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Long Live Marketization for Local Public Spaces: A Study of Scandinavian Managers' Satisfaction with Private Provider Performance

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1 **Long Live Marketization for Local Public Spaces: A Study of**
2 **Scandinavian Managers' Satisfaction with Private Provider**
3 **Performance**

4
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15 **Abstract**

16 Continued critiques, evidence and newer reform trends have increasingly contested the use of
17 market-centered models—the competition prescription—for urban public space maintenance as well
18 as other local services. This article adopts a contextualized contingency perspective on the
19 competition prescription and questions the contested status of market-centered models in a survey-
20 based study of the current use of and satisfaction with private providers for maintenance of
21 parks/greenspaces and road/streets in Scandinavian local governments. The study finds widespread
22 use of and satisfaction with private providers. However, satisfaction depends on national context
23 and multiple contingencies. The study challenges the contested status of market-centered models,
24 highlights that different models serve different strategic objectives, and directs attention to
25 discussions of context and key contingencies that define how well market-centered models perform.

26

27 **Introduction**

28 Most local governments hold responsibilities for the provision of urban public space such as parks,
29 greenspaces, squares and roads/streets to serve a diverse range of local needs and uses distributed
30 across a number of stakeholders and interests (Carmona 2010). Undertaking of maintenance
31 operations is critical for upholding attractive and functional public spaces within the urban fabric—or
32 at least for upholding standards and meeting expectations outlined or agreed upon by the involved
33 stakeholders (Dempsey and Burton 2012; Lindholst et al. 2015). Under the influx of wider reform
34 pushes, neoliberal politics and national policies many local governments have since the 1980s
35 challenged and increasingly shifted away from traditional state-centered models for organizing
36 maintenance responsibilities through the introduction of market-centered management models
37 (Carmona, De Magalhães, and Hammond, 2008; De Magalhães and Carmona, 2006; Lindholst
38 2020; Randrup, Lindholst, and Dempsey, 2020). A key assumption for the shift has been the general
39 idea inherent in the new public management (NPM) reform agenda that governments can improve
40 performance of service delivery by capitalizing on competitive markets (e.g., Dehoog 1990; Hood
41 1991; Walsh 1995)—an idea that Kettl (1993) labelled the “competition prescription.”

42 However, discussions in the literature and evidence have increasingly contested the use of
43 traditional market-centered models and the underlying rationale of the competition prescription. On
44 the one hand, multiple studies find that the introduction of market-centered models for organizing
45 maintenance of public space in several national contexts has resulted in substantial cost savings
46 (Lindholst 2017). On the other hand, the literature delivers a substantial critique by highlighting that
47 market-centered models have led to substantial losses of social and recreational qualities (e.g.,
48 Dempsey and Burton 2012; Jones 2000) and are likely to produce ‘vicious cycles’ with multiple
49 negative outcomes (Randrup et al. 2020). Furthermore, some research indicates that salient
50 outcomes across local governments present a diverse and multi-dimensional mix of negative and

51 positive outcomes, the balance of which is only poorly understood (Lindholst et al. 2017). Critiques
52 of traditional market-centered models have also called attention to and raised hopes for newer ideas
53 of partnerships and collaboration as alternative approaches for organizing market-centered models
54 within public space management (e.g., Lindholst 2009; Randrup et al. 2020) and beyond (e.g.,
55 Donahue and Zeckhauser 2012; Vincent-Jones 2007). More broadly, critiques of market-centered
56 models and developments within some local services have raised discussions about whether a new
57 shift toward re-municipalization is emerging and replacing the movement toward market-centered
58 models seen in the 1980s and 1990s (Clifton et al. 2019; Wollmann and Marcou 2010; Wollmann,
59 Koprić, and Marcou, 2016). Finally, these discussions are connected to critiques and dismissal of
60 the NPM and a shift in reform orientation toward other and newer models (e.g., Christensen and
61 Lægreid 2017; Dunleavy et al. 2006). Some research, however, finds that local governments' choice
62 of service provider are balanced over time and based on a pragmatism mainly driven by
63 (dis)satisfaction with cost and quality levels of incumbent service providers (Kim and Warner 2016;
64 Warner and Aldag 2019). In light of such discussions and developments, research has been called
65 for that tries to understand better the contexts and contingencies under which different market-
66 centered models lead to more favorable outcomes (Lindholst 2017). Such calls bring attention to a
67 multitude of arguments beyond economic reasoning that contribute to our understanding of
68 variations in outcomes. Notably, the literature has harnessed multiple arguments rooted in a mix of
69 economic, contractual, sociological and administrative-organizational reasoning to highlight
70 contingencies with a likely bearing on variations in the performance of market-centered models
71 (Brown, Potoski, and Van Slyke 2006; Donahue 1989; Fernandez 2009; Kettl 1993; Kuhlmann and
72 Wollmann 2019; Lamothe and Lamothe 2010; Lamothe, Lamothe, and Feiock 2008; Lindholst,
73 Petersen, and Houlberg 2020; Warner 2006).

74 This article contributes to discussions in the literature on the contested status of market-centered
75 models for public space management by developing a contextualized contingency perspective and
76 providing an empirical test of implications in a study of Scandinavian local managers' satisfaction
77 with the performance of private providers engaged for maintaining local parks/green spaces and
78 streets/roads. The study relies upon comparable survey-data collected in 2014–16 from managers
79 with responsibilities for local parks/green spaces and streets/roads in Scandinavian local
80 governments. The design enables a study that across three country contexts tests 1) whether local
81 managers are more satisfied than dissatisfied with private provider performance, and 2) the national,
82 managerial and urban contingencies upon which local managers' satisfaction are likely to depend.
83 Altogether eight hypotheses guide the study.

84 The first part of the article outlines the background and theoretical arguments on the
85 performance of market-centered models for organizing maintenance services, and provides a set of
86 arguments on why local managers' satisfaction with private provider performance varies. The
87 second part describes the study's methods and data. The third part presents results, discusses
88 implications and draws up conclusions.

89

90 **Background: A contested status of market-centered models?**

91 The study's service context—public space—has, from an urban planning perspective, long been
92 viewed as vital for the attractiveness of cities and the quality of human life in self-reinforcing urban
93 environments where “liveliness and variety attract more liveliness; deadness and monotony repel
94 life” (Jacobs 1961, p. 129). In the classical terminology for different types of goods based on the
95 two dimensions of rivalry in consumption and exclusiveness of use (Samuelson 1954), public
96 spaces can be argued to resemble a “public” or “collective” good. For example, in practice it would
97 be difficult (or very radical) to exclude local residents or visitors from using or benefiting from

98 these services, and the use by one user is to a certain extent non-rival for the use by other users.
99 Given the (need for) non-exclusiveness, economic reasoning suggests that the use of market-centered
100 models for delivering public space should ideally take place on the supply (production) side rather than
101 the demand (consumer) side. From a welfare perspective, the risk for under-supply of public goods
102 under a complete market-model also suggests that responsibilities for finance and availability should be
103 in the hands of local government. In theory, decentralization of responsibilities to local governments
104 should warrant a better match between local preferences, allocation of financing and availability of
105 services (Warner 2006).

106 Research finds that services associated with maintenance of the physical infrastructures that
107 constitute urban public spaces, such as parks and streets, represent a set of comparatively well-
108 suited characteristics for implementation of market-centered models. Survey-based research from
109 the US, for example, indicates that local managers find that the provision of services related to
110 maintenance of public spaces, on average, is characterized by a relative ease of specifying and
111 monitoring services, and represents a context where competition is relatively high (Hefetz and
112 Warner 2012). The literature often contrasts these characteristics with social services, where
113 competition is scarcer and services are argued to be harder to specify and monitor (Hansen 2010;
114 Lamothe and Lamothe, 2010; Van Slyke 2003). However, such assessments are qualified by the
115 fact that the requirements of commonly used market-centered models for maintenance services
116 often rely on technical ‘conformance-to-specification’ definitions of quality that are not necessarily
117 linked to the requirements for aligning public space qualities with expectations of excellence,
118 shifting circumstances, or the needs and demands of multiple stakeholders (Lindholst et al. 2015). A
119 review of studies addressing the outcomes from the use of market-centered models for park and
120 green space maintenance finds that most studies report various positive economic outcomes such as
121 cost savings and improved cost-effectiveness, while other reported outcomes related to services, the
122 organization or staff tend to be negative (Lindholst 2017). The range of negative outcomes is in

