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Torn between state and market: Private policy implementation and conflicting institutional logics[☆]

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Abstract

Policy implementation by private actors constitutes a ''missing link'' for understanding the implications of private governance. This paper proposes and assesses an institutional logics framework that combines a top-down, policy design approach with a bottom-up, implementation perspective on discretion. We argue that the conflicting institutional logics of the state and the market, in combination with differing degrees of goal ambiguity, accountability and hybridity play a crucial role for output performance. These arguments are analyzed based on a secondary analysis of seven case studies of private and hybrid policy implementation in diverging contexts. We find that aligning private output performance with public interests is at least partly a question of policy design congruence: private implementing actors tend to perform deficiently when the conflicting logics of the state and the market combine with weak accountability mechanisms.

1. Introduction

This paper explores the conditions for the output performance of private policy implementers. The shift from government to governance (Bevir, 2011) has led to different forms of cooperation between the public and private sphere (Knill & Lehmkuhl, 2002). The inclusion of private actors and the introduction of market principles along the line of New Public Management (NPM) have considerably changed the way how public tasks, goods and services (outputs) are delivered (Hodge & Greve, 2007: 545–548). With the involvement of private actors the state has less direct control (Bevir, 2011: 459), but, with the exception of private self-regulation, ultimately remains responsible for

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safeguarding policy objectives (Knill & Lehmkuhl, 2002: 50). Evidence suggests that the (partial) privatization of public services is no guarantee for achieving policy outputs aligned with the public interest (e.g., Hodge & Greve, 2007: 553; Knill & Lehmkuhl, 2002; Schedler & Rüegg-Stürm, 2014: 46). Explaining how and why intended policy outputs are (not) delivered when private actors are delegated public tasks arguably presents a ''missing link'' for understanding the implications of private governance on policy implementation (Hodge & Greve, 2007: 545–546). In this paper we thus explore *output performance*, meaning the degree to which the output goals of a policy are met (Hupe & Hill, 2007: 294).

Scholars increasingly scrutinize the differing logics underlying public and private governance and their influence on implementing actors (Buffat, 2014; Considine & Lewis, 2003; Schedler & Rüegg-Stürm, 2014). This paper integrates the evidence that implementing actors are ''embedded'' within institutional contexts, which imply differing rationalities and identities. Hence, their actions are partly guided by underlying institutional logics (Garrow & Grusky, 2013; Thornton & Ocasio, 2008). Today's hybrid reality of policy implementation involves multiple, coexisting and potentially conflicting institutional logics, including an ideal-typical ''state logic'' focusing on legality, equity, security and correctness and a ''market logic'' focusing on profit, performance, competition, effectiveness and efficiency (Meyer, Egger-Peitler, Höllerer, & Hammerschmidt, 2014; Skelcher & Smith, 2014). Private and hybrid implementation modes entail a shift from actors predominantly adopting a state logic to also drawing on a market logic (Considine & Lewis, 2003; Fuenfschilling & Truffer, 2014: 9; Thornton & Ocasio, 2008).

We refer to conflicting logics as situations in which policy goals require an actor to draw on both logics and where the core values of the state logic contradict, are incompatible or incongruous with core values of the market logic (Skelcher & Smith, 2014: 441). Our central argument is that when the logics of the state and the market cannot be reconciled, then private actors tend to stick to the core values of the market that represent their institutional identity.

Private and hybrid implementation modes represent a set of government preferences for markets in goods and service delivery, and are assumed to represent the choice of the ''best'' implementation mode that ''matches'' the overarching policy goals (Howlett, 2009; Lytton & McAllister, 2014; Saetren, 2014). However, multiple policy design elements act in a complex interplay and can undermine one another in the pursuit of policy goals (Howlett, 2009; Howlett & Rayner, 2007). We thus formulate contrasting hypotheses on how three major design factors interact with conflicting logics on output performance, from both a top-down, ''design'' perspective (Howlett, 2009) and from a bottom-up, ''implementation'' standpoint (Saetren, 2014). These factors are (1) goal ambiguity (Chun & Rainey, 2005; Matland, 1995; Pandey & Wright, 2006); (2) accountability mechanisms (Klenk & Lieberherr, 2014); and (3) the implementation setting's hybridity (Knill & Lehmkuhl, 2002).

We illustrate our argument through a secondary analysis of seven case studies of private and hybrid policy implementation in diverging contexts. These studies cover both individual and organizational private implementing actors in (1) the Swiss food safety sector (Sager, Thomann, Zollinger, van der Heiden, & Mavrot, 2014), (2) the United States labour welfare sector (Dias & Maynard-Moody, 2007), (3) the Swiss telecoms sector (Ingold & Varone, 2014) and (4) the English water sector (Lieberherr, 2012). By distinguishing different types of goals according to whether they follow a market or a state logic, we find that the conflicting logics of the state and the market combined with weak accountability help to understand why private implementing actors may not achieve policy outputs as intended. We can thus tentatively specify conditions under which private and hybrid implementation modes can be incongruent with a policy's targets (Howlett, 2009: 83).

Next we discuss the involvement of private actors in policy implementation and then turn to the link between institutional logics and output performance in relation to ambiguity, accountability, and hybridity. In section three we introduce the research design. After presenting our findings in section four, section five provides a comparative discussion and the concluding section puts them into perspective.

2. Private and hybrid implementation and output performance

We address two *implementation* modes, where private actors deliver public measures, goods and services (hereafter referred to as output) (Bevir, 2011: 467). First, in hybrid modes, private actors participate in implementation alongside public actors (excluding accountability mechanisms). Second, in private modes only private actors carry out implementation tasks. The latter are for-profit actors (as opposed to citizens or non-profit organizations) which are either individuals or organizations (Winter, 2003: 219).