

Philip Marcel Karré and Teresa Cardoso Ribeiro

THE 'SOCIAL' PROFIT OF HYBRID SERVICE DELIVERY

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Institutional details:

Mag.phil. Philip Marcel Karré
PhD – student and researcher
Netherlands School for Public Administration (NSOB)
Lange Voorhout 46
NL – 2514 EG The Hague
Phone: +31 – 70 – 302 49 22
karre@nsob.nl
www.nsob.nl/philipkarre

drs. Teresa Cardoso Ribeiro
PhD - student
Tilburg School of Politics and Public Administration
Tilburg University
P.O. Box 90153
NL – 5000 LE Tilburg
Phone: +31 – 13 – 466 8194 2128
T.CardosoRibeiro@uvt.nl

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1. INTRODUCTION

This paper deals with the social profit of public service delivery by hybrid organizations. Those are organizational forms that operate in the boarder area between state and market and which have to combine conflicting cultural orientations.

Hybrid organizations are no new or unimportant phenomena. The first hybrid organization in the Netherlands dates back to the 1700's (the famous VOC). Today, millions of people depend on hybrids to collect their waste, provide them with housing, keep them safe or take them home after work.

Nevertheless, research on hybrids still is relatively scarce. It mainly focuses on what the effects of hybridity are on the organizations themselves and what its effects are on governmental steering and control. But what about the citizens and their needs? How are they affected by the provision of public services by hybrids? We argue that the social implications of the hybrid provision of public services have so far not gotten the attention in the discussion about hybrid organizations that they deserve. It is the aim of this paper to make a contribution to fill this gap.

We will mainly describe the effects of hybridity from the perspective of two hybrid sectors, the waste management and the healthcare sector. Both sectors know their own specific developments but are good illustrations of the impact of hybridity on Dutch society.

This paper is built on the data gathered for our PhD-research projects. Philip Marcel Karré writes his dissertation on hybridity as a cultural phenomenon (see the theoretical chapter for a description of this perspective). He will do research in the Dutch waste management sector. His chapter about the hybrid waste management organizations should be read as an illustrative description of this sector, as his real research still has to begin. Teresa Cardoso Ribeiro is working on a PhD-research on the impact of hybridity on third sector organizations. The case study she has written on the Domare foundation has been researched as part of a consultancy project.

Our main questions are three:

- 1) What are the effects of hybridity on the organization delivering public services?
- 2) What does this mean for the delivery of public services?
- 3) What does this mean for the citizens?

This paper is structured as follows. In the following chapter we will elaborate on the content of hybridity and what its effects are on organizations (theoretical framework). Chapters three and four will describe the two cases: 1) the hybrid waste management in Gouda and Leeuwarden and 2) the hybrid provision of 'housing with care and welfare' in Almere. Each case will be discussed along three questions, namely: 1) what is hybrid about the organizations in the sector?; 2) what are the effects of hybridity? and 3) what does it mean for those who depend on the hybrid delivery of social service (empirical framework)? Finally, in chapter five preliminary conclusions will be drawn on the findings of both cases and we will discuss to what extent the delivery of social services by hybrid organizations is the source of 'social' profit.

2. DEFINITIONS AND EFFECTS OF HYBRIDITY IN ORGANIZATIONS¹

2.1 Causes of hybridity

Hybridity or the combination of different and/or conflicting rationalities plays an increasingly important role for organizations in our post modern society. Five causes can be identified for the increase in number of hybrid organizations (comp. In 't Veld, 1997: 11-13 and Meijerink, 2005: 18-19):

- Erosion of authority: Public organizations have lost much of their authority and their legitimacy. Vertical steering has made place for horizontal steering in networks. Regulation has been replaced by steering on output.
- Autonomisation: A lot of executive agencies have been put at arm's length of their department. They nowadays operate autonomously from their public owners.
- (Re)introduction of market forces: Market forces have replaced governmental interference in various sectors, e.g. public utilities. The state has a new task as a regulator.
- Speed of change: Technological and societal changes occur with unknown speed and put the state under ever increasing pressure. Public organizations are forced to act quickly and to look for solutions also outside the governmental realm in order to guarantee the quality of their services.
- Lack of funding: Due to cuts in their budgets, public organizations are forced to find different means of income in the for profit-sector.

These five trends have lead to the emergence of hybrid organizations which have to combine conflicting values (comp. In 't Veld, 1997 and 2005).

