**Outsourcing transitions and the employment relationship implications**

**ABSTRACT**

Drawing on three longitudinal case studies involving the outsourcing of public leisure services, this paper explores the work transitions of staff as they transfer from one organisation to another using a three-phase analytical framework. The obtained findings confirm the idea that outsourcing can be a difficult transition to go through, with losses occurring in relation to terms and conditions of employment. However, they also show how such changes can occur alongside the development of seemingly positive employment relationships with the new employer that challenge the view that the employment effects of public service outsourcing are invariably perceived in a negative light by employees. In doing so, the study's findings are seen to point towards the value of exploring outsourcing related work transitions longitudinally and through the lens of the adopted analytical framework. They are also seen to have implications for how such transitions are theorised and managed, including how we might understand the nature of the employment relationship and the role of line managers.

Keywords: Public service outsourcing, Work transitions, Employment relationship, Organisational change, Longitudinal research.

**INTRODUCTION**

Over recent decades, public sectors across much of the industrialised world have gone through extensive change in how they organise and deliver public services. In the United Kingdom (UK), as in various North American and European countries, there has been a shift away from the traditional delivery of public services through the creation of contractual and institutionalised linkages with private and non-profit providers (Deakin and Walsh, 1996; Grimshaw, et al., 2002; Marchington et al., 2005). This shift has reflected new public management agendas (Hood, 1991) driven by neoliberal reform programmes designed to improve the economic value, efficiency or effectiveness of public service provision (Osborne and Gaebler, 1992; Boyne et al, 1999; Pollitt, 2004).

Outsourcing has consequently formed a central component of the transformation of public services that has occurred internationally over the last three or so decades (Walsh, 1995; Davies, 2011). In the UK, this trend initially grew out of policies of the post-1979 Thatcher and Major Governments in power over the period to 1997, before subsequently expanding significantly during both the New Labour and Coalition years of government. Indeed, under the 2010 – 2015 Coalition government the value of annual public service outsourcing nearly doubled from £65bn to £120bn during the five-year parliamentary term (Plimer, 2015). Forecasts for the current majority Conservative Government meanwhile suggest a third of all central and local authority spending will transfer to the private and non-profit sectors for service delivery by the end of 2020 (Plimer, 2015).

This growth of outsourcing has inevitably stimulated research interest in its implications for the employment conditions of transferred staff. The resultant empirical findings paint a somewhat mixed, but largely pessimistic picture. A range of studies have reported negative effects in relation to matters like pay and benefits (Cope, 1995), employment security and work intensity (Cunningham and James, 2009; Higgins et al, 2005), work ethos (Hebson et al., 2003) and people management more generally (Sachdev, 2000; Rubery et al., 2002;

Cunningham, 2008; Cunningham and James, 2011; Rubery and Urwin, 2011). A smaller number, however, have identified positive outcomes in the realms of employee attitudes and human resource management practices (Kessler et al., 1999; Cox et al., 2008).

The current evidence base remains relatively limited though both methodologically and with regard to its focus. In large part, the research has been concerned with the material changes to employment conditions rather than the subjective experiences and responses of transferred workers and their implications for the general quality of the relationships they have with employers. It is also typically of a cross-sectional nature, with the result that existing studies generally tell us relatively little about the processes of change that workers experience as they transition from one work context to another. This is despite the existence of good theoretical and empirical reasons for believing that these transition experiences can profoundly influence subsequent work attitudes and commitment: and in this way significantly affect the success of outsourcing exercises. Hence the argument advanced by Morgan (2007) that the long-term implications of outsourcing for employees will be influenced by the events and changes experienced during the initial outsourcing process.

The central objective of this paper is to address these weaknesses in existing knowledge and gain a more in-depth and nuanced understanding of both the nature of the work transitions employees experience during outsourcing exercises and the factors that influence them. In particular, it sets out to demonstrate how these experiences can only be adequately understood by studying their dynamic evolution through time and in relation to their subjective, as well as material, components. Utilising an adapted version of Isabella's (1990) temporal transition framework to analyse findings from three longitudinal case studies of the transfer of local authority staff to Leisure Service Trusts, the offered analysis consequently sheds light on three issues. First, the value of exploring work transitions longitudinally via the use of such a framework. Secondly, the need for studies of such transitions to move beyond a focus on the influence of economic and socioemotional factors and to take into account the impact of wider psychological issues, including those of identity and purpose. Finally, the

implications that these conceptual features carry for human resource strategies and practices relating to outsourcing exercises and, in particular, their planning and the role of line managers within them.

The remainder of this paper is structured as follows. Firstly, there is a brief overview of the nature and extent of leisure service outsourcing and a lengthier literature-based discussion of the notion of *work transitions* and its relevance to the study of public service outsourcing. Following this, the study's methods and findings are presented. Finally, the implications of the obtained findings for theory and practice are discussed.