123 particular voiced in critiques of the use of market-centered models in the context of UK experiences
124 in the 1980s and 1990s (Dempsey, Burton, and Selin 2016; Hebbert 2008; Jones 2000). Hebbert
125 (2008), for example, notes that the very radical UK policy regimen of compulsory competitive
126 tendering (CCT) enacted in the 1980s and 1990s reduced “the ancient art of urban horticulture” to
127 “mechanical crudity” and let genuine urban green spaces deteriorate into “ghost zones” and “green
128 deserts” empty of social and recreational functions. Thus, these critiques suggest that public spaces
129 to some degree stop being fit for purpose when (too) radical market-centered models are applied.
130 Others associate such critiques more broadly with the combination of market-centered models with
131 overly competitive and cost-focused approaches. The combination is argued to lead to ‘vicious
132 circles’ where self-reinforcing dynamics return a pool of diminished organizational resources, poor
133 working conditions, faulty performance of maintenance operations, loss of quality, increased
134 monitoring activities, and a lack of development and innovation (Randrup et al. 2020). Similar
135 dynamics and negative outcomes are observed in other service contexts where, for example, the use
136 of private providers—while superficially technically efficient—is less apt to promote outcomes related
137 to local equity and democracy than the alternatives (Hebdon 1995; Warner and Hefetz 2002). Such
138 dynamics can be interpreted as broad manifestations of the “quality shading” hypothesis (Hart,
139 Shleifer, and Vishny 1997) and/or as different kinds of “negative externalities” (Boyne 1998). Some
140 research simply suggests that private provision is “cheap and dirty” (Elkomy, Cookson, and Jones
141 2019). Congruently, research in the context of local public spaces finds that the overall balance of
142 managers’ views on the outcomes from the use of market-centered models corresponds to a diverse
143 and multi-dimensional mix of positive and negative outcomes (Lindholst et al. 2017). Thus, the
144 comparatively well-suited characteristics of maintenance services do not appear to be sufficient
145 conditions for an uncontested use of market-centered models in the context of public space
146 management.

147 The findings echo insights from reviews of the general research on the outcomes from the use of
148 market-centered models and involvement of private providers in the public sector—in particular by
149 contracting out (Boyne 1998; Bel, Fagada, and Warner 2010; Hodge 2000; Petersen, Hjelmar, and
150 Vrangbæk, 2018; Vrangbæk, Petersen, and Hjelmar 2015). The reviews highlight that evidence is
151 far more abundant for financial and partly service performance criteria than for other criteria, and
152 that performance appears to depend on various contingencies such as reform history, and service
153 and country context. One key finding is that the reported returns, i.e., cost savings, from recurrent
154 competition are diminishing over time (e.g., Hodge 2000) or even that private production is not
155 cheaper than public production (Bel, Fagada, and Warner 2010). On the one hand, this is apparently
156 challenging key reform objectives for using market-centered models. On the other hand, this finding
157 is congruent with theoretical reasoning that suggests that differences in cost levels are likely to
158 diminish over time as competitive contexts spur both learning and searches for innovation equally
159 within the private and public sectors (Vining and Boardman 1992). Consequently—and after several
160 decades with market-inspired public sector reforms—it makes sense to apply multiple and more
161 context-sensitive performance criteria rather than impose a global evaluation criteria for cost levels
162 alone (e.g., Amirkhanyan, Kim, and Lambright 2007; 2014; Brown, Potoski, and Van Slyke 2006;
163 Lindholst et al. 2017). Empirical findings also warrant such complementary shifts in criteria. A
164 study from the 2010s (Lindholst et al. 2017) suggests that economic accountability—such as the
165 ability to deliver services at the ‘market price’ or demonstrate transparency for cost levels and unit
166 prices—rather than costs reduction is the most salient economic outcome from contracting out
167 maintenance of local public spaces for managers in a Scandinavian context. Similarly, Warner and
168 Aldag (2019) highlights the importance of focusing on local performance criteria by concluding that
169 managerial satisfaction with price and quality is driving shifts between in-house and private
170 provisions.

171 This study addresses these concurrent discussions in the literature by shifting attention to local
172 managers' satisfaction with private providers against multiple performance criteria and highlighting
173 key conditions and contexts, i.e., contingencies, under which market-centered models are likely to
174 become more or less contested.

175

176 **Theory: A contingency approach**

177 The following section develops a contingency approach to account for variations in the satisfaction
178 with private provider performance—the performance of the competition prescription—with attention
179 to the characteristics of the national and service context(s) of the study. The account expands and
180 combines earlier literature (e.g., Donahue 1989; Brown, Potoski, and Van Slyke 2006; Kettl 1993;
181 Kuhlmann and Wollmann 2019; Lamothe and Lamothe 2008; Walsh 1995; Warner 2006) and links
182 variations to differences in country characteristics, competitive environments, characteristics of
183 contract-based exchange relations, organizational capacities and the urban context. The account
184 offers eight testable hypotheses.

185

186 *Country context*

187 Comparative research points out that the implementation and outcomes from various reforms and
188 management models depend on a variety of contextual characteristics at the country level
189 (Christensen and Lægreid 2011; Kuhlmann and Wollmann 2019). Christensen and Lægreid (2011),
190 for example, highlight that contextual differences across groups of countries (and services) in
191 structures (e.g., legal constitutions and politico-administrative systems), cultures (e.g., history and
192 traditions), and environments (e.g., institutional and technical) are likely to produce divergence. The
193 study integrates a comparative perspective in the context of the three Scandinavian countries of

194 Denmark, Norway and Sweden—three OECD countries renowned for their highly developed
195 economies, well-functioning politico-administrative structures and large tax-financed public sectors
196 (Greve, Lægreid, and Rykkja 2016). With a point of departure in a Scandinavian context, the study
197 is able to examine the importance of contextual differences at the country level given that the three
198 countries represent a mix of similarities and differences with a bearing on the performance of
199 market-centered models. Table 1 summarizes key similarities and differences.

200

201 *** Table 1 ****

202

203 In a comparative perspective, Kuhlmann and Wollmann (2019) highlight that the Scandinavian
204 countries belong to the same administrative tradition. In the consensus and decentralized
205 democracies of Scandinavia, most national governments have been coalitions or minority-based and
206 highly dependent on securing a wider parliamentary consensus across several, and sometimes
207 opposing, political parties and interests for producing new legislation, policies, and reforms
208 (Lijphart 2012). Local governments in Scandinavia also have a comparatively high degree of
209 autonomy and competencies vis-à-vis the central government in terms of, for example, the level and
210 organization of services (Ladner et al. 2016). Thus, in comparison with majoritarian democracies,
211 central governments in Scandinavia are limited in their powers to implement (if desired) radical and
212 comprehensive reforms. More generally, public sector reforms in Scandinavia since the 1980s have
213 emphasized modernization more than marketization, and retained a dominant role of the state by
214 integration of newer reform features into the classical Weberian bureaucracy—an integration often
215 viewed as an expression of a “neo-Weberian state” (NWS) model (Greve et al. 2016). Thus,
216 markets and private providers are delegated a more limited role in reforms than in the more
217 wholesale neoliberal state models and radical NPM reforms tried out in Anglo-Saxon countries

218 (Christensen and Lægreid 2017). In addition, the legal-regulatory frameworks for the use of market-
219 centered models are relatively similar and well-established in the three countries due to
220 requirements for compliance with EU-law. However, EU-law only regulates procedures for
221 involving private providers, i.e., how to use the market, and does not regulate whether local
222 governments should use the market or not. Overall, these features imply that Scandinavian local
223 governments are delegated substantial degrees of freedom for a pragmatic adaptation of market-
224 centered models to local circumstances and for combining the use with (modernized forms for)
225 state-centered models or other alternatives. Thus, time and space have allowed for decentralized
226 sectorial dynamics to take hold within and across local governments and private providers where
227 gradual and mutual learning and development of required capacities can occur. Congruent with
228 these characteristics, research finds that reform trajectories within local park and road services since
229 the 1980s and onward have been of an incremental and pragmatic character (Lindholst, 2020).
230 Combining the arguments on the relatively well-suited service characteristics and the decade-long
231 pragmatic reform approach in Scandinavia suggests that local managers primarily use market-
232 centered models where the overall balance between pros and cons are favorable. The following
233 hypothesis tests the argument:

234

235 H_1 – Local managers in Scandinavia are—on average—more satisfied than dissatisfied with
236 private provider performance.

