to the emerging organizational environments
12
13 associated with hybridity. For aspects of reform, interaction between changes in
14
15 organizational structure and professional practice has enabled innovation that is more than the
16
17 sum of each component. Within Royal Mail, interpretive work by established staff within one
18
19 of the new marketing teams that was created following restructuring, enabled new managerial
20
21 strategies to be translated into changes in working practices. In relation to the NHS, a
22
23 provider's managers used 'business-like' values to reimagine their existing capabilities in the
24
25 children's services during a competitive tendering process.
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29 The analysis shows that theorizing the complex relationships between structure and agency is
30
31 important in understanding responses to reform in the public sector, and processes of
32
33 hybridity specifically. If hybrids are composed of multiple institutional logics (Skelcher and
34
35 Smith 2015), we suggest that professional communities are important intermediaries that
36
37 shape the degree to which each logic is implemented in practice and the interplay between
38
39 logics. As a source of situated learning and knowledge in performing the everyday activities
40
41 carried out within organizations, professional communities are sites where tensions between
42
43 structure (approaches to governance) and agency (creative responses) within hybrid forms
44
45 emerge and are played out. The role of communities can be cast differently to that of a
46
47 particular institution, such as a profession, or what might be seen as agents' responses to
48
49 different institutions (i.e. a source of reflexivity in relation to the values or beliefs associated
50
51 with logics), that are based on cognitive reflexivity (Thornton and Ocasio 2008). While
52
53 having a cognitive component, communities are oriented toward developing practice-based
54
55 (situated, task-oriented) forms of knowledge that enable and sustain learning and expertise of
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3 their members. The practice-based knowledge developed by communities can either impede
4
5 or help to enable the implementation of regulatory reform and organizational change
6
7 associated with hybridity. The implementation and practice of hybrid forms will be
8
9 influenced by the presence, authority, and alignment of professional communities with
10
11 change processes which vary across different sectors and types of reform.
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15 In conclusion, this paper highlights how hybridization is a complex concept that goes beyond
16
17 structural change, focused on the meso-level of regulatory change and boundaries'
18
19 redefinition, and includes the micro-level of practices and identity building. Hence, it
20
21 emphasizes how public administration and policy needs to account for multi-layer dynamics
22
23 in the delivery of public services. This perspective has policy implications. As well as
24
25 focussing on structural reform, public managers should recognise the value of staff on the
26
27 frontline actively interpreting new ways of working and explore how these insights can be
28
29 incorporated into future planning and implementation. Policymakers also need to take
30
31 account of potential consequences of market-based reform at different levels, including the
32
33 risk of disrupting intra-organizational relationships that represent existing capabilities and
34
35 support new learning at the micro level.
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TABLE 1. Summary analysis of impact of market-based reform on the three sectors using Amin and Roberts' (2008) characterization of professional communities

	Knowledge	Social interaction	Organizational dynamic	Innovation outcome
Health care	Recognition of importance of 'business-like' knowledge as competition among providers encouraged. For-profit providers critical of management of service delivery and innovation within NHS.	Introduction of competition had knock-on effect upon cooperation among local providers and service commissioners.	Some resistance from incumbent providers to new entrants, e.g. forming organisations with rules that exclude for-profit providers.	Partnerships used to deliver improved services in complementary areas, e.g. with third sector. Some NHS providers attempting to learn from for-profits' approach to managing services, but dependent on clinical engagement.
Broadcasting	Aesthetic or intellectual value of programming judged alongside commercial worth. Tools used to measure and codify programme value.	Relationships formalized between commissioners and in-house and external producers to enable competition. Informal interaction among producers in shared social environment continues to enable learning; broadcasters' preference for long-standing and trusted suppliers remains.	Independent producers' professional association lobbied successfully for change in terms of trade with broadcasters.	Emphasis on delivering profitable forms of programming Lessened impact of reform due to persistence of existing relations between producer and commissioning communities
Postal services	Appropriateness of existing knowledge and expertise to liberalizing market questioned. Influx of staff with private sector experience, e.g. marketing knowledge.	Projects involving private enterprises established to extend mail-related capabilities. Enabling forms of interaction to encourage inter-organizational learning not a strategic focus.	New management ethos introduced, concerned with seeking efficiencies and developing new competencies deemed necessary in a competitive marketplace. Incumbent communities less able to mediate change relative to other sectors.	Innovation mediated by partnerships with private sector. Incumbent communities affected as staff left the company or changed roles. However, Royal Mail's existing marketers helped new structures work in practice.