## LEISURE SERVICE OUTSOURCING: ITS NATURE AND EXTENT

The use of outsourcing as a mechanism for delivering public leisure services in the UK is not a recent phenomenon. Since the adoption by post-1979 Conservative Governments of a policy of Compulsory Competitive Tendering, and more particularly the making of the Competition in Sport and Leisure Facilities Order 1989, the transfer of services to the private and non-profit sectors has been continuously rising, regardless of the political complexion of the government. Thus, it expanded substantially during the 1997-2010 period of 'New Labour' rule, rose further under the 2010-2015 Liberal Democratic – Conservative Coalition government, and is increasing yet again under the current Conservative administration.

Available evidence illustrates this ongoing trend towards outsourcing clearly. In 2002, the proportion of public leisure services outsourced to an external vendor stood at 27%. By 2006, this proportion had passed 38% and by 2012 the share of 'in-house' provision had fallen to just 41% (Audit Commission, 2006; King, 2012). It is further clear that much of this growth in outsourcing has involved the transfer of services to non-profit providers (Houlihan and Lindsey, 2012): the market share of leisure trusts having risen from 12% in 2002, to 21% in 2005, and to 24-30% in 2012 (Audit Commission, 2006; King, 2012). In addition, in a

2012 survey nearly three-quarters of local authorities anticipated that the role of such trusts would expand further over the next five years (King, 2012).

The shift of services to leisure trusts, as opposed to private providers, is understandable given (a) the charitable tax breaks and hence lower costs that they offer (Centre for Public Service, 1998), and (b) their focus on the social purposes of sport and leisure (Simmons, 2004). The 'non-profit' status, though, is something of a misnomer given that public leisure providers offer member based services and consequently have the potential to generate standalone revenue and financial surpluses. As a result, leisure trusts embody a strong commercial orientation.

This feature of leisure services needs to be borne in mind when considering the impact of outsourcing on transferred workers and their responses to the changes they experience. For, in comparison with other groups of public sector workers, they are relatively used to working in a commercially driven environment. They might consequently also be more willing to accept changes introduced for commercial reasons.

**OUTSOURCING AND WORK TRANSITIONS**

Outsourcing is often conceptualised as an event rather than an ongoing process, notably in the realm of law and transactional economics (Williamson, 2008). Little cognisance is therefore taken of the idea of outsourcing as a work transition in existing research (e.g. Kessler et al., 1999). Yet, a substantial body of theoretical and empirical work on such transitions has developed since at least the mid-twentieth century that would seem of considerable relevance to the analysis of employment changes associated with public service outsourcing. As a result, conceptualising outsourcing as a form of work transition would seem to provide a potentially valuable analytical framework within which to seek to understand workers experiences of it given the (multitude of) events and changes that the process inevitably involves as they move from one employment context to another.

A number of models exist which conceptualise and analyse work transitions, with the bulk of these theorising the process in terms of phases. Lewin (1951), for example, developed his unfreezing-changing-refreezing framework to represent the process of change that organisations or employees experience when moving from one 'quasi-stationary state of equilibrium' to another. In a similar vein, Isabella's (1990) model postulates that employees go through four phases when encountering a substantial transition process – anticipation, confirmation, culmination and aftermath (Isabella, 1990). Similarly again, Bridges (2003) argues that people move through an 'ending stage', then a 'neutral stage', before potentially reaching 'new beginnings'. Meanwhile, Nicholson (1990) has identified four phases of transition – preparation, encounter, adjustment and stabilisation.

Together, these models point to the need to study the employee perspective of outsourcing through a longitudinal dimension in order to capture how people subjectively evaluate their work experiences in relation to the changing material contexts in which they work. In doing so, they therefore in turn point to the need to move beyond the already noted tendency for existing studies of the employment ramifications of public service outsourcing to focus predominantly on material changes to staff working conditions and, in particular, those affecting substantive terms and conditions, such as pay, holiday and pension entitlements and sick leave benefits. As well as the associated tendency in such studies to assume that adverse material changes invariably impact negatively on employment relationships, as well as the performance of the outsourced service.

Such an approach would seem problematic given the factors found to influence the transition experiences of workers in outsourcing exercises. For example, Hebson et al (2003) in a study of how staff of a large NHS Trust and a London local authority had responded to their transfer to private sector providers, found a range of factors to have influenced their responses. These included their prior work ethos, the nature of the material changes made to their work and the way in which they had been made, and the extent to which they personally

benefited from the experienced transfer. In a similar vein, a study by Kessler et al. (1999) developed an analytical framework for investigating employee perspectives of outsourcing based on three overarching factors. The first of these – the pre-transfer context – relates to the treatment of employees by their former employer prior to outsourcing. The second encompasses 'pull' factors pertaining to the attractiveness of working for the outsourcing vendor in terms of the pre-transfer beliefs about the personal benefits or losses that outsourcing might bring, as well as the reputation of the outsourcing vendor. Finally, the third factor is the 'landing' and relates to the comparison between the 'pre-transfer' expectations and the 'post-outsourcing' reality.