2.2 Hybrid organizations as cultural phenomena

Organizations can be understood as cultural artefacts and as constituents of societal reality in total (Frissen, 1989: 60/61). Culture is in this paper understood as sense-making or the answer to the question "how does action become coordinated in the world of multiple realities?" (Weick, 1995: 75). One has to pay attention to the substance of sense-making in order to find an answer to this question. Those are ideologies, third-order controls, paradigms, theories-in-action, traditions and stories (Weick, 1995: 106-132).

Culture has an influence on organizations which should not be underestimated. Hood for example describes the influence of cultural orientations of organizations on processes like steering, control and conflict handling (Hood, 1998). Dimensions that on first sight do not have much to do with culture (like structure and the use of ICT) are nevertheless influenced by it. Smircich (cited in Frissen, 1989: 39) even argues that culture is the root metaphor of organizations.

Organizations are culturally heterogeneous entities. It is in our opinion too simplistic to state that organizations only have one cultural orientation (Martin calls this the integration perspective; Martin, 2002). Most organizations are home to several subcultures which can clash (differentiation perspective). In most cases one of these cultures will (at least for a time) dominate. This is however not the case in hybrid organizations. They combine cultural orientations which are a) inviolate, b) incompatible and c) indispensable (Albert & Adams, 2002: 35). This means that a) no element of a culture can be compromised, b) the different cultural orientations can not melt into a unified one and that c) it is not possible to get rid of one of the cultural orientations altogether.

Hybridity in this definition does not mean a mixture of cultural orientations. The separate cultures in hybrid organizations are still recognisable as such. Organizations with hybrid cultures resemble the patterns that are produced in a kaleidoscope (this metaphor has been coined by Puff, 2000).

The existence of different cultures in hybrid organizations can be explained with the fact that they have multiple external relations. They operate in the border area between different worlds, like state and market, and produce goods and services in relations based on public and private law (comp. In 't Veld, 2005: 51). They are simultaneously dependant on all their external relations and

¹ A further outline of Philip Karré's PhD-research for which this chapter was originally written, is to be found at www.nsoob.nl/philipkarré and in Karré 2005a.

can not permit themselves not to value one of those relations (and its culture). This makes hybrid organizations so special and sets them apart from normal organizations that merely have multiple subcultures. But at the same time, it also means that hybrid organizations have to deal with the powerful tensions which arise from the combination of conflicting sense-making patterns.

Organizations operate in a complex world. They have to deal with the ambiguous character of situations and signals (Martin calls this the fragmentation perspective). Acting in organizations isn't static but dynamic and full of tensions. It is a continuous struggle to keep all the paradoxes of our modern world under control (comp. Noordegraaf, Veenswijk and Vermeulen, 2004: 107).

2.3 Two approaches towards hybrid organizations

2.3.1 The dichotomous approach

The dichotomous approach is the mainstream approach towards hybrid organizations in the Dutch discussion. Our world is understood as being dichotomous: cultural patterns of state and market are seen to oppose each other, and no compromise is possible (comp. Kickert, 2005). Starting from this dichotomous approach, one can argue that only two ideal types of organizations are possible. Simon calls those the task- and the market organization (Simon, 1989).

Table 1: *Two ideal types of organization*

Task organization	Market organization
<ul style="list-style-type: none"> - Vertical steering relation. - Receives tasks and means from a principal. - This principal decides about the organization's output and its addressee. - The organization is very much dependant on its principal. He can even abolish it. 	<ul style="list-style-type: none"> - Horizontal steering relation. - No clear principal but plural external relations. - The organization is free to chose which goods or services to produce and to who to sell those.

Adapted from Simon (1989)

One can also state that there is a fundamental difference between task and market organizations when it comes to their cultures (comp. Noordegraaf, 2004: 36f). Task organizations are driven (to use the terms introduced by Jacobs, 1994) by a guardian syndrome, whereas market organizations are driven by a commercial syndrome. The first culture is associated with values such as discipline, hierarchy, loyalty and fatalism, whereas the latter culture is linked to values such as competition, initiative, entrepreneurship, efficiency and productivity.