237

238 However, the territorial and administrative preconditions for the use of market-centered models
239 differ remarkably across Scandinavia (Table 1). Denmark is a relatively small and densely
240 populated country with a politico-administrative structure based on relatively few and large lower-
241 tier local governments. In contrast, Norway is a sparsely populated country with many small local

242 governments scattered across a vast geography and with a greater role for higher-level government
243 bodies. In correspondence with earlier research (Bel and Fageda 2011; Foged 2016; Lamothe,
244 Lamothe, and Feiock 2008; Warner 2006), these characteristics suggest that Denmark represents
245 comparatively better preconditions in which stronger, more attractive and competitive markets can
246 evolve alongside with the development of internal capacities for the use of market-centered models.
247 Likewise, a comparison of the general characteristics suggests that Norway represents preconditions
248 that are the most challenging, characterized by a highly fragmented and geographically scattered
249 market structure with relatively unattractive small contracts, while Sweden takes up a middle
250 position in Scandinavia. In sum, the arguments suggest that the differences in country context are
251 likely to have an impact on how well market-centered models perform. A key difference in
252 Scandinavia is the degree to which territorial and administrative structures support market-centered
253 models. Thus, the use of market-centered models are expected to be more contested in Norway (in
254 particular) and Sweden than in Denmark. The following hypothesis tests the arguments in the
255 context of Scandinavia:

256

257 H₂ – In comparison to Norway and Sweden, the country context of Denmark is associated
258 with higher satisfaction with private provider performance.

259

260 *Competitive environments*

261 Market theory and economic reasoning routinely highlight a combination of price-based
262 competition, user choice (consumer sovereignty), profit-based incentive structures, and gains from
263 economies of scale as key mechanisms for explanation of why market-based models and
264 involvement of private providers should (in theory) result in superior performance in terms of
265 technical and allocative efficiencies (Boyne 1998; Vining and Weimer 2007). A core proposition in

266 the traditional argument is the idea that establishment of competitive markets for contracts, where
267 governments can freely choose between alternative providers based on evaluation of price and/or
268 quality, gives providers a strong incentive to ensure cost-efficient service provision, and public
269 authorities an option to replace incompetent or failing providers (Dehoog 1990; Donahue 1989;
270 Walsh 1995). Similarly, common performance expectations of market-centered models in public
271 policies include a mix of key criteria related to service quality, costs levels and responsiveness
272 (Boyne 2002; Le Grand 2007; Warner and Aldag 2019).

273 Some arguments also suggest that competition can be detrimental to performance and its benefits
274 can be outweighed if a change of provider(s) disrupts stability of relations, damages coordination,
275 implies loss of knowledge and requires new learning (Alford and O’Flynn 2009; Lamothe and
276 Lamothe 2010). Managing processes of competitive tendering may also incur increased transaction
277 cost for local governments (Kettl 1993). Economic reasoning also points out that the presence of
278 increasingly higher switching costs, i.e., the costs of replacing an incumbent provider, limits
279 competition and transforms exchange relations (contracts) into bilateral monopolies with adverse
280 consequences for performance (Williamson 1979). Thus, the positive association between
281 competition and performance is likely to be rooted in the realistic possibility for replacement—as
282 reflected in Baumol’s argument on contestability (1982), and classical economic reasoning on
283 competition (Abbott 1955)—rather than recurrent disruptions of service delivery through use of
284 competitive tendering and change of service providers. The arguments suggest that the contested
285 status of market-oriented models is partly explained by the strength of the competitive environment.
286 The following hypothesis tests the arguments.

287

288 H₃ – A stronger (weaker) competitive environment is associated with greater (lesser)
289 satisfaction with private provider performance.

290

291 *Contract-based exchange relations*

292 Market-centered management models rely heavily on formal contract-based exchange relations
293 (Donahue 1989; Vincent-Jones 2007; Walsh 1995). According to traditional contract theory, the
294 logic in the standard approach to contracting out—also designated the ‘competition model’—seeks to
295 align formal contract features with the purpose of driving costs down by maximizing price
296 competition, i.e., ensuring technical efficiency, as well as ensuring accountability by specifying and
297 safeguarding the exchange (Dehoog 1990; Macneil 1980; Schepker et al. 2014). In a risk
298 perspective (Marques and Berg 2011), the standard contract should ideally be able to minimize
299 production costs by providing planning foresight and allocating a minimum of risk to the private
300 provider. However, the overall welfare benefit and outcomes from this approach hinge on whether
301 maintenance operations contribute to keeping public spaces fit for purpose within the urban fabric
302 (e.g., Dempsey and Burton 2012; Lindholst et al. 2015). Key contract features in the standard model
303 for maintenance services related to green spaces/parks and roads/streets usually include juridical
304 parts, formal specification of services with reference to a set of performance- and instruction-based
305 measures, a work schedule, a payment scheme, and provision for subsequent monitoring and
306 sanctions (Lindholst 2009). The standard contract also commonly links ex post payments calculated
307 on a regular (e.g., monthly) basis for work carried out in fixed work schedules and ad hoc work.

308 The standard model presumes that public authorities can, to a large extent, determine the “what,”
309 “where” and “when,” and can foresee the key requirements and conditions of an exchange (i.e.,
310 maintenance operations) in advance (by ex ante planning) and specify them in a formal contract for
311 a given duration of time. Subsequently, the contract forms the basis for holding providers
312 accountable for provision of maintenance operations as agreed upon through the specification and
313 monitoring of services and provisions for penalties and sanctions. Thus the reliance on standard

314 contract features within an exchange relation reflects typical recommendations in economic
315 reasoning and should in principle minimize the quality-shading problem (Hart, Shleifer, and Vishny
316 1997). Overall, the level of contract completeness, i.e., the level of formal specification in the
317 contract and the inclusion of relevant information for addressing contingencies and allocating risks
318 between the contract parties, becomes important for accurate contract pricing and effective use of
319 competition, reduction of uncertainties and minimizing the risks for later conflicts between the
320 contracting parties (Walker and Davis 1999). These arguments suggest that the contested status of
321 market-centered models partly depends on the degree to which local governments rely on standard
322 contract features in their exchange relations with private providers. The following hypothesis tests
323 the arguments:

324

325 H₄ – Stronger (weaker) reliance on standard contract features is associated with higher
326 (lower) satisfaction with private provider performance.

327

328 More broadly, the ideologically-informed reform push toward market-centered models in the
329 1980s and 1990s appears increasingly contested and replaced in the 2000s and 2010s with
330 pragmatism among local governments where dissatisfaction with private (or other) providers in
331 terms of cost and quality brings attention to alternatives and drives shifts between these (Bel et al.
332 2018; Clifton et al. 2019). One alternative discussed in the literature is the shift back to state-
333 centered models where responsibilities across multiple services are reorganized anew within local
334 governments (Clifton et al. 2019; Wollmann et al. 2016). However, newer alternatives within public
335 space management also include social enterprises (Muñoz 2010), community-centered models
336 (Mathers, Dempsey, and Molin 2015), long-term public-private partnerships (Dempsey, Velarde,
337 and Burton 2020), and cross-sectoral partnerships (Dempsey et al. 2016). Interestingly, critiques of

338 cost-focused and standard market-centered models also prompt hopes for partnership-based and
339 collaborative contracting models as better alternatives for engaging private providers within public
340 space management (Carmona et al. 2008; Dempsey and Burton 2012; Jones 2000), as well as more
341 broadly in the public sector (Bovaird 2004; Donahue and Zeckhauser 2012; Entwistle and Martin
342 2005; Vincent-Jones 2007). This development corresponds with contemporary contract theory,
343 which also emphasizes the formal contract as an important supportive mechanism for the adaptation
344 and coordination of activities within an ongoing exchange relation (Schepker et al. 2014; Vincent-
345 Jones 2007). Commonly, market-centered models for partnership and collaborative models within
346 public space management include a strategic focus on service development, flexibility, and multiple
347 objectives, and rely on additional contract features such as formalized structures for joint planning
348 and collaboration combined with supportive economic incentives, inclusion of a broader range of
349 stakeholders, and requirements for partners to bring in a broader knowledge-base and set of
350 professional skills (Lindholst 2009). These models should therefore be better able to keep public
351 spaces fit for purpose in the urban fabric, i.e., ensure allocative efficiency, when circumstances and
352 requirements are more uncertain and demand ongoing adjustment and development of services
353 (e.g., Dempsey and Burton 2012; Lindholst et al. 2015). Thus, from a risk perspective (Marques and
354 Berg 2011), these models should reduce the risk for service provisions that are unaligned with the
355 preferences on the demand side (i.e., users) and for the pursuit of short-term interests at the expense
356 of long-term concerns. On the downside, partnership and collaborative models may allocate a
357 greater amount of risk (e.g., by increasing future uncertainty of what, when and where for
358 maintenance operations) to the private partner and thereby run the risk of incurring additional costs
359 / increasing prices. However, pragmatic managers (Kim and Warner 2016) should be able to
360 balance the overall pros and cons and design their maintenance contracts to fit their purpose.