These empirical analyses therefore highlight how staff responses to outsourcing exercises cannot be understood adequately through cross-sectional analyses of the material changes to employment terms and conditions. Instead, they point to a need to take into account a range of surrounding factors and, more particularly, the subjective meanings that staff attach to the whole gamut of changes they experience during the process of leaving one organisation and joining another (Bartels et al, 2006; Morgan, 2007). In doing so, they consequently also reinforce the value of studying outsourcing longitudinally as a form of *work transition*.

The work of Kessler and colleagues (1999) further reinforces the value and appropriateness of studying the work transitions of staff stemming from public service outsourcing exercises through a staged approach. At the same time, their framework suffers from the weakness that its 'landing' stage' does not distinguish between the immediate, relatively short-term responses and experiences of transferred staff and those that evolve over time as they adjust to, and gain greater insights into, the costs and benefits of their new employment environment. In contrast, that of Isabella (1990) detailed earlier does embody such a distinction through its phases of 'culmination' and 'aftermath'. Thus, while the former concerns how people amend the pre-transfer views they had developed via prior 'anticipation' and 'confirmation' phases in the light of initial experiences, the latter embodies longer-term evaluative processes whereby they reach judgements concerning the strengths

and weaknesses of the experienced changes. Furthermore, an additional virtue of Isabella's (1990) model, as she points out, is that the shifts from anticipation to confirmation, from confirmation to culmination and from culmination to aftermath parallel the change processes distinguished in Lewin's (1951) unfreezing-changing-refreezing framework (Isabella, 1990: 26).

In the empirical analysis that follows a three-phase model based on that developed by Isabella (1990) is therefore employed to shed the promised new empirical light on the temporal work transitions of transferred staff and the material and emotional factors shaping them. The first phase of this model combines the anticipation and confirmation phases of Isabella's (1990) model dealing with processes of interpretation prior to and immediately after the formal announcement that a change is to take place into a pre-transfer phase. In this, attention is focussed on workers' experiences during the period from the point where they first become aware that their work is likely to be outsourced to the formal award of the outsourcing contract to the successful tendering organisation. Meanwhile, the second and third focus attention respectively on the workers' initial, early post-transfer reports of their transfer experiences and then those given once the nature of their employment in the new organisational setting has become both firmer and clearer.

**METHOD**

Data for the study were collected through in-depth interviews conducted as part of three longitudinal investigations of workers being transferred from local authorities – one district, one borough and one unitary – to work on outsourced services delivered by leisure trusts.[1] In total, 85 interviews were conducted with employees and managers across three small-medium size leisure organisations. The research was conducted after the financial crisis of 2008, with wider economic challenges occurring in the way that local authority and leisure spending was

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[1] In many parts of England the provision of local government services is distributed between two different tiers of councils: county councils and smaller district, borough or city ones. Elsewhere, there is just one (unitary) tier of local government. This is the case, for example, with London boroughs.

prioritised in the UK. In the years prior to the outsourcing transfers, each of the case study organisations encountered pressures in leisure services from rising operational costs (e.g. energy), increased private sector competition, and internal demands to streamline spending. Indeed, the rationale to outsource was typically justified on the basis of financial decision-making – either from the local authority or the leisure organisation standpoint.

In order to capture the lived experience of the experienced transitions, all the interviews were conducted at one of two time points to allow longitudinal comparisons of how experiences, and associated perceptions, changed during the outsourcing process. The first waves of interviews took place three months after the outsourcing contract commenced and data from them are used below to explore the pre-transfer and immediate post-transfer experiences of staff. The second waves took place around twelve months after the transfers had taken place and are utilised in what follows to shed light on the longer-term perceptions of workers concerning how they had been affected by outsourcing transfers. Those interviewed (with two exceptions) had been employed by the respective local authorities prior to the outsourcing process. The length of employment service of participants at the respective local authorities ranged from <1 to 23 years. All participants were recruited through the purposive sampling technique, as this provides clear direction as to whom to recruit data from, whilst simultaneously allowing space for researchers to seek out 'outliers' when necessary (Barbour, 2001; Morrow, 2005). As Table 1 shows, 24 of those interviewed were front-line leisure centre workers (e.g. fitness instructors, receptionists, lifeguards and supervisors), 21 occupied supervisory roles and 11 were managers.