Table 2: *Core values of task and of market organizations*

Task Organization I.e. classical public organizations	Market Organization I.e. private businesses
<p><i>Core values</i></p> <ul style="list-style-type: none"> Shun trading Expert prowess Be obedient and disciplined Adhere to tradition Respect hierarchy Be loyal Take vengeance Decisive for the sake of the task Make rich use of leisure Be ostentatious Dispense largesse Be exclusive Show fortitude Be fatalistic Treasure honour 	<p><i>Core values</i></p> <ul style="list-style-type: none"> Shun force Come to voluntary agreements Be honest Collaborate easily with strangers Compete Respect contracts Use initiative and enterprise Be open to inventiveness and novelty Be efficient Promote comfort and convenience Dissent for the sake of the task Invest for productive purposes Be industrious Be thrifty Be optimistic

Adapted from Jacobs, 1994

These opposing core values insinuate that hybridity can only yield dangers and tensions. That is why dichotomous thinkers argue that public and private should be strictly separated. According to Simon, hybridity will sooner or later lead to internal and external problems, such as unclear loyalties, clashing cultures and financial problems (Simon, 2005).

Jacobs warns against 'monstrous moral hybrids' and uses the mafia as an example. Koppel (2003) claims in his study on two hybrid organizations that the ability of government to steer such organizations diminishes when they receive horizontal steering impulses from the market as well.

Verhoef and Simon (2001: 376) list a whole set of negative effects due to the combination of conflicting cultures. According to them, hybridity is the cause for problems such as:

- Role conflicts
- Centrifugal tendencies (i.e. hybrid subcultures ripping the organization apart)
- Loyalty conflicts due to double binds
- Conflicts due to hybrid organizations neglecting tasks which do not generate much money.
- Conflicts due to the combination of conflicting responsibilities (like when it comes to having to provide both quality and turnover).

Avoidance strategies based on negative values are prescribed in order to prevent all these negative effects (In 't Veld, 1997: 99). Practical examples are the recommendations made by the Dutch commission Cohen (Werkgroep Markt en Overheid, 1997) which have led to a bill trying to regulate hybridity (though this law has never come into power).

2.3.2 Approaches beyond the dichotomy

But there are also voices that are critical towards the exclusion of hybrid forms based on the dichotomous approach. They argue that hybrid organizations (providing they are adequately steered) can be viable and that hybridity can also have positive effects on organizational culture. However, in the Dutch debate these voices form a minority.

In 't Veld (1995, 1997, 2002 and 2005) emphasizes that the combination of public and private cultures within organizations can lead to synergy. Seibel (1994) and Evers et. al. (2002) draw the same conclusion in the German debate. They describe the positive effects of hybridity as being the following (based on Brandsen et. al., 2005):

- Increased communication: Hybrids can function as interpreters between public and private cultures because they contain them both. Good communication with the private sector can tell the public sector much about the possible reactions on new legislation. And the private sector can try to influence legislation by communicating with the public one. This helps to reduce transaction costs.
- Increased expertise: In hybrid organizations experts from the public and the private realm combine their expertise.
- Prevention of perverse effects: Hybridity can avoid extreme bureaucratization and marketization.
- Increased societal support: In hybrid organizations public and private meet and decisions are made collectively. That leads to the increase in societal support for these decisions.

The supporters of hybridity do not see cultural heterogeneity as a problem but as a solution to several dilemmas. Seibel describes how hybrid organizations simultaneously fail and succeed because they combine public and private steering impulses. Hood even warns against blind trust in pure organizational forms when it comes to public service provision. Such trust leads, in his eyes, to the emergence of two unwelcome and dangerous side-effects: the development of blind spots and the emergence of cultural conflicts.

Table 3: Two negative side-effects due to reliance on pure cultural forms

<p>Mechanism One The more we rely on any one polar form of organization, the more its weaknesses will tend to be exposed.</p> <p>↓</p> <p>Produces Blind spots from excessive reliance on one form of organization</p> <p>↓</p> <p>Reverse Effects Functional disruption (unintentional destruction of system requirements), placation (lulling effect), over-commitment (self-destruction by pursuing impossible goals), exploitation (unintentional assistance to those who have contrary aims) en goal displacement (self-destruction by turning instrumental values into terminal ones)</p>	<p>Mechanism Two The more we rely on any one polar form of organization the more it will tend to antagonize those who reject that form of organization.</p> <p>↓</p> <p>Produces Culture clash from imposing one way of life on others</p> <p>↓</p> <p>Reverse Effects Provocation (self-destruction by encouraging challenge), classification (labelling which produces incentives to behave in a way opposite to that intended), goal-displacement and exploitation</p>
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Adopted from Hood, 1998: 218

In 't Veld, Seibel, Evers and Hood argue that instead of the earlier described avoidance strategy, a synergy strategy should be employed. Such a strategy should take into account that it is possible to simultaneously maximise synergy effects due to hybridity and minimise its negative side-effects (see for a proposal In 't Veld, 1997: chapter five).