361 Sociological reasoning on exchange relations highlights the limitations of formal contracts more
362 generally and brings attention to the importance of supportive collaborative norms and behaviors
363 for effective coordination within contract-based relationships (Amirkhanyan et al. 2010; Macneil
364 1980; Vincent-Jones 2000; 2007). A collaborative orientation in attitudes and behaviors within a
365 relationship is argued to enhance key requirements for effective contracting such as communication
366 and sharing of information, minimization of misunderstanding and provision of a helpful
367 environment for fixing unforeseen problems ‘ad hoc’ as they arise. Thus, a collaborative quality in
368 exchange relations assists in filling in the gaps in the formal contact setup and helps partners to
369 achieve mutually satisfying outcomes. A collaborative relationship may also reduce transaction
370 costs associated with monitoring, dispute settlements and sanctioning of the contract (Brown,
371 Potoski, and Van Slyke 2006). The literature also argues that there is a ‘darker side’ of partnerships
372 and collaborative relations. For example, long-standing exchange relations might succumb to inertia
373 or ‘corruption’ and undermine sound competition and the consideration of alternative providers
374 (Bovaird 2004; Walker and Davis 1999). However, these darker sides appear to be marginal or
375 ‘conditional limits’ to a general positive link between partnerships and collaboration and
376 performance (Poppo, Zheu, and Zenger 2008). In light of these arguments, parts of the contested
377 status can be argued to depend on the degree to which local governments develop respectively
378 formal partnership features and a collaborative quality within their exchange relations. The two
379 following hypotheses test the arguments:

380

381 H₅ – Stronger (weaker) reliance on formal partnership contract features is associated with
382 higher (lower) satisfaction with private provider performance.

383

384 H₆ – A stronger (weaker) collaborative quality of exchange relationships is associated with
385 higher (lower) satisfaction with private provider performance.

386

387 *Administrative-organizational capacity*

388 Discussions in the literature suggest that use of market-centered models tends to fragment local
389 governance structures and reduces the administrative-organizational capacity to govern public space
390 in accordance with long-term interests and community needs (De Magalhães and Carmona 2006;
391 Dempsey and Burton 2012). More broadly, the use of market-centered models is argued to ‘hollow
392 out’ the capacity to govern due to internal loss of knowledge and resources and the transfer of these
393 to the private sector (Milward and Provan 2000)—a loss that risks undermining the organizational
394 requirements of market-centered models themselves (O’Flynn and Alford 2008). Also, politicians
395 and high-level managers eager to reduce overall expenditures may overlook the importance of
396 internal capacity and thus allocate insufficient resources for internal management (Van Slyke 2003).
397 However, the implementation and use of market-centered models involves learning and
398 development of internal contract management capacity, including the ability to address questions of
399 “what to buy,” “whom to buy from” and “what is bought” (Kettl 1993; 2010). The general levers
400 for these abilities relate to multiple administrative-organizational characteristics of public
401 bureaucracies, including the administrative infrastructure and technology, leadership and the
402 elaboration of priorities, the coordination and alignment of activities into coherent wholes, and
403 supportive management systems (Andrews and Entwistle 2015; Ingraham, Joyce, and Donahue
404 2003). Combined, these arguments suggest that the contested status depends on the degree to which
405 local governments’ develop their internal capacity for managing services through market-centered
406 models. The following hypothesis tests the arguments:

407

408 H7 – Stronger (weaker) internal contract management capacity is associated with higher
409 (lower) satisfaction with private provider performance.

410

411 *Urban complexity*

412 Parts of the privatization literature (e.g., Warner 2006) suggest that urbanized environments with
413 larger and more diverse populations provide a more challenging environment for market-centered
414 models. Similarly, the planning literature suggests that more populated and diverse urban settings
415 represent more complicated, dynamic and unpredictable environments for maintenance operations
416 in public spaces (e.g., De Magalhães and Carmona 2006). For example, a greater number of
417 residents and visitors, and a more diverse and varied use of public space make it harder (and more
418 expensive) to schedule and provide maintenance in accordance with performance- and instruction-
419 based specifications. A provider must be capable of adapting or postponing operations on a day-to-
420 day basis and rely less on standard routines with a fixed number of monthly and weekly
421 maintenance operations. For example, it might be impossible to carry out planned routine
422 maintenance operations if a public space is used for informal social events. Grass maintenance
423 might also be impossible or require rescheduling due to a high number of visitors on sunnier days or
424 if a park unexpectedly needs litter collection. Within a given economy, a provider's operational
425 capacity is usually limited, and maintenance operations under more dynamic and complex
426 circumstances are more likely to be delayed or temporarily insufficient. Consequently, satisfaction
427 with quality and responsiveness suffers. The following hypothesis tests the argument:

428

429 H8 – A more (less) complex urban environment is associated with lower (higher)
430 satisfaction with private provider performance.

431

432 **Methods and data**

433 *Survey*

434 The study's empirical parts rely on items and quantitative data from a web-based survey
435 administered to midlevel managers in all local governments in Scandinavia in 2014-2016. The
436 survey took place as part of a comparative research project assessing experiences with local
437 governments' use of private and public delivery of park and road services. In the study's context,
438 the survey delivers unique comparable data for variables across three countries where no other
439 comparable data sources exist. Given that the survey data are cross-sectional, the study cannot infer
440 empirically whether any statistically significant associations or differences between variables also
441 are causal. Thus, causal reasoning in the study relies on theory.

442 The development of the survey included pre-tests of a common template with pilot respondents
443 and expert evaluations, with the overall aim of ensuring that items were clearly understandable by
444 respondents (i.e., ensure face validity) and comparable in their meaning across translations.
445 Targeted respondents were midlevel managers in local government organizations with
446 responsibilities for roads and/or park services expected to have insights into operational as well as
447 strategic dimensions of park and/or road services. By targeting responsible managers, the survey
448 reflects a major stakeholder perspective in local government contracting and a group of
449 professionals with key insights into how contracting processes are organized and managed. Local
450 research partners compiled contact lists for respondents in each country through a combination of
451 contacts with professional associations, use of phone books for professionals, inspection of websites
452 and direct phone contacts. Due to variations in internal organization, it was in some cases necessary
453 to identify more than one respondent or use a general contact point for a local government or a
454 department. Initial invitations were followed up by multiple reminders for partly and non-
455 responding local governments. In a few instances where multiple respondents replied for the same

456 local government, a primary respondent was selected ex post based on an assessment of years of
457 employment, job title, responsibilities, and organizational position. Data on age and employment
458 history indicate that respondents in the final dataset are on average relatively experienced.
459 Respondents' average age ranged from 50 (Sweden) to 52 years (Denmark and Norway). The
460 average employment history ranged from respectively 17 (Sweden) to 20 (Norway) years within the
461 public sector and 10 (Sweden) to 13 (Norway) years for employment within the current local
462 governments. Thus, due to the selection strategy and the respondents' characteristics it is reasonable
463 to assume that the respondents were able to provide qualified responses to survey items.

464 The dataset includes data from 115 out of 290 local governments in Sweden (40%), 75 out of 98
465 in Denmark (77%), and 95 out of 490 in Norway (22%). T-tests (not shown) find that the data are
466 representative according to local government size (population) and regional distribution for
467 Denmark and Sweden, but tend to represent larger local governments located in more central and
468 urbanized areas in Norway. Findings from other Scandinavian research (e.g., Fongar et al. 2019)
469 suggest that non-response in Norway and Sweden are likely to be due to high numbers of small
470 local governments (e.g., fewer than 5,000 inhabitants) with relatively few or no responsibilities for
471 local parks and roads. The data reported in Table 2 furthermore show that private providers are
472 more frequently used in Denmark compared to Norway and Sweden and less frequently used within
473 local green space/park compared to street/road services.

474

475 *** Table 2 ***

476

477 *Measurement model*

478 The study's measurement model includes 21 survey items. The items are used to construct and
479 measure the study's main dependent (performance) and independent variables. Values for five

480 variables based on multiple items are calculated with simple weighted averages to retain their
481 interpretability in terms of the original response scales. In addition to survey-based items, the
482 analysis includes three country dummy variables, a sector dummy, and a variable for local
483 government size.

484 The study's dependent variables draw on four survey items that measure the respondent's
485 satisfaction with private provider performance in terms of criteria for service quality, price/cost
486 levels, responsiveness toward addressing issues and deficiencies, and development and innovation
487 of services. The study uses the items separately and in combination as an index. Items measure a
488 respondent's level of satisfaction on an 11-point bipolar numeric scale with the end anchors 0 =
489 'very unsatisfied' and 10 = 'very satisfied.' Scores above (below) the scale mid-point (5) indicate
490 greater (dis-)satisfaction with private provider performance.

491 The study's independent variables draw on survey items measuring competitive environment
492 (single item), formal contract features (eight items), the overall quality of relationships with private
493 providers (four items), and the internal contract management capacity (four items). The items are
494 measured with an 11-point unipolar numeric scale with the end anchors 0 = 'not at all' and 10 = 'in
495 a very high degree.'