<Insert Table 1 Here>

In-depth interviews were utilised because of their capacity to allow researchers to access rich descriptions about individual experiences of events and activities (Warren, 2002; Hesse-Biber and Leavy, 2011) and the way in which they 'provide an open, flexible, experiential and illuminating way to study complex, dynamic interactive situations' (Carson, 2001: 77). The

interviews commenced in an open-ended, inductive manner by allowing each participant to 'tell their own story' about their outsourcing experience, before shifting to a more deductive schedule to explore topics of particular interest. The *a priori* topics in this regard spanned a range of themes derived in large part from the existing body of literature on the employment effects of outsourcing and included pay, benefits, job security, job design, involvement, support, trust, commitment, citizenship behaviour and public service ethos.

The large majority of interviews lasted between 45-75 minutes. Interviews were electronically recorded and transcribed, and then thematically analysed (Boyatzis, 1998; King and Horrocks, 2010; Marshall and Rossman, 2010). During this process of analysis attention was focussed not only on issues specifically enquired about in the interviews, such as those mentioned above, but *a posteriori* concepts that emerged during them, such as the roles of power and identity in influencing the responses of those interviewed.

## EXPERIENCES OF OUTSOURCING

In line with the three-phase analytical approach detailed earlier, the interview data collected are now used below to consider in turn the pre-transfer, immediate post-transfer, and longer-term post-transfer outsourcing experiences of those interviewed.

### Pre-Transfer Phase

Announcements about the prospect of outsourcing in the leisure services generally brought considerable insecurities about future work and employment. Often these senses of insecurity flowed from a lack of understanding of such phrases as 'seeking expressions of interest' and 'going through a tender process'. Most participants did though have some ideas about what outsourcing meant and there were clear anxieties about whether outsourcing might lead to redundancies or pay cuts. For some participants, this was of huge concern given the presence of narratives about how past outsourcing transfers in the leisure sector had

led to staffing cuts and negative changes to terms and conditions. The local authorities typically offered information about the tendering and outsourcing process, though more so after the award of the outsourcing contracts to the leisure trusts. Hence, communication was often felt to have been insufficient during the bulk of the pre-transfer phase. In one case study, for example, employees were only told the name of the company taking over the leisure facility once the full outsourcing contract had been signed. All of this culminated in substantial feelings of uncertainty.

Even when detailed information was communicated to staff about the transfer, participants reported that this was rarely understood by staff. Most notably, there was confusion reported about the protection offered by the Transfer of Undertakings (Protection of Employment) Regulations (TUPE), which was associated with wider worries about whether jobs were going to be secure:

> *"[Y]ou're thinking, 'what's gonna happen?' It was quite hard, having been here*
> *for quite a while, five plus years. You're thinking 'what's happening with me?*
> *Am I gonna be made redundant? Am I?'"*
> *(Male, P28).*

One particular concern in the build up to the transfers was how existing job roles within the leisure centres would transfer to the new service provider, as not all leisure operators adopt the same roles and structures. Participants were worried about how they would fit in; a concern amplified by the feeling they were no longer valued by the local authority. In one of the local authorities, a recent job evaluation and restructuring process had created an additional layer of insecurity and tension about pay and employment security, notably because it left six employees redundant. In this case, feelings of job security reduced considerably in the late pre-transfer and early post-transfer phases, with consequential implications for employee morale and senses of belonging.

These concerns about job insecurity and poor communication were very much associated with perceptions that senior local authority managers were failing to put enough support measures in place to staff during the transition. More broadly, though, there was the sense that outsourcing signalled that the local authorities did not value their staff or the work that they did. Outsourcing was therefore often taken as a symbolic sign that employees were no longer 'wanted'. Indeed, some participants reported how the process had left them feeling both disposable and neglected.

Nevertheless, despite all the uncertainty during the pre-transfer phase, participants did voice some optimism for the future as the transfers loomed, particularly with regard to training and development, and future facilities investments. On the career side, the majority of participants felt outsourcing would translate into better prospects. As was often pointed out, the local authority and leisure trust managers had implicitly suggested that outsourcing would lead to these outcomes. In addition, the fact that the leisure trusts operated on a number of other sites was often taken to carry with it the implication that there would be more chances for internal progression. Meanwhile, with regard to training, the anticipation hinged on the view that the leisure trusts had more flexibility to provide training compared to the local authorities and desired more skilful and knowledgeable staff to enhance organisational performance. As one participant noted,

> *"[I]t's the way they sell it to you I guess in their presentations and that. But I must say it was good in terms of the signals that were being made and I'm not trying to make it sound that it was a complete disaster because it wasn't… personally I'm going to start looking outside my current role and see what's available … So I do see a lot of opportunities."*
> *(Male, P48)*

All of the case study facilities were promised some level of refurbishment, though the level of investment involved varied from full interior refurbishment with new health and fitness suite

and amenities, to renovated reception areas and studio facilities. These investments were invariably viewed positively by those interviewed. Many felt that the refurbishments signalled the potential for augmented quality, with the prospect of a 'private sector feel'. Indeed, as the refurbishments unfolded after the transfers, the notable renovations involved at times generated senses of pride and esteem.