Hood also argues that, following Mary Douglas' group / grid theory, also known as Cultural Theory (Douglas, 1973 and 1982 and Thompson, Ellis & Wildavsky, 1999), not just two cultural orientations (public versus private) are possible but actually four. According to this theory, two dimensions define human behaviour in an organizational context: the grid and group dimension:

- “Grid denotes the degree to which our lives are circumscribed by conventions or rules, reducing the area of life that is open to individual negotiation.” (Hood, 1998: 8) Individuals can operate in a) high-grid mode (characterized by the existence of many rules) of b) low-grid mode (characterized by the lack of rules).
- “Group, by contrast, denotes the extent to which individual choice is constrained by group choice, by binding the individual into a collective body.” (Hood, 1998: ibid.) Individuals can operate in a) high-group mode (high group cohesion) of b) low-group mode (low group cohesion).

When put together do this axes form a matrix with four fields. In each of these fields another cultural orientation and management style prevails. All four orientations are viable by themselves.

Table 4: Four cultural forms

		Group	
		Low	High
Grid	High	<p><i>The Fatalist Way</i> Low-co-operation, rule bound approaches to organization. Example: Atomized societies sunk in rigid routines</p>	<p><i>The Hierarchist Way</i> Socially cohesive, rule-bound approaches to organization. Example: Stereotype military structures</p>
	Low	<p><i>The Individualist Way</i> Atomized approaches to organization stressing negotiation and bargaining. Example: Chicago-school doctrines of 'government by the market' and their antecedents.</p>	<p><i>The Egalitarian Way</i> High-participation structures in which every decision is 'up for grabs' Example: 'Dark green' doctrines of alternatives to conventional bureaucracy</p>

Source: Hood, 1998: 9

Hood identifies six possible hybrid forms which are produced when two cultural orientations are combined in one organization²:

1. Demarchy (a combination of fatalism and egalitarianism): In such a system all citizens can be chosen by chance to participate in policy making.
2. Randomized competition (combination of fatalism and individualism): Here random processes determine for example the status of candidates on election lists.
3. Randomized oversight (combination of fatalism and hierarchism): Niskanen (amongst others) proposed that all civil servants should be forced to rotate within the service on a regular basis. He hoped that this would prevent them from pursuing the profit of their own departments.
4. Peer-group competition (combination of egalitarianism and individualism): This hybrid form can be found on a wide scale in the academic world. Scientists read one another's papers and decide which are to be published in the leading magazines.
5. Managed peer review (combination of egalitarianism and hierarchism): Individuals are judged by their peers in this hybrid form.
6. Competition – oversight (combination of individualism and hierarchism): In this system competition is controlled by government.

During the last two decades especially the last hybrid has gained in importance. Many countries have followed what Pollitt & Bouckaert (2000: 181) call a marketization strategy in order to reform their public services. Types of this hybrid form would be quasi-markets and quasi-organizations.

2.3.3 The unsatisfying character of both approaches

Unfortunately, the balanced approaches towards hybridity as described in the preceding text are the exception. Dichotomous ideas like the ones described at the beginning of this section are still setting the tone in the societal and political debate about hybridity in The Netherlands. This focus can be explained by looking at the history of this debate. It had started in the early 1990s because private companies felt threatened by public organizations entering the marketplace.

It was of importance in this debate to construct a strict distinction between state and market to be able to see hybrids as perverse forms. A dichotomous and simplified vision of the world was an easy tool for doing so (comp. In 't Veld, 1997: 93/94). A broader and less normative discussion has unfortunately never emerged.

But what are the problems precisely with the dichotomous approach towards cultural hybridity? Two theoretical weaknesses make it hard to condemn hybrid forms on the basis of a dichotomous world view. First of all, the dichotomous debate does not pay enough respect to the constructed nature of the two ideal types it is based upon (the public versus the private organization). These descriptive tools are misused for a prescriptive approach towards social reality. Hereby this debate loses touch with that very same reality and makes it possible to encounter the negative side-effects as described by Hood.