496 The variable for competitive environment is based on a single item. The item reflects classical
497 economic reasoning on competition (Abbott 1955) and contestability (Baumol 1982), and measures
498 the strength of the competitive environment in which ongoing contract-based exchanges take place
499 in terms of the relative ease of switching to an alternative. Higher scores indicate the presence of a
500 more competitive environment. Four items for 'standard' and four items for 'partnership' features
501 measure two key dimensions of commonly used maintenance contracts within park and road
502 services (Lindholst 2009). Higher scores indicate a greater reliance on formal contract features for
503 organizing and coordinating behaviors within the relationship. The variable for the (collaborative)

504 quality of relationship is based on four items. Item formulations reflect core content of relational
505 governance and are adapted from earlier research (Cannon, Achrol, and Gundlach 2000). Lower
506 scores indicate more adversarial relationships while higher scores indicate the presence of more
507 supportive collaborative relationships. The variable for contract management capacity is based on
508 four survey items. The items reflect a generic understanding of management capacity (Ingraham et
509 al. 2003) and refer to internal organizational features such as ‘systems,’ ‘methods,’ ‘procedures,’
510 ‘expertise’ and ‘time’ for managing contracts. Higher scores indicate the presence of greater
511 internal contract management capacity.

512 The study uses a variable for local government size (number of inhabitants) as a proxy variable
513 for urban complexity. The variable is based on register-based data (inhabitants) collected from
514 national statistical bureaus.

515 Finally, the study includes a control variable for service context (park or road services). Two-
516 hundred and twenty-five cases in the sample provide data for all items. Table 3 shows descriptive
517 statistics for all included variables. Appendix A provides additional details on item formulations.

518

519 *** Table 3 ***

520

521 *Validity checks*

522 A number of statistical ex post analyses were conducted to certify that the study relies on sound
523 survey data and a valid measurement model. First, the data were checked for potential non-response
524 bias based on guidelines offered by Armstrong and Overton (1977). The check tested differences in
525 data from the groups of the early third and the late third respondents for each country with
526 independent samples t-tests. Across 63 comparisons, the tests found no statistical significant
527 differences at the .05 p-level and less than a handful of significant but unsystematically distributed

528 (i.e., for different items) differences at the .10 p-level. Based on Armstrong and Overton's idea that
529 late respondents resemble non-respondents, the check suggests that any substantial and systematic
530 differences between respondents and non-respondents are unlikely to be present.

531 Second, construct validity of the survey-based part of the measurement model was assessed with
532 principal component analysis (PCA). PCA allows for ex post assessment of content validity, uni-
533 dimensionality, and convergent and discriminant validity of variables, i.e., the PCA checks whether
534 items are associated with the variables that they are intended to (Heir et al. 2018). The PCA was
535 carried out in a 'confirmatory' mode with the number of extracted components fixed to equal the
536 number of survey-based variables in the measurement model (i.e., six) and with direct oblimin
537 rotation to reflect the realistic assumption of substantial associations (i.e., correlations) between
538 variables. The PCA shows that the six extracted components account for a satisfactory amount—
539 72%—of the total variance among the 21 survey items with the first component (performance)
540 accounting for 32%. The PCA returns a rotated solution with high primary loadings ($> .7$) for all but
541 three items (still with acceptable loadings $> .4$) on their expected components and no troublesome
542 or relatively large secondary loadings ($> .3$) on other components. Overall, the results from the PCA
543 are indicative of good construct validity. Reliability scores (Cronbach's Alpha) for index-based
544 variables ranging from .74 to .87 are indicative of good internal consistency and support the results
545 from the PCA. Appendix A provides additional details for the PCA and reliabilities.

546 Third, social desirability bias is likely to influence the study if local managers provided answers
547 in accordance with personal and/or organizational interests and/or socially accepted norms. The
548 design and administration of the survey with full anonymity should ideally reduce the risk for social
549 desirability bias. The risk was checked ex ante in a test where a dummy variable for whether the
550 local manager relies on in-house provision (coded '1') or not (coded '0')—a variable indicative of
551 the presence of any organizational interests—is added to the study's regression model. The test found

552 the estimate to be statistically insignificant ($-.27, p = .221$) and the inclusion did not result in any
553 substantial change for other estimates. Thus, social desirability bias should be—if present—limited in
554 the study.

555 Finally, the risk for bias due to the presence of any common method variance (e.g., inflated or
556 deflated estimates) was assessed against simulation-based guidelines offered by Fuller et al. (2016).
557 Together, the size of reliabilities, the number of validated variables, the amount of variance
558 explained by the first component in the PCA, and the correlations among components (ranging from
559 .06 to .51 equal to shared variances ranging from .004 to .26) suggest that any substantial bias due
560 to common method variance is unlikely.

561

562 **Results**

563 The descriptive statistics reported in Table 3 indicate that local managers generally appear satisfied
564 with private provider performance in terms of quality, price/costs and responsiveness of
565 maintenance services related to local parks and roads. The average scores range from 5.8 to 7.1 on
566 the scale, where zero equals very high dissatisfaction and ten equals very high satisfaction, and they
567 are well above the scale midpoint of five, where scores above (below) are indicative of more (dis-
568)satisfactory performance evaluations. One-sample t-tests (details not shown) for Scandinavia ($n =$
569 225) and for each country find that all differences between the average performance scores and the
570 scale midpoint are statistically significant ($p < .01$). Thus, the study finds empirical support for the
571 hypothesis (H_1) that local managers in Scandinavia on the average are more satisfied than
572 dissatisfied with private provider performance. However, standard deviations for each performance
573 criteria, ranging from 1.6 to 2.1, are indicative of substantial variations.

574

575 *** Figure 1 ***

576

577 Boxplots in Figure 1 illustrate these variations for each country based on the index variable for
578 private provider performance. The main variations are rather similar in the three countries, with the
579 majority of scores in the upper range of the scale from around 6 to 8. In Sweden and Norway,
580 however, there are also a few deviating cases with very low scores, indicative of a more extreme
581 dissatisfaction. In addition, the boxplots illustrate (by the lower whiskers) that a notable minority of
582 local managers are more dissatisfied than satisfied. Clearly, market-centered models for
583 maintenance do not work equally well for all. An additional comparison of country differences
584 between local managers' satisfaction with the individual performance criteria finds that differences
585 between all scorings are insignificant except for price/costs (at p-level .01, ANOVA with post hoc
586 test). Danish managers' score for price/cost levels are respectively 0.90 and 0.88 higher than their
587 Norwegian and Swedish colleagues' scores. Overall, the substantial variations emphasize the
588 importance of addressing the contingencies under which market-centered models work relatively
589 well.

590 Next, country differences and possible explanations for variations in satisfaction with private
591 provider performance are tested through a multiple regression analysis. Table 4 shows the results
592 from five ordinary least square (OLS) regression models (1–5) that evaluate the importance of key
593 contingencies for local governments' satisfaction with private provider performance against criteria
594 for quality, price/costs, responsiveness, innovation/development, and the aggregated performance
595 index. All models are significant (F-tests, $p < .01$) and explain a substantial share of the variance in
596 satisfaction with private provider performance with values for adjusted R^2 ranging from 30% to
597 48%. Values for variance inflation factors (VIF) are low (i.e., < 2) and indicate that multi-
598 collinearity is not a concern. A check of the main results' robustness against a regression model

599 with stratified (by country) bootstrapping of standard errors, p-values, and 90% confidence intervals
600 finds similar results (see supplementary materials).

601

602 *** Table 4 ***

603

604 Overall, the main results from the regression analysis shown in Table 4 corroborate most of the
605 study's theoretical arguments and hypotheses (H₂–H₈) on the importance of country context,
606 competition, standard and partnership contract features, relationship quality, contract management
607 capacities and urban complexities for (explaining) variations in local managers' satisfaction with
608 private provider's performance of maintenance services against key criteria. Interestingly, the
609 results differ slightly across the models for individual performance criteria (Model 2–5) and for the
610 three countries, which provides for some nuances and unexpected results.

611 First, there are important differences related to country context. The differences in the
612 satisfaction with price due to the Norwegian and Swedish country context compared to the Danish
613 are respectively -1.03 and -.67 ($p < .01$). The difference between the Danish and Norwegian country
614 context is also statistically significant for quality (-.54, $p < .1$). In contrast to the main argument,
615 however, the country context of Sweden is found to be positively associated with higher satisfaction
616 with development and innovation in comparison with the Danish country context (.63, $p < .01$).
617 These findings point forward to a more complex association between country context and private
618 provider performance across different country contexts. Second, emphasis on partnership contract
619 features is not important ($p > .1$) for differences in satisfaction for three out of four specific
620 performance criteria. Still, partnership features are found to be positively associated (.20, $p < .01$)
621 with their most relevant performance criterion—innovation and development of services—a criterion
622 for which standard contract features is found to be unimportant ($p > .1$). Standard contract features

623 are positively associated with the three first performance criteria ($p < .01$). Third, larger local
624 governments, compared to smaller, is associated with lower overall satisfaction ($-.17, p < .05$) and
625 with regard to quality ($-.29, p < .01$) and responsiveness ($-.18, p < .10$). The logarithmic scale
626 indicates that the association is more pronounced for differences between relatively smaller local
627 governments.