**Early Post-Transfer Phase**

A significant finding from the data about the early transfer phase was the stricter expectations concerning employee work performance laid down by the new employers. The leisure trusts' managers, when they took over the centres, came on board with a plethora of new organisational targets, sometimes unpinned by the benchmarks laid out in the outsourcing contracts, and this permeated deeply into the realities of work for many front-line staff. Fitness instructors, for example, were often required to conduct more 'inductions' and 'fitness programmes'. Lifeguards reported augmented requirements for cleaning and operational and health and safety checks. The sales teams (sometimes newly recruited) were set strict targets about membership sales. Supervisors, while often experiencing reduced responsibilities in their managerial duties, typically reported having more front-line operational tasks to contend with. Receptionists meanwhile encountered upsurges in membership processing and retention calling, all of which led to feelings of work intensification and, at times, work-related stress.

These experiences of work intensification were sometimes perceived as arduous or unfair for the employees involved, particularly when they were pushed through without much choice or any enhanced remuneration. In this sense, the new work rules were sometimes intertwined with an associated sense of reduced autonomy. Participants felt restricted by the new procedures, targets and expectations, and this brought mixed responses. Some participants viewed the stricter work expectations as a shift towards professionalism and prestige – for standards were becoming like a 'private sector health club'. Others felt aggravated and

dissatisfied by the way the stricter expectations were pushed through, which in turn brought a sense of reduced control among them.

From the managerial point of view of the leisure trusts, the changes in culture and the dynamics of the employment relationship were seen as a necessary part of improving service delivery. The managers felt they needed to intensify employee performance if they were going to be able to compete with local competitors, and indeed survive, whilst making some sort of surplus. The commercial ends were also seen as significant given the limited funding and stringent targets being placed on them by the local authorities. As one of the leisure trust managers pointed out,

> **P:** "[Outsourcing] may be dressed up in all sorts of spin but at the heart of it are savings, full stop. That's my experience over half a dozen transfers, that it's driven by finance and, again, in the current climate that's got to increase."
> (Male, P17)

There were, then, conspicuous tensions between the management and worker interests in the early months after the outsourcing transfer. Interestingly, however, there was fairly limited opposition to the commercialisation agenda of the leisure trusts. Rather, tensions arose in respect of how the managers were actualising it: the ways in which they were 'renegotiating' the rules of the employment relationship and the mechanisms of power they were drawing on in this process. On one level, this was often linked to the way in which the leisure trust managers tended to adopt an overtly 'carrot and stick' style of management. Managers often expressed significant gratitude to employees who conformed to the new work expectations. However, those who resisted were in some instances ostracised from work they enjoyed or, in a limited number of cases, formally disciplined. As a result, there was sometimes a mild culture of fear reported, typically linked to the threats about non-conformity. CCTV cameras were also installed in two of the leisure organisations (justified as a health and safety requirement), and this reinforced the feeling of surveillance being used

to monitor behaviour. Indeed, several cases were reported where this surveillance was used to evidence absences and lateness, and to support related disciplinary action.

The feeling of reduced responsibility was particularly acute among supervisory staff, leading some to question how job designs might change in the future, and whether some job roles would still be needed. The reduced responsibility sometimes impacted the supervisors' sense of esteem and commitment as well, again linked to a sense of lost control. As one of the supervisors noted,

> *"[M]y job role has changed so before I'd look after here and I would for example do all the direct debit runs, I'd do all the promotional, I'd do all the report writing. But since going into the Trust then obviously there's someone on my level that looks after eight sites over there ... I did start looking elsewhere, looking at other points, to be honest with you. The main reason was I've been so successful and it just felt like things were being taken away from me as such and I haven't as much control as I did in decision-making."*
> *(Male, P2)*

In addition to reduced responsibility, there were similar reports of reduced autonomy. These varied in nature and scope, and occurred across hierarchical levels. For example, leisure staff were restricted on the length and structure of their shift patterns. Marketing supervisors were restricted on the sort of recruitment campaigns and promotional strategies they were able to engage in, while one of the transferred managers had his internet usage monitored, and was restricted from viewing personal email or using personal memory sticks on his work computer. It was further clear that such changes generated tensions during the early post-transfer phase.

> *"I get frustrated, again because I was used to before that what I said wasn't questioned. Because we did everything here, I issued an instruction and it*

*happened. But with [the leisure trust] it's so much bigger, so they do have a HR director and they do have an IT senior manager and finance director. So I am finding that they're telling us what to do all the time. I'm not saying I don't make enough decisions, but you know what I mean? There's not the freedom to manage anymore."*

*(Male, P1)*

## Longer-Term Post-Transfer Phase

One noteworthy feature of many of the second wave interviews was the way in which those interviewed often acknowledged that things had not transpired as they had expected or, at times, wanted. Another was the way in which many expressed rather positive views about what the future might hold.

