



Review

A review of the outcomes from contracting out urban green space maintenance: What we know, don't know and should know



Andrej Christian Lindholst

Department of Political Science, Aalborg University, Fibigerstræde 1, DK-9220, Aalborg, Denmark

ARTICLE INFO

Keywords:

Contracting out
Green spaces
Maintenance
Management
Narrative review
Parks
Performance

ABSTRACT

Private delivery, i.e. contracting out, of maintenance services in urban parks and green spaces has since the 1980s been spurred by neoliberal reform promises of improved performance. This article contributes to discussions of whether contracting out park and green space maintenance services is a well-performing alternative by evaluating what is known – and not known – about the outcomes in a narrative review of thirteen studies bridging experiences from four decades and three country contexts. It is found that the balance of reported economic and managerial outcomes mostly are on the positive side while the balance of reported outcomes related to service quality and staff are found to be on the negative side. Findings indicate that reforms have partly delivered on their promises. However, the reviewed studies are found to be dominated by evaluations based on governing values inherent in neoliberal management reforms rather than alternative management paradigms, rely on older data from a limited number of country contexts, and lack an accumulated understanding of explanation of outcomes. Finally, the reviewed studies pay little or no attention to the details of the development of different contracting and organizational models within contemporary urban green space management. Future research can expand further on what is known by addressing these key caveats.

1. Introduction

One profound change within local governments' delivery of maintenance services in urban parks and green spaces in many countries in the last four decades is a shift toward greater reliance on private contractors – a shift that simultaneously has challenged and reduced public authorities' reliance on in-house provision (Jones, 2000; Lindholst, 2009; Nuppenau, 2009). In a global perspective, the increased reliance on private contractors in the public sector is one tangible result from the last four decades' reform push promoting new organizational and managerial instruments and values based on a neoliberal belief in 'markets' as superior mechanisms for improving the performance of service delivery (Pollitt and Bouckaert, 2011; Hansen and Lindholst, 2016).

Evaluations of whether the promises of neoliberal beliefs have been fulfilled as well as what the broader outcomes are from the increased reliance on private contractors for delivery of maintenance services in urban parks and green spaces have been covered by a small number of studies over the years. The studies have within perspectives confined to a single country context and particular time periods provided either 'narrow' evaluations of a particular outcome such as difference in expenditure levels (e.g. Jang, 2006) or provided more rounded narratives reporting on a broader set of experiences

and outcomes (e.g. Jones, 2000). However, no research has in a cross-national perspective within the context of urban green space management gauged what is hitherto known – and not known – about the outcomes for service delivery from the increased reliance on private contractors.

With the aim of illuminating this 'grand puzzle', this article provides a review of internationally available studies reporting on outcomes from public authorities' use of contracting out for delivery of maintenance services in urban parks and green spaces – a practice that critically has changed who carries out maintenance services in urban parks and green spaces. The key research question addressed in the article is: *what is known (and not known) in a cross-national perspective about the outcomes for service delivery from contracting out maintenance services in urban parks and green spaces.* To address the research question, the article first provides an introductory theoretical overview and discussion of the idea of using contracting out in the public sector for improving performance, secondly it identifies and review altogether 13 internationally available studies reporting on outcomes from contracting out maintenance services in urban parks and green spaces, thirdly it discusses the findings on outcomes against theory, and fourthly it extrapolates from the findings in the review and pinpoints key knowledge gaps which should be addressed in future research. The remainder of the article is structured into four main sections: 'Theories

E-mail address: acl@dps.aau.dk.

<http://dx.doi.org/10.1016/j.ufug.2017.06.012>

Received 8 February 2017; Received in revised form 7 June 2017; Accepted 21 June 2017
Available online 23 June 2017

1618-8667/ © 2017 Elsevier GmbH. All rights reserved.

on contracting out,' 'Methods and materials,' 'Review of evidence,' 'Discussions,' and 'Conclusions.'

2. Theories on contracting out

The idea or prescription that private contractors should be systematically involved in public service delivery with the purpose of improving public sector performance is associated with the rise of public reforms from the 1970s and onward subsumed under the heading of 'new public management' (NPM) (Hood, 1995). As part of its core values, the NPM has ingrained the wider neoliberal belief that various 'market-like' mechanisms, such as competition, free choice or benchmarking, are superior for coordinating and organizing public activities (Hansen and Lindholst, 2016). The belief has been backed by theoretical arguments on the private sector's comparative ability to operate more cost-effectively than the public sector due to stronger competitive and (profit-based) economic incentives to innovate and bring down operational costs (Boyne, 1998). Congruently, private contractors have become involved in public service delivery through a 'competition model' for contracting public services (Dehoog, 1990). In this model, a government is ideally able to specify a service in a formal contract and through a process of competitive tendering with participation of several potential providers – public as well as private – contract with the provider that promises to deliver services at the lowest cost. The model requires (as a minimum) that a government can spur competition among several qualified providers, has a capacity for managing and monitoring contracting processes, and can be relatively certain regarding future funding levels, service needs and service technology. The value of linking a highly specified set of services with fixed ex ante pricing in a contract will tend to diminish if change later occurs in, for example, user patterns or planning objectives. The remedy in many green space maintenance contracts has been to build in a degree of flexibility (Lindholst, 2009). However, in theory, this approach runs counter to the basic logic of the low cost-focus inherent in the competition model.