628 Finally, the study checks for whether the main results for the importance of contingencies are
629 similar at the country level. For this purpose, the regression analysis in Model 1 was fitted with
630 interaction terms between country dummies and each of the variables that test the hypothesized
631 associations with performance (see supplemental materials). The test found that all interaction terms
632 were statistically insignificant at p-level .10 except for standard contract features ($p = .09$).
633 Subsequent analysis found that the difference between the coefficients for Sweden and Norway is
634 statistically significant at p-level .05 and the difference between the coefficients for Denmark and
635 Norway is close to significant at p-level .10 ($p = .107$) in the main analysis and statistically
636 significant ($p = .088$) in the robustness check. Figure 2 illustrates further the differences and reports
637 significance test for the country specific coefficients (simple slope tests).

638
639 *** Figure 2 ***

640
641 Overall, the results suggest that the hypothesized contingencies are not necessarily of equal
642 importance for different performance criteria, nor do they work in accordance with general theory
643 across different country contexts. Table 5 summarizes the empirical support for the hypothesized
644 contingencies (H_2 – H_8).

645
646 *** Table 5 ***

647

648 **Conclusions and Discussions**

649 Market-centered management models represent one alternative for organizing responsibilities for
650 the maintenance of public spaces in urban environments (Carmona et al. 2008; Randrup et al. 2020;
651 Lindholst 2009). However, past evidence, discussions in the literature and wider developments in
652 the public sector have increasingly contested the status of market-centered models within public
653 space management and beyond. Overall, this study finds a widespread use of private providers
654 across local governments in Scandinavia and a majority of local managers appears satisfied—rather
655 than dissatisfied—with private provider performance of public space maintenance. Consequently, the
656 study’s results run counter to arguments and findings purporting a more contested status of market-
657 centered models and return some leeway to earlier pro-market arguments and policies. However,
658 the results come with some important amendments and reservations, and raise new discussions.

659 The study’s main results suggest that the Scandinavian countries—on the balance—have adopted a
660 relatively successful reform approach to the use of market-centered models for public space
661 maintenance. The approach is characterized by incrementalism and pragmatism combined with a
662 substantial delegation of autonomy to the local government level and retention of a strong, but
663 reformed, government bureaucracy. This contrasts more radical approaches tried out earlier in
664 Anglo-Saxon countries (e.g., Christensen and Lægreid 2011; Jones 2000) and also reflects the idea
665 of a widespread pragmatism (rather than ideology) among local governments in their choice of
666 service delivery arrangements (e.g., Clifton et al. 2019; Kim and Warner 2016). The results also
667 contribute to discussions of whether local services are witnessing a historical movement toward
668 state-centered models after years with reforms promoting market-centered models (e.g., Wollmann
669 et al. 2016). Although the study does not rely on longitudinal data, the findings are indicative of a
670 strong entrenchment of market-centered models within public space management rather than a

671 possible movement back to state-centered models. In perspective, these findings contribute to
672 discussions about the merits of different reform types (e.g., Christensen and Læg Reid 2017) by
673 suggesting that some segments exist in the public sector where the core ideas from the NPM work
674 out well, and more wholesale dismissals of the NPM are thus unwarranted.

675 The study adopts a contextualized contingency approach to the contested status of market-
676 centered models and expands on the specific contingencies for the competition prescription in the
677 context of public space management in Scandinavia. Findings suggest that differences in
678 competition, different types of contract features, collaborative relations, internal capacities, and
679 urban and national contexts help explain the relative success of local governments' use of market-
680 centered models. Thus, the study integrates and corroborates various arguments and findings from
681 the existing literature. In particular, the study demonstrates the benefits of integrating several
682 arguments related to national, urban and managerial contingencies. These arguments include—
683 among other—economic reasoning (e.g., Baumol 1982; Vining and Weimer 2007), contract design
684 (e.g. Lindholst 2009; Schepker et al. 2014), sociological reasoning (e.g., Macneil 1980),
685 administrative-organizational reasoning (e.g., Kettl 1993; 2010), arguments on the role of urban
686 environments (De Magalhães and Carmona 2006; Warner 2006), and comparative perspectives
687 (e.g., Kuhlmann and Wollmann 2019). These arguments are furthermore expanding on the
688 contingencies defining the circumstances under which the competition prescription performs
689 relatively better (or worse).

690 In a comparative perspective (e.g., Kuhlmann and Wollmann 2019), the study corroborates the
691 idea that the territorial and administrative structure in a country is important for the performance of
692 market-centered models. The study also highlights that the importance of contingencies are likely to
693 differ to some degree across country contexts. First, the study provides substance to the proposition
694 that a more scattered, fragmented and unattractive market structure (represented by Norway)

695 moderates the effectiveness of standard contract features for managing exchange relations. This
696 insight warrants new comparative research that evaluates whether the contingencies, such as the use
697 of contracts, for effective use of the competition prescription work in similar or dissimilar ways
698 across different country contexts. However, the partly unexpected and diverging results for the
699 Swedish country context are surprising and bring attention to needs for developing contextual
700 arguments further. One speculation is that the Swedish context is more similar to the Danish than
701 initially argued. The findings also present a puzzle of why the Swedish context is associated with a
702 comparatively higher satisfaction with private providers' development and innovation of public
703 spaces. Second, the study questions the prospect of generalizing core propositions without careful
704 consideration of contingencies and their possible interplay within different country contexts.

705 The study corroborates classical ideas of the importance of competition and contestability for
706 performance of market-based exchange (e.g., Apple 1955; Baumol 1982). This result diverges in
707 part from other studies that suggest a limited or even negative role of competition (e.g., Fernandez
708 2009; Lamothe and Lamothe 2010). The divergence brings attention to the different ways local
709 governments can harness competition for improving performance. This study suggests that a
710 competitive environment that allows for less burdensome provider shifts in case of failure—in
711 contrast to a routine use of competitive tendering that may upset existing well-performing exchange
712 relations—is important for better performance.

713 The literature highlights that formal contracts can be designed differently, allocate risks in
714 different ways and serve multiple functions and purposes within an exchange-relation (e.g.,
715 Lindholst 2009; Marques and Berg 2011; Schepker et al. 2014; Vincent-Jones 2007). This study
716 contributes with empirical insights on the importance of formal contracts for performance and how
717 different contract dimensions work within exchange relations. One interpretation of the results for
718 the relative importance of respectively standard and partnership features for different performance

719 criteria is that they are able to serve different purposes depending on local governments' wider
720 strategic objectives. Reliance on standard features appears to serve objectives related to technical
721 efficiency (quality and price/costs), while partnership features serve objectives related to allocative
722 efficiency (development and innovation). Thus the study provides some empirical support for hopes
723 raised for partnership-based approaches in the literature (e.g., Dempsey and Burton 2012; Jones
724 2000; Vincent-Jones 2007). However, one limitation of this study for the judgment of partnership-
725 based approaches is that these often encompass broader strategic and social objectives beyond the
726 four performance criteria adopted in this study (e.g., Dempsey et al. 2020). In addition, the support
727 for the importance of formal partnership features can be discussed in conjunction with the support
728 for the importance of the collaborative quality of relations, as partnership-based models are
729 commonly defined as a collaborative endeavor (e.g., Donahue and Zeckhauser 2012). In this
730 respect, the study shows that the informal side of partnerships—a working relationship based on a
731 collaborative spirit—is a key contingency. Relevant to this discussion, the descriptive statistics (see
732 Table 2) show that reliance on partnership contract features appears relatively low compared to the
733 level of collaborative quality of relations and the reliance on standard contract features. This is
734 indicative of an overall complementary approach in Scandinavia, where a strong reliance on
735 standard contract features is embedded within exchange relations characterized by a collaborative
736 spirit. Thus the reliance on standard contract features in Scandinavia appears to be embedded in
737 exchange relations where there is less need for the contract's function as a safeguard, and where the
738 contract's primary function can be expected to be related to planning and coordination of activities.
739 The study's findings for the importance of a collaborative quality of relationships for performance
740 are furthermore congruent with sociological theories of contracts (e.g., Macneil 1980; Vincent-
741 Jones 2000) and findings in earlier research (e.g., Amirkhanyan et al. 2010; Fernandez 2009). The
742 findings for Norway—where reliance on standard contract features appears unimportant for

743 satisfaction with private provider performance—is a more extreme illustration of the relevance of
744 sociological arguments.