Career development was one of the main ways that participants recognised implied promises had not transpired as they had expected. As noted earlier, during the pre-transfer phase interviewees commonly came to believe that they would acquire enhanced training and development opportunities from their new employer. However, insofar as training was provided by the new employers this generally involved statutory training courses – for example, health and safety training or lifeguard qualification renewals. In contrast, what the staff had anticipated, namely training that would up-skill them and enhance their career development prospects, frequently did not occur, as the following quote illustrates:

*"[T]here hasn't been anything as such for me to be able to develop in. Like I say, there's been no investment put into me because there hasn't been the option, I suppose, at the moment. Although, with the new training budgets being put together for April, as a result of the appraisals and so on, that may change. … Other than, again, appraisal training, I haven't received anything … It's very difficult because for me because the only thing that I'm after from them is*

*seniority and promotions and career development opportunities. Obviously if there is none available then there's none available, and there's not a fat lot you can do about that. Yet however what would be nice is the option to increase my attractiveness as a potential employee of somewhere, whether that be through training".*
*(Male, P23)*

Similarly, only a few internal promotions were reported across the organisations in the first year of outsourcing, with no mention of participants moving to posts elsewhere in the trusts. Some of the managers put this down to the conditions in the wider economy and local labour markets. Others, on occasion, suggested that they were doubtful about the value of transferring former public leisure workers to other corporate sites – the claim being they were socialised into a different, perhaps less entrepreneurial, mind-set.

Nevertheless, in the second interviews, although participants recognised that promises around training and development had not transpired, and that the cultural changes and new rules had been difficult, there remained a sense of purpose and positivity about the future for some. Indeed, a number of participants seemed to feel they were entering a new stage.

On closer inspection of the data, this optimism seemed linked to a growth in support and professionalism that was enabling them to develop a strong sense of identification with the leisure trusts – something that had developed throughout the transition.

*P: "I mean the main thing for me is the support; I feel a lot more supported. I feel as though if I needed, if I had a grievance or if I had something specific that I needed, if I approached them I'd probably get it, whereas before we didn't. I think because [the leisure trust managers] have a lot of leisure centres, and they're very professional, they know what they're doing, whereas the council had one leisure centre and they didn't know anything about leisure, so it's a different*

*culture ... I think the systems are better. I think the organisation is so more*
*professional than it was before."*
*(Female, P7)*

Notice how this participant compares the differing levels of support provided by local authority and the leisure trust managers. Interestingly, one of the broader themes to emerge in the data was that the employment relationship had become more emotionally-based during the post-transfer period for a number of staff, suggesting shifts in identification and attachment. There was a sense that the managers from or with the leisure trusts were more supportive of staff and engaged with them more. Some even commented on charismatic or relational personalities. Indeed, although the leisure trust managers brought stricter expectations about behaviour, which challenged and frustrated many participants to begin with, the longer-term perception was often that the services were deemed to be managed in a more supportive, consistent and professional manner. This by no means happened for all participants, and the participants that perceived significant unfairness over disciplinary action, contractual changes or broken promises were particularly less attached to the leisure trusts' managers or new ways of working, and in some cases a little hostile. However, for those that did embrace the new work realities, even if they were still acknowledging there were ways that the employment relationship with their leisure trust could be improved, the psychological transition was noteworthy towards the leisure trusts management approach:

*P: "So things ... are actually improving and as a general feel, you feel more part*
*of the [leisure trust] group".*
*(Female, P32)*

In particular, it was apparent that many of the participants were identifying with the leisure trusts' espoused values of professionalism. Numerous participants pointed out that working for the leisure trust was akin to working for a 'private sector health club', and the significant investments the leisure trusts had made into refurbishing facilities reinforced this

perception. So, while there was a clear recognition that the leisure trusts operated with increasingly rigid standards and procedures regarding service quality and employee performance, as time went on this was see as part of a professional transformation that participants generally liked. Naturally, as noted earlier, not all of the interviewees demonstrated full support for the leisure trusts' agendas and methods at the time of the second interviews, particularly where individual experiences had been especially difficult (e.g. the experience of being disciplined, having specific promises broken, experiencing recent conflict with managers). However, the general theme was that the leisure trusts had brought a step-change in professionalism, entwined with the idea that the leisure trusts sought to better society in some way through health and fitness, and the participants sometimes identified with this rather strongly.