A second theoretical weakness, which stems from the first, is that the dichotomous approach is based on the before mentioned integration perspective, stating that organizations only have one cultural orientation (i.e. just a private or just a public one). From that standpoint, a combination of cultures will automatically lead to conflict and tension. Yet in reality we can find various (and often conflicting) subcultures within functioning organizations (the differentiation perspective) and do organizations operate successfully in ambiguous surroundings (the fragmentation perspective). Cultural heterogeneity and fragmentation are no unnatural states of being for organizations, as opposed to what dichotomous thinkers want us to believe. That is why an approach based on the integration perspective will only lead to a blurred and limited picture of reality.

But critique should not be limited to those who see hybrid organizations as a negative phenomenon. So far we do not have much evidence from empirical reality when it comes to the synergetic effects of hybridity. If hybridity can lead to positive effects, where are those to be found and which price has to be paid? How can one prevent negative side-effects? New academic research is needed to answer these questions (see as well Karré 2005 a and b). This paper should be seen as one step in gathering knowledge of hybrid organizations and the effects of hybridity for the citizen.

² Even more hybrid forms are possible when three orientations are combined.

3. CASE ONE: HYBRID ORGANIZATIONS IN DUTCH WASTE MANAGEMENT³

3.1 Introduction

The Dutch waste management sector is a hybrid market in which public as well as private companies compete with each other. Two main public interests are at stake, what makes public interference and participation justifiable (AOO, 2001: 25):

- Accessibility of installations: It is in the public's interest that access to waste processing installations is non-discriminatory under transparent conditions and at a cost-oriented price.
- Guaranteed disposal capacities: There will always be waste streams that can not be recycled and therefore have to be either disposed at landfills or have to be incinerated. It is in the public's interest that a sufficient amount of landfill and incineration capacity is available and that the continuity of these installations is guaranteed.

The waste management sector can be separated into three segments: 1) waste collection, 2) waste reuse and recycling and 3) waste disposal.

Waste collection

Municipalities are obliged to take care of the collection of household waste according to Dutch environmental laws. They do that under close scrutiny by their citizens. Citizens have a financial interest in the effective and efficient collection of household waste as inefficient waste management will lead to an increase in refuse tax. They also have an environmental interest in it as waste management is directly connected with the quality and cleanliness of their environment.

Several organizational arrangements are possible for the collection of household waste. Municipalities can either have their own collection services or use those of a neighbouring council. Other options for municipalities are to participate in a local authority joint venture or to hold shares in a public company⁴. It is also possible to contract collection activities out to a private company.

In 2004, 35% of local authorities used a private collection service. Especially small municipalities choose to have their waste collected by private companies.

Table 5: *Percentage of municipalities and households by way of collecting waste*

Organizations collecting waste	Percentage of municipalities	Percentage of households
Municipal service	22	39
Municipal service of neighbouring municipality	3	1
Local authority joint venture	20	15
Public company	18	22
Private company	35	21
Public-private partnerships	3	4

Source: AOO, 2004: 15

Municipalities are not obliged to collect industrial waste as well. Industries have to take care of the collection of their waste themselves and can choose too out of an array of organizational arrangements. They can contract out the collection activities to the municipal collector operating in their area, a private collector or a hybrid company. This market segment is dominated by private companies. Public companies only have a share of about 5% in this market.

Waste recycling

It is the aim of the Dutch waste policy to increase the amount of waste that is reused or recycled. Several waste streams are recycled already, like organic waste, paper, wood, glass, plastics and textiles.

³ This illustrative description of the Dutch waste management sector and of two hybrid organizations is based on reports by think tanks and on interviews with relevant actors. Philip Marcel Karré will start his case studies in the waste management sector shortly after the EGPA conference has taken place. It is his aim to establish in how far the descriptions of the Dutch hybrid waste management sector offered in the literature and by the actors working in the sector are congruent with reality.

⁴ A public company operates under private law but has public shareholders.

Waste disposal

Disposal of waste is taken care of on landfill sites and by incineration (AOO, 2004: 21f). 85% of Dutch landfill sites are in public hands. It is very expensive to dispose of combustible waste this way, as a high tax is charged. Dutch authorities want to increase the amount of waste that is burned.

99% of the capacity for waste incineration is publicly owned. That is mainly due to the high start-up costs and the public interest in the high ecological standards of these installations. Local authorities invest in clean incinerators and become shareholders of the installations. They are "bound users" who commit to have their waste burned at their own plant.