745 The study corroborates arguments in the literature that emphasize the importance of contract
746 management capacity (e.g., Amirkhanyan et al. 2014; Kettl 1993; 2010; Van Slyke 2003). Thus the
747 study further validates the importance of administrative-organizational contingencies. The study,
748 however, draws on a generic concept of management competency and it would be of interest to
749 explore further which particular managerial instruments (i.e., contingencies) competent managers
750 rely upon for ensuring the performance of private providers.

751 Finally, the study finds empirical support for a negative association between local government
752 size—as a measure for urban complexity—and satisfaction with private providers’ performance. Thus,
753 the study supports the literature (e.g., Warner 2006) suggesting that urban complexities are
754 detrimental to the performance of market-centered models. It would be of interest to explore further
755 whether some models, such as partnerships (e.g., Dempsey and Burton 2012; Donahue and
756 Zeckhauser 2012), are better suited to mitigating the challenges of more complex urban
757 environments.

758 The study’s findings offer guidance on how local governments can improve their returns from
759 adopting market-centered models for organizing maintenance of public spaces. From a managerial
760 perspective, the empirical support for the focal contingencies indicates prospective areas for
761 development of managerial skills and the importance of investing in internal capacities. Rather than
762 shifting to other alternatives, local governments could assess local circumstances and address key
763 contingencies that determine the relative outcomes of using different types of market-centered
764 management models, and seek to develop their expertise accordingly.

765

766 **Limitations and future research**

767 The number of available cases for analysis limits the study's statistical power in some parts. In
768 particular, the lower n for Norway (56 cases) increases the risk of missing smaller but still
769 substantial effects (i.e., type II errors). Thus, studies with higher n for subgroups are required to
770 detect whether smaller effects are present and provide more certainty for empirical support.

771 The study relies on perceptual data from a single stakeholder to measure otherwise hard to
772 measure variables and enable country comparison. One critique is that perceptual data are likely to
773 be prone to several biases, and their validity relies critically on sound application of methods in
774 particular in a study's design phase and the alignment of a study's purpose with respondents'
775 interest and competencies (Podsakoff, MacKenzie, and Podsakoff, 2012). However, it is important
776 to note that perceptions—such as managers' satisfaction with price and quality—inform local
777 government decisions about who provides local services (e.g., Warner and Aldag 2019). Thus,
778 gauging the perceptions of local managers is key for understanding dynamics in how service
779 provision is organized. The perceptions of other key stakeholders, e.g., citizens, politicians and
780 experts, are equally relevant in complementary accounts. Similarly, other sources, e.g., register-
781 based accounts, might return different or complementary results (e.g., Amirkhanyan, Hyun, and
782 Lambright 2014), and these are likely to be more valid for some research (e.g., comparisons of in-
783 house and private providers) where social desirability bias can be expected to be more influential or
784 the respondents' yardstick for assessment differs (e.g., Andrews et al. 2010).

785 The study takes place in the specific context of public space maintenance and findings may—with
786 some caution—be extended to other services with similar characteristics, e.g., relative ease of
787 specification and monitoring. Whether the study's findings are generalizable to services with more
788 dissimilar characteristics is speculative. However, the study relies and expands on theoretical
789 arguments that are more parsimonious and finds empirical support for these within the context of

790 public space maintenance services in Scandinavia. Thus the study provides a contextualized
791 empirical validation of and extension to existing arguments on the contingencies for the competition
792 prescription (e.g., Amirkhanyan et al. 2007; Brown et al. 2006; Dehoog 1990).

793 In perspective, the study highlights several avenues for future research. Notably, the study
794 warrants a contingency perspective on the performance of market-centered models corresponding to
795 multiple national, managerial, and urban conditions and contextual characteristics. This also
796 supports general calls for understanding organizational choices in regional governance by directing
797 attention to context (Feiock 2007). The study highlights the prospects for advancing research by
798 exploring the importance of country context further. One option would be to undertake replications
799 to validate performance and contingencies within similar or dissimilar service and/or country
800 contexts. The choice of dissimilar legal-institutional contexts with similar territorial and
801 administrative structures could test the importance of neo-institutional arguments (e.g., Williamson
802 2000) on the importance of “higher-order” institutions (e.g., legal frameworks) or different
803 “administrative traditions” (e.g., Kuhlmann and Wollmann 2019) for the effectiveness of lower-
804 order institutions (e.g., contract-based exchange) and the performance of different market-centered
805 models. Overall, the study highlights the relevance of context-sensitive scrutiny of the performance
806 of different types of market-centered models and careful generalization and application of theory
807 and arguments across country contexts.

808

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1029 **Author Biography**

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1034 learning under the Covid-19 pandemic, climate governance, and use of standardized tests in primary
1035 education.
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Table 1. Country characteristics (mid 2010s)

	Denmark	Norway	Sweden
Government system	Consensual	Consensual	Consensual
Local autonomy	High	High	High
Basic reform approach	Modernization / incrementalism	Modernization / incrementalism	Modernization / incrementalism
Number of local governments (lower tier)	98	428	290
Country size (km ²)	43,000	407,000	304,000
Country size (inhabitants in thousands)	5,729	5,236	9,923
Average inhabitants in local governments	58,000	12,000	34,000
Inhabitants per km ²	134	14	23

Sources: OECD (2018), Greve, Lægreid, and Rykkja (2016), Ladner, Keuffer, and Baldersheim (2016), and Lijphart (2012).

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Table 2. Country differences in local use of private providers

N (parks/roads)		Denmark (74/73)	Norway (80/85)	Sweden (115/114)
Proportions using private providers to some degree (> 0%)	Green space/parks	80% ^{NS}	36% ^{DK}	45% ^{DK}
	Street/roads	93% ^S	85% ^(S)	73% ^{DK (N)}

Notes: Table based on survey data 2014-2016 (including cases that do not contract out). Remaining proportions are mainly provided by an in-house provider within the local government except for Sweden where about 10% of local governments use an inter-municipal company. Country comparisons based on pairwise χ^2 -tests. Significant statistical results reported with country codes, e.g.,^N, for $p < .05$, and codes in parentheses, e.g.,^(N) $p < .1$.

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Table 3. Descriptive statistics

Variable	Mean ^a	SD	Min	Max	Skewness	Kurtosis
Performance						
Index	6.6	1.6	0.3	10.0	-0.70	1.05
Quality	7.1	1.7	0.0	10.0	-1.14	2.47
Price/costs	6.8	1.9	0.0	10.0	-0.65	0.78
Responsiveness	6.7	1.9	0.0	10.0	-0.73	0.64
Innovation / development	5.8	2.1	0.0	10.0	-0.24	-0.20
Country context (dummies)						
Denmark (yes = 1)	39%	N/A	0	1	N/A	N/A
Norway (yes = 1)	25%	N/A	0	1	N/A	N/A
Sweden (yes = 1)	36%	N/A	0	1	N/A	N/A
Competitive environment	6.1	2.6	0.0	10.0	-0.44	-0.73
Standard contract features	7.1	2.3	0.0	10.0	-0.83	0.10
Partnership contract features	4.6	2.1	0.0	10.0	0.09	-0.31
Collaborative relationship	7.5	1.6	2.3	10.0	-0.67	0.00
Contract mgmt. capacity	6.3	2.0	0.8	10.0	-0.64	-0.10
Local government size (LN) ^b	10.26	1.24	7.08	13.38	-0.26	0.27
Service context (parks = 0, roads = 1)	63%	N/A	0	1	N/A	N/A

Note: N=225.

^a For dummy variables, the percentage for the value of 1 is presented.

^b Data from national statistical bureaus (2016).