**DISCUSSION**

This paper set out to highlight the need to focus more research attention on the work transitions of outsourced public service workers and, in particular, how employees perceive changes to the employment relationship as the boundaries of their employing organisation become increasingly blurred and transformed. To this end, it has used a three-phase conceptual model to trace the temporal evolution of the transition experiences of workers involved in the transfer of three local authority leisure services to non-for-profit providers and the factors shaping them.

The findings from these cases studies at one level simply serve to reinforce extant findings as to how outsourcing frequently leads to reductions in employment and job security (Cunningham and James, 2009) and increases in work intensity (Cooke et al., 2004), while at times generating degrees of optimism around training and development (Cox et al., 2008). However, they also importantly highlight the potential fluidity of such perceptions, as perceptions of job security and career opportunities appear to heighten, lesson and evolve at various points during the transition. By doing so, they more particularly point to the fact that

while outsourcing may engender perceptions of deteriorating job security, work intensity, and stricter behavioural rules, the significance of such changes to broader evaluations of the surrounding employment relationship can change during the outsourcing process. Consequently, such evaluations may be more nuanced than those suggested by a focus on the negative material consequences flowing from outsourcing exercises.

The perceptual and interpretive shifts of some of the participants appeared in part attributable to a perceived improvement in the professionalism of the organisations. The experience of working within an entrepreneurial organisation that placed greater emphasis on service quality and the health of local members appealed to this group of workers. They consequently became more willing to accept the new rules and tighter performance expectations that the leisure trusts were introducing. In this sense, the approval given to the growing professionalism provided a mechanism for enacting management control by, in the words of Alversson and Willmott (2002: 620), facilitating 'the self-positioning of employees within managerially inspired discourses about work and organization with which they may become more or less identified and committed'.

These findings raise important questions regarding how the changeable nature and content of employment relationships might be theorised. To date, the dominant conceptual framework used to explain such processes of change is grounded in social exchange theory (Blau, 1964; Shore et al., 2004). Social exchange theory differentiates between economic (e.g. pay, benefits etc.) and socioemotional resources (e.g. support, developmental opportunities) in the employment relationship. This categorisation, however, accords limited acknowledgement to the role of wider psychological mechanisms, such as identity and purpose, in shaping social exchange outcomes. Indeed, identification is often treated as a separate construct. Yet, in this study, changes to identification were apparent for employees in various guises throughout the outsourcing transitions, particularly during the latter phase when employees appeared increasingly accepting of the new realities of their work and employment on the basis of a form of professional identity. It would therefore seem that current understandings of the

employment exchange relationship ought to be expanded, perhaps along the lines of Thompson and Bunderson's (2003) 'ideological currency', to include psychological concepts like identity on the grounds that  they offer 'distinct resources' (for the want of a different terminology) that employees desire and employers can potentially offer.  For, based on the current findings, it seems such psychological currency may be inherently more powerful in driving the employment relationship forward than is currently acknowledged.

By drawing attention to the way in which employee perceptions changed, the study additionally demonstrates the value of the adopted three-phased model of work transitions. Thus, at the general level, the offered analysis reveals that its three constituent stages do provide a framework which can be productively used to analyse how outsourcing-related work experiences are perceived to change as they evolve during the pre- to longer-term transfer periods. Meanwhile, at a narrower level, it highlights how the model valuably facilitates an approach to the study of work transitions that extends beyond the current tendency in outsourcing research to concentrate on their more material components.

A further important feature of the obtained findings is how they show the changes to identification and behaviour revealed to be importantly influenced by the interactions occurring between transferred operational staff and their new managers.  The role of line managers in the delivery of human resource management has long been recognised in the literature (Storey, 1992).  However, the nature of their contribution in this regard has been a subject of ongoing debate, particularly around its function and effectiveness within wider human resource management practice (McGovern et al, 1997; Renwick, 2002; Alfes et al., 2013).  The current study indicates that line manager involvement in the delivery of human resource management can be influential in generating attitudinal and behavioural change among employees during transitions, particularly through performance management.  Its findings therefore support research that has previously acknowledged the way that reciprocal dynamics between line managers and employees may shape employee work outcomes (Wayne et al., 1997; Neves and Caetano, 2007; Eisenberge et al, 2002), notably by

highlighting how increased levels of support, appreciation and consistency provided by the line managers appeared to aid employees' acceptance of new performance regimes.

At the same time, while adding weight to the view that line managers play a crucial role in the delivery of human resource management (see e.g. Purcell and Hutchinson, 2007), the study's findings point to the need for more attention to be paid to the challenges surrounding their role in the context of outsourcing transitions. In particular, they draw attention to the potential tensions that can arise as line managers seek to provide support and appreciation to staff, while enforcing different (and more rigorous) performance expectations, and sometimes having their own autonomy restricted. Hence in some ways they can get wedged between the interests of senior management, human resource practitioners and their own subordinates. Consequently, further research focussed on exploring the specific role of line managers during employment transitions, and how they psychologically process and practically manage the interests of different organisational groups or members would seem needed. In addition, given the apparent capacity of such managers to influence the outcomes of outsourcing transitions as a result of their location at the interface of the old and new work environments of employees, it is argued that such research could usefully draw on insights from the literature shedding light on the roles of, and influences on, inter-organisational boundary spanning agents (see e.g. Marchington et al, 2005).

