

Part III: Public Organizations of the Future

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Organizations of the Future: Greater Hybridization Coming

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The differences between public and private organizations have preoccupied the field of public administration almost since its inception, partially because the distinction has had a significant role in defining the field (Bozeman 1987, 2007; Dahl and Lindblom 1953; Wamsley and Zald 1973). While public administration scholars have long been engaged in the process of specifying the defining characteristics of public organizations, public administration research has also noted and documented the blurring of the public and private sectors (Benn and Gaus 1983; Dahl and Lindblom 1953; Wamsley and Zald 1973). The “blurring” is not a function of some opaque atomistic force, but rather may be attributed to a variety of factors in the environment of public organizations. For example, while not actually initiating the involvement of private sector organizations in the production of public services (such activity has been in evidence since the American Revolution), the privatization movement of the 1980s and 1990s served to increase the degree of private organization involvement in the provision of public services in everything from corrections to social services.

During the current period, the United States has witnessed the federal government buying controlling interests in banks, insurance companies, mortgage companies, and automobile manufacturers. Public officials working in public organizations have taken on responsibilities for functions such as removing and selecting corporate officers, regulating the pay of private organization executives, and choosing which private businesses will receive tens of billions of dollars in public money, either

through loans or stock purchases, and, as a result, which private businesses will survive or dissolve in bankruptcy. The impending changes in federal legislation affecting health care will also change the roles of public organizations vis-à-vis business activities.

As more private organizations have become involved in public programs, services, and policies, public administration scholars have been researching the factors that “contribute to the achievement of public outcomes across various organizational contexts and implementation structures” (Moulton 2009, 889). In significant part, they have been charting the “publicness” of what are considered private organizations and looking at their effects on public outcomes. However, the current period, involving greater penetration by public organizations in businesses may be indicative of the increasing “privateness” of public

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Given the dynamics involved in both “publicness” and “private-ness,” with respect to envisioning and analyzing organizations of the future, it is perhaps most useful to conceive of a continuum of organizations, with those most characterized by their public features on the public-ness end of the continuum and

those most characterized by their private features on the privateness end. Bozeman (1987) suggests that

we look to the degree of influence by “political authority” versus “economic authority” facing organizations to characterize a particular organization. It is apparent, given the dynamics just discussed, that what have traditionally been thought of as “government organizations” will not necessarily be found on the far publicness end of the continuum. “To the extent that an organization is more constrained or enabled by political authority, it is more public; conversely, an increase in constraint by economic authority increases the privateness of the organization” (Moulton 2009, 890; see also Bozeman 1987). As government agencies become more involved in investment decisions, economic development, and the marketing of goods and services, economic authority will play a greater role in their organization and management. The substitution effects of economic authority for political authority, and the trade-offs involved, will bear scrutiny by policy makers and public administration researchers.

In addition, neither the position of organizations nor the number of them is static. With respect to government-established organizations, the numbers have increased by means of pluralization phenomena, including sectional, economic, and interest groups pressuring Congress and the president to create new federal organizations, and these same interests pressuring state officials to create new state and local organizations (Wise 2002, 136). In addition, long-standing public organizations are moving toward the privateness end of the continuum as a result of resource scarcity, which has led them to bolster revenue through the sale of services on the market. For example, access to parks used to be free. Not only have entrance fees been installed and increased at the national and state levels, but also parks are increasingly introducing goods and services for sale to increase revenues. In effect, parks are in competition with Disney for the public’s entertainment dollar (Wise and Pitts 2009).

In addition, government functions undertaken by for-profit or nonprofit organizations through contracting continue to expand. For the federal government, between 2000 and 2007, the number of contractors increased from 56,551 to 177,915—214 percent—and the total number of transactions by contract increase from 583,900 to 3,278,482—561 percent (see <http://Fedspending.org>). By the end of 2005, there were 7.6 million contractor employees and 2.9 million grantee employees versus 1.9 civil servants, meaning that there were 5.5 contractors and grantees for every civil servant, up from 3.5 at the end of the Cold War (Light 2008, 202). Thus, the total number of organizations fully or mostly dedicated to carrying out government functions (not just formal government agencies) has increased, but fewer of them are on the far end of the publicness side of the continuum, and more are somewhere in the middle, if not on the privateness side. Concomitantly, as additional business organizations become more susceptible to greater political authority, whether they are insurance companies, banks, health care companies, or even auto companies, they will move further toward the publicness side of the continuum.