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Table 4. OLS regression analysis of private provider performance (unstandardized beta-coefficients, standard errors and p-levels)

	Model 1 Index	Model 2 Quality	Model 3 Price/costs	Model 4 Responsiveness	Model 5 Innovation/development
<i>Country dummies (DK = ref.)</i>					
Norway (yes = 1)	-.46(.25)*	-.54(.28)*	-1.02(.32)***	-.09(.32)	-.20(.37)
Sweden (yes = 1)	-.03(.19)	-.17(.21)	-.67(.24)***	.36(.25)	.63(.39)**
Competitive environment	.06(.03)*	.06(.04)*	.08(.04)**	.09(.04)**	.01(.07)
Standard contract features	.14(.04)***	.17(.05)***	.19(.06)***	.17(.06)***	.02(.06)
Partnership contract features	-.04(.05)	-.01(.05)	-.01(.06)	-.04(.06)	.20(.07)***
Collaborative relationship	.47(.05)***	.49(.06)***	.37(.07)***	.51(.07)***	.52(.08)***
Contract mgmt. capacity	.18(.04)***	.20(.05)***	.18(.06)***	.20(.06)***	.16(.07)**
Local government size (LN) ^b	-.17(.08)**	-.29(.09)***	-.06(.10)	-.18(.10)*	-.16(.12)
Service dummy (parks = 0, roads = 1)	.19(.16)	.14(.18)	.29(.21)	.19(.21)	.15(.25)
<i>Model summary</i>					
Model constant	2.16(.90)***	3.80(1.00)***	2.00(1.16)*	1.75(1.17)	1.08(1.36)
F-test	22.70***	19.67***	13.92***	15.30***	11.52***
R ² / Adj. R ²	.49 / .47	.45 / .43	.36 / .34	.39 / .37	.33 / .30

Notes: N=225. P-levels * ≤ .1, ** ≤ .05, *** ≤ .01. Max value for variance inflation factors (VIF) is 1.88 in all models and relates to country dummies.

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Table 5. Summary of empirical support from regression analysis (hypotheses H₂ – H₈)

Hypothesis / argument	Model 1 (performance index)	Model 2 (quality)	Model 3 (price/costs)	Model 4 (responsiveness)	Model 5 (innovation/ development)
H ₂ (Danish context more supportive)	Partial	Partial	Yes	No	No (contrary findings)
H ₃ (competitive environment)	Yes	Yes	Yes	Yes	No
H ₄ (standard contract)	Partial	Yes	Yes	Yes	No
H ₅ (partnership contract)	No	No	No	No	Yes
H ₆ (collaborative relationship)	Yes	Yes	Yes	Yes	Yes
H ₇ (contract mgmt. capacity)	Yes	Yes	Yes	Yes	Yes
H ₈ (urban environment)	Yes	Yes	No	Yes	No

Note: Evidence evaluated at p-level .10.

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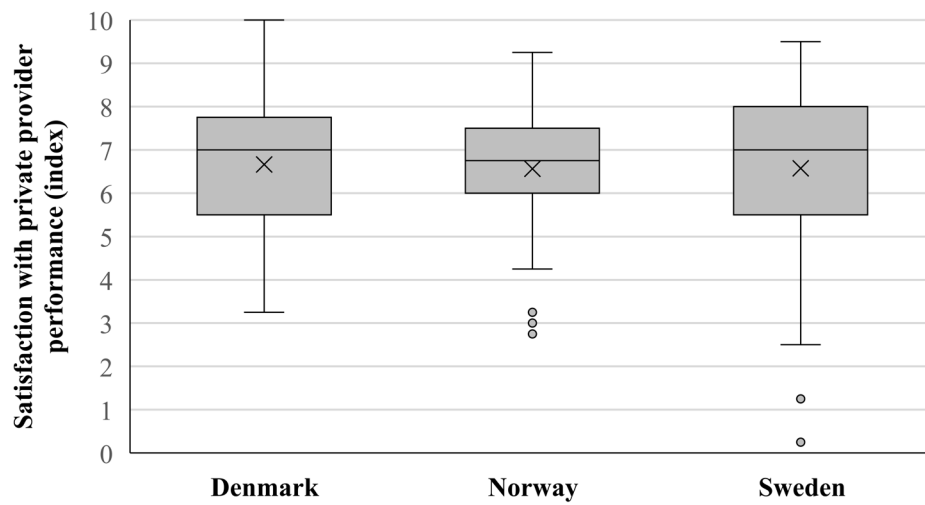


Figure 1. Boxplots of managers' satisfaction with private providers' performance of public space maintenance in three Scandinavian countries. *Notes:* N=225. Satisfaction with performance measured on an eleven-point numeric response scale where '0' = very dissatisfied and '10' = very satisfied. Average scores marked by a cross.

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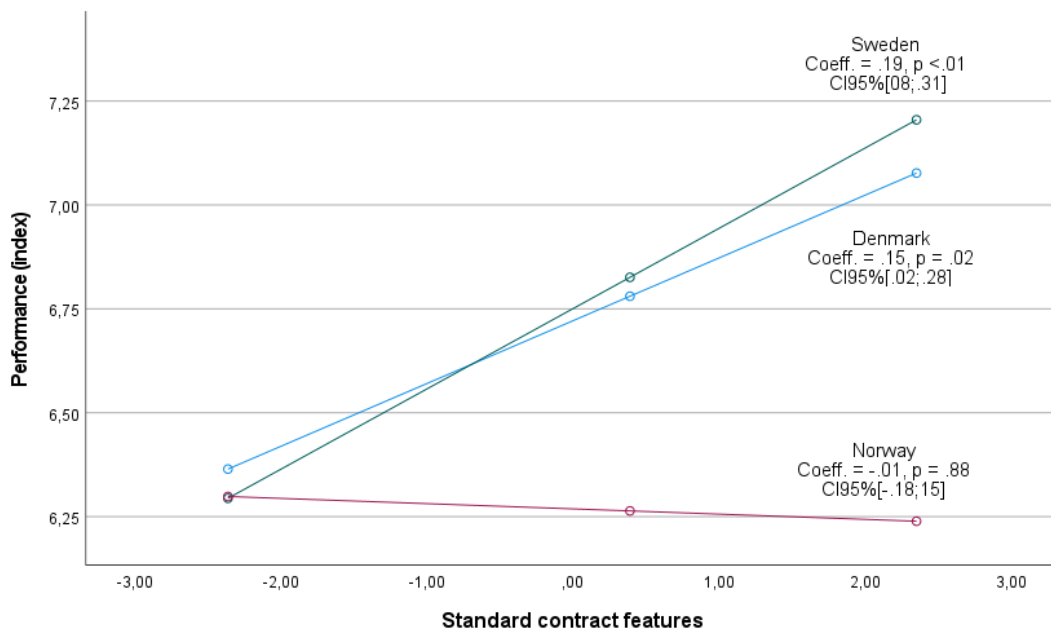


Figure 2. Estimated country moderation of the association between standard contract features and performance. Notes: N=225. P-levels * ≤ .1, ** ≤ .05, *** ≤ .01. Model summary $R^2 = .50$, $F(11, 213) = 19.25^{***}$. Significance test of interaction term for country and standard contract features (mean centered): $F(2, 213) = 2.39$, $p = .09$. $\Delta R^2 = .011$. Differences at increasing levels of standard contract features probed at the 16th (low), 50th (median) and 84th (high) percentile: Statistically significant differences found for DK-Norway at the median (-.51**) and high level (-.84**) and for Sweden-Norway at the median (-.56**) and high level (-.97***).

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Appendix A: Principal component analysis (PCA): Survey items and loadings

Component	Loadings						Com.
	1	2	3	4	5	6	
Performance (Alpha = .862)							
Overall quality of maintenance operations	.760						.771
General pricing and cost of provided services	.717						.653
Follow-up and responsiveness toward service issues	.899						.835
Innovation and development of services	.827						.713
Competition							
Can change provider without significant costs / interruptions						.925	.879
Standard contract features (Alpha = .850)							
Formalized and written conditions and clauses (§§)		.846					.703
Performance specifications (goals, functionality and guidelines)		.657					.674
Prescriptive specifications (quantities, instructions and standards)		.813					.677
Formal and financial sanctions for noncompliance.		.731					.765
Partnership contract features (Alpha = .738)							
Formal model for collaboration and joint planning.				.727			.716
Engagement with users				.667			.548
Economic incentives for optimizing services				.801			.665
Skill requirements and professional qualifications				.463			.488
Relation quality (Alpha = .858)							
Mutual belief in collaboration as necessary for goal attainment					.902		.845
Mutual preparedness for change to make work easier					.874		.810
Mutual concerns for goal attainment					.786		.767
Mutual belief in problem-solving as a joint responsibility					.700		.654
Contract mgmt. capacity (Alpha = .867)							
Organizational resources (e.g., time and staff)			.872				.711
Experience and expertise			.754				.689
Methods and systems			.853				.767
Management practices and procedures			.849				.839
Eigenvalue	6.7	2.8	2.4	1.3	1.1	.9	
Explained variance (%)	31.9	13.1	11.2	6.3	5.2	4.5	

Notes: N = 225. Abbreviated and translated item formulations. PCA carried out with direct oblimin rotation and forced extraction of six components (solution converged in 9 iterations). Kaiser-Meyer-Olkin measure of sampling adequacy = .845. Barlett's test of sphericity, $\chi^2(210) = 2575$, $p < .001$. Total inter-item variance explained = 72.2%. Loadings shown for rotated solution, loadings < .3 not shown. Cronbach's Alpha (reliability) scores calculated with items for each index based variables. Extracted communalities (com.) reported in last column.