Turning to more strategic and operational human resource management issues relating to outsourcing generated work transitions, the findings indicate employees need time to process information and adapt to new ways of working, They also highlight the importance of ensuring that outsourcing transfers accord sufficient consideration to the  psychological transitions that employees may have to make. As a result, they suggest that outsourcing exercises that take place over numerous months may be more helpful than quick and sharp transfers in terms of facilitating supportive employee adaptions. Similarly, there would seem to be a case for local authorities involving employees more in the decision to outsource in the first place and for phasing-in managerial involvement from any new outsourcing vendors.

By inviting the new outsourcing vendor managers to deliver presentations, attend meetings with staff, and have human resource managers discuss the future of the organisation prior to any full legal or operational transfers, employees are likely to make sense of their changing work situation more readily. Theoretically, this means that employees may make a speedier transition through what Isabella (1990) calls the 'anticipation' and 'confirmation' phases, whereby employees are searching to understand their future work situation through rumours, stories or prior organisational narratives, and often experiencing substantial insecurity and uncertainty. The greater the exposure between employees and the new vendor (particularly its leaders and human resource managers) prior to the formal outsourcing take-over is likely to enable familiarisation and more opportunities for both parties to understand where each are coming from in terms of intentions and future prospects. As the full outsourcing transfer then occurs, there may thus be greater readiness to adapt and amend attitudes and behaviours (as Isabella's 'culmination' phase suggests) without negative power mechanisms being used, as a relationship has already been established, and the psychological transition well underway.

Future research could take these themes forward by exploring whether and in what ways the findings may apply to other public service areas. Certainly it is acknowledged that the applicability of the findings reported here to other areas of public service outsourcing cannot simply be assumed. Leisure services, as pointed out earlier, are more commercially orientated than most other local authority services and, indeed, face firmer competition from private sector providers (Robinson, 2004). In addition, their career aspirations and senses of occupational/professional identity may relate more to the wider leisure services sector and the norms of the private, for-profit organisations that dominate it. As a result, public leisure service workers may have a more tempered and diluted form of public service ethos and be therefore less resistant to commercially orientated processes of reform.

More research on the specific mechanisms that may underlie the types of longitudinal behavioural and attitudinal shifts identified in the present study would also appear merited. This research has pointed to the roles of changing values (i.e. augmented professionalism)

and reciprocity (i.e. a reshaped employment relationship) in explaining the work transitions observed. Other studies could not only set out to confirm the applicability of these findings to other settings, but focus more attention on the influence of other mechanisms, including surrounding organisational cultures and wider economic or managerial discourses.

**CONCLUSION**

This article has examined the ways in which employment relationships and attachments towards employing organisations evolve during the course of the outsourcing process. Through drawing on in-depth, longitudinal qualitative data on public leisure services, and exploring them through a three-phase analytical framework, the study supports the idea in extant research that outsourcing can be a difficult transition to go through, with potential losses incurred to terms and conditions of employment during the outsourcing process. Its findings, however, also challenge the notion that the employment effects of public service outsourcing are always perceived as negative, with developments in professionalism and managerial support being clearly identified as sources of positive developments in each of the undertaken case studies. In particular, they highlight how localised managers can potentially facilitate the establishment of relatively positive employment relationships with staff, notwithstanding adverse material changes to their employment conditions.

More generally, the study's findings are seen to point towards the value of exploring outsourcing related work transitions longitudinally and through the lens of  an adapted version of Isabella's three-phase transition model. They are further considered to valuably emphasise the importance of researchers and human resource practitioners according due regard to how employment relationships are shaped by the subjective, as well as material, processes of change experienced by outsourced staff, while also highlighting the need for the latter to recognise that they can be significantly shaped by how the pre-transfer transition phase is handled.

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**Table 1: Characteristics of Participants and Interviews**

| | |
|---|---|
| *Participation* | |
| *Total No. of Research Participants* | *56* |
| *Gender* | |
| *Male* | *36* |
| *Female* | *20* |
| *Position* | |
| *Managers* | *11* |
| *Supervisors* | *21* |
| *Team Members* | *24* |
| *Length of service (prior to outsourcing)* | |
| *Range* | *<1 – 23 years* |
| *Interviews* | |
| *Total at First Wave* | *50* |
| *Total at Second Wave* | *35* |
| *Total of New at Second Wave* | *6* |
| *Overall Total* | *85* |