As pointed out earlier, public functions are provided by configurations of organizations (public, private for-profit, nonprofit, etc.), and the primary issue for policy makers in public organizational design “is not whether a function should be entrusted to public or private organizations, but rather what configuration of

organizations, public or private, is needed and what arrangements between them provide for the most effective relationships for the needed public function” (Wise 1990, 142). Given the dynamics discussed earlier, it seems increasingly likely that public service configurations for the performance of particular public functions will consist of more hybrid organizations that occupy neither end of the publicness–privateness continuum, but rather lie somewhere in the middle, and they will operate in an environment of increasingly numerous organizations with which they potentially compete and/or cooperate. Even very old and traditional federal bureaucracies seem to be sliding more toward the middle of the continuum.

For example, the Treasury Department, which now exercises the federal government’s ownership rights pursuant to its equity position in AIG, General Motors, and Chrysler, must increasingly respond to “economic authority” as much, or perhaps more than, “political authority,” if the public’s investment is to be recovered. In addition, the Treasury does not control the only pool of capital affecting the organizations that it is simultaneously trying to regulate and promote, and it must adapt its programs to the actions of these other organizations.

This hybridization of organizations populating public service configurations poses numerous challenges for public administration and democratic government. Among these are the following:

- *Preserving the public interest*—Promoting and safeguarding substantive values such as civil rights, equal treatment, limited government, and liberty become much more complex in an environment in which multiple organizations on different points on the continuum are operating. Similarly, procedural aspects such as consent of the governed, accountability to the three branches of government, and appropriate use of sovereign power are more difficult to specify and enforce when numerous organizations populate the functional area and are susceptible to various mixes of political and economic authority (Wise 2002, 145). The task of ensuring accountability for oversight agencies trying to serve the three branches of government is made increasingly more complex given the proliferating number and variety of organizations (Wise and Moulton 2009).
- *Ensuring adequate organizational and management capacity*—Research has already pointed out issues associated with the capacity of government employees to manage existing public programs and relationships with the myriad organizations—nonprofit and for-profit—that are engaged in providing public services (Kettl 1993; Light 2008, 202–4; Milward, Provan, and Else 1993; Rhodes 1994). The increasing “privateness” of government organizations adds greater complexity to the issues of capacity. Will such government organizations have the appropriate staff resources, budgetary resources, program designs, or organizational arrangements to cause the desired outcomes in the private economy?
- *Providing adaptive management systems*—As pointed out earlier, adaptive management is needed to frame the overall management approach for public service contexts in which uncertainty is the rule and the magnitude, scope, and timing of the response are complex and unknown. Such contexts likely involve multiple

organizations of various types, and adaptive management is called for to assist in the management of multiple networks. Adaptive management can be facilitated by the establishment of facilitating organizational frameworks, some elements of which are adopted in official policies (Wise 2006, 314). As government organizations delve deeper into markets and businesses operating in uncertain environments, establishing such frameworks for organizations characterized by greater degrees of privateness will require even greater creativity, negotiation, and departure from established government management practices.

Taken together, the organizational field of the future is likely to exhibit even greater complexity than exists now, and it will be populated by a greater variety of hybrid organizations located in the middle of the publicness–privateness continuum.

The intellectual agenda implied by this changing organizational field carries with it the need to combine the theory, empirical research, and methods of public management research with those of business research. The requirement is to identify how a variety of organizations—those at the public end of the continuum, those at the private end, and those in between—are interacting to produce public and private outcomes. This is not a call for return to the “generic management” approach. Management is not necessarily the same in these different kinds of organizations. It is important to understand the variations among the organizations, but also their interactions, and then to discern the differences they make in terms of public and private outcomes. This is inherently an interdisciplinary research agenda.

It is unlikely that scholars in public management alone can engage such an agenda. What will be required is a joining of forces among scholars with expertise in the variety of organizations discussed here. As with any interdisciplinary pursuit, such a joining of forces brings its own set of challenges. However, as government enters more deeply into these multiorganizational arrangements to bolster the economy and to both support and regulate the private sector, if policy makers want valid and reliable empirical evaluation of these arrangements, they may be willing to sponsor the requisite interdisciplinary teams.

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