Using markets and contract-based exchange furthermore involves 'transaction costs' for activities ensuring that received values in an exchange relation match expected values (Ouchi, 1980). These costs include various activities related to planning, formation and monitoring of service delivery (by contracts). Ultimately, transaction costs need to be compared across available alternatives for organizing service delivery. In other words, assessment of the most cost-efficient arrangement for service delivery requires comparison of the transaction costs associated with each alternative (Williamson, 1991). However, calculations of comparative transaction costs are notoriously difficult and seldom fully accounted for in studies of economic outcomes from contracting out (Petersen et al., 2017). Hodge (2000) projected that transaction costs associated with contracting out reduced average cost savings by around two percentage points. In addition to transaction costs, contracting out may also result in cost shifts and 'quasi-market failures' within the public sector where, for example, reduced operational expenditures from staff lay-offs or higher productivity associated with contracting out incur increased expenditures on health and social welfare elsewhere or years later in the public sector (Boyne 1998). Several other issues can also be associated with the use of the competition model for service contracting. Kettl (2010), for example, elaborated on various 'governance failures', such as lack of transparency in money flows, dependency on a single private contractor or lack of internal contract management capacities, while the theory of 'incomplete contracts' (Hart et al., 1997) highlights that competitive tendering increases providers' incentives to offer low prices and/or reduce costs at the expense of quality in service delivery.

While the ideal case of the competition model seldom can be fully achieved in practice it is an assumption that governments when possible at least will seek to maximize economic efficiency in choosing among potential providers (Dehoog, 1990). The competition model is

usually expected to work better for some services than others. Characteristics of parks and green space maintenance are in comparisons with other public services commonly regarded as relatively well-suited for contracting out. A US based study by Hefetz and Warner (2012), for example, found that contracting out of park and landscape maintenance was characterized by higher competition levels, and lower levels of contracting difficulties and investment requirements in comparison with other municipal services. However, a relatively higher citizen interest in park services indicated some caveats, as higher citizen interest is likely to require higher levels of ongoing government coordination and control in order to ensure responsiveness toward community needs. Based on the comparative characteristics, it can be argued that the competitive model of contracting out can be expected to work relatively well for parks and green space maintenance services in relation to economic performance but less so in relation to other important aspects.

The competitive model of service contracting furthermore ingrains a distinct set of governing values. The neoliberal belief in the market as a superior coordination mechanism has through the NPM promoted core values in the public sector related to competition, cost-effectiveness and productivity. Patterson and Pinch (1995), for example, observed that the implementation of contracting out in the UK encompassed an organizational shift toward 'strategic centralization and operational decentralization' as well as a shift toward a business and commercial discourse focused on 'efficiency', 'performance targets' and 'consumer needs.' These values seem somehow odd or differ from traditional bureaucratic values, such as legality and procedural fairness supporting a 'public ethos', as well as governing values promoted in management paradigms in newer reform trends such as involvement, deliberation and flexibility in decentralized searches of 'public value' within networks of stakeholders (Hood, 1991; Stoker, 2006). With the point of departure in alternative sets of governing values the performance of contracting out can be judged very differently. For example, one longstanding criticism in the literature of the competitive model of service contracting is the loss of democratic deliberation and political control (Vincent-Jones, 2007) – or what have been called a process of 'hollowing out of the state' (Rhodes, 1994). In the competition model private contractors are intentionally engaged to deliver contracted services at the lowest possible costs whereas in-house providers are directly governed by their political constituencies within a hierarchical structure and can recurrently be required to serve broader public purposes within a community or adapt to changing political preferences. It follows that service delivery through in-house organizations is governed by a different – if not more complex – set of values than the values governing the use of private contractors through a competition model. In the institutional literature on economic organization the difference between organizing production through markets ('buy') versus hierarchies ('make') has been analysed in terms of comparative benefits and costs (Williamson 1991). In-house provision may have advantages such as greater 'allocative' efficiency (e.g. flexibility and ability to meet changing community needs and user preferences) while contracting out may have the advantage in terms of greater 'technical' efficiency (plan and provide standard services at the lower cost).

The differences between in-house and market based approaches as well as how contracting out is organized may, however, not be as clear cut as analytical models suggest. New models for contracting out serving other purposes than cost-effectiveness have been introduced through shifts in reform focus in some countries, such as the UK (Boyne, 1999), as well as discussed more broadly as an international trend in the literature (Entwistle and Martin, 2005; Vincent-Jones 2007; Donahue and Zeckhauser, 2006). The new models include various partnership and collaborative approaches supporting objectives related to service development, public deliberation, flexibility and transformation rather than mere cost concerns. The focus on new models has also been reflected within urban green space management where alternative contractual arrangements, incorporating partnership features

Download English Version:

<https://daneshyari.com/en/article/6461697>

Download Persian Version:

<https://daneshyari.com/article/6461697>

[Daneshyari.com](https://daneshyari.com)