In the past collection companies tried to cut costs by exporting waste to Germany, where it was disposed in landfill installations at a lower price than in The Netherlands. But since July 1st landfilling is banned in Germany. This has led to a significant increase in the amount of waste waiting to be incinerated in Dutch installations and to an increase in the price companies have to pay to have their waste burned (up by 200%).

Waste management is not only an environmental issue but big business as well. Processing waste accounts for about 40% of total environmental costs in The Netherlands (AOO, 2004: 11). The waste management council AOO estimates annual turnover on the market at € 5.1 billion (AOO, 2004: 5). This amount can be broken down into the market segments collection (€ 2.2 billion), waste treatment (€ 2.0 billion) and reuse / recycling (€ 0.9 billion). (AOO, 2004: 5)

Five large internationally operating companies (two public and three private) dominate the waste management market. Together they hold a market share of 40%. Following this top five there is a group of medium-sized companies which are mainly active on regional markets. They share 20% of the market and are mainly publicly owned.

Table 6: *The organizations in the Dutch waste management market*

Ranking	Company	Turnover in 2003 (€ million)	Shareholder	Market share
1.	AVR	528	Public (City of Rotterdam*)	40%
2.	SITA Nederland	493	Private (French)	
3.	Essent Milieu	449	Public (various local and regional authorities)	
4.	Van Gansewinkel Group	332	Private (Dutch)	
5.	Shanks Nederland	265	Private (British)	
6. – 15.	Next ten companies	48-159 (total turnover: 990)	One private company (Dusseldorp), rest only public	20%
16. – 25.	Next ten companies	25-44 (total turnover: 316)		5%

* It has recently been announced that the municipality wishes to sell AVR.

Source: AOO, 2004: 14

At the moment, the waste management market is characterized by four major developments (NVRD, 2004):

1. Liberalisation: A European waste market has developed due to European Union legislation. Waste may be transported across national borders as long as environmental regulations are the same in the importing as they are in the exporting country.
2. Increased competition: The current recession has led to an increase in competition. Especially the market for the collection of industrial waste is very tight at the moment. Allegedly some companies try to increase their market position by using strategic prizes below cost.
3. Increased size: The organizations in the waste management market can hardly grow autonomously. Instead they use cooperation agreements and fusions as growth strategies. Especially public waste management companies are trying to increase their market position by following this strategy.

4. Broader political developments: The players on the waste management market are also influenced by broader political developments, such as: a) changes in public service provision, b) discussion about the core tasks of the state, c) political sentiments, d) cut backs, e) experiences of policy makers in other policy fields and f) developments in spatial planning.

3.2 Two examples of hybrid organizations

In this paragraph we will describe two companies, Cyclus and Omrin as examples of the hybrid organizations operating in the Dutch market for waste management.⁵ Cyclus on the one hand is an example for a hybrid organization in its infancy, as it has just recently been autonomised and hybridised. In our description we will mainly focus on the methods that Cyclus employs to change its culture from a task to a more market oriented one. Omrin on the other hand is an example for an adult hybrid organization, which is already fully competing with its private counterparts. In our description we will focus on the conflicts Omrin encounters with its private competitors.

Both descriptions start with an overview of the history of the organization as the decision to go hybrid is not one that is taken from one day to the next. The hybridisation of an organization has to be seen as a slow (and sometimes even unintended) process.

3.2.1 Cyclus nv – Example of a hybridizing organization

Cyclus is a relatively small company (120 employees, € 25mIn turnover) which operates from Gouda, a small town between Rotterdam and Utrecht. It is owned by 19 municipalities⁶ in the region and serves about 370,000 inhabitants. Cyclus is active in the market segments of collection and recycling of household waste. The collection of industrial waste only is a very small activity. Cyclus also cleans the streets in its region.

Cyclus was founded in 1974 as a local authority joint venture, called *Gemeenschappelijk Vuilverwerkingsbedrijf Midden Holland en Rijnstreek*⁷ (GVB). At that point, waste was still dumped in landfills, which lead to environmental problems. That is why GVB signed a contract with AVR, the incinerator of the municipality of Rotterdam, to have its waste burnt there. GVB grew steadily during the 1970s and 1980s, employing new activities like the collection of paper and glass and the construction of its own compost installation, *Stercompost*.

At the end of the 1990s a reorganization of GVB seemed necessary. Its participants had to decide whether or not to sell the organization. In the end, they chose the middle way of autonomising. That is how Cyclus nv came into being on July 1st 2003.

Hakvoort and Veenswijk (2000) describe the autonomisation process of an organization as consisting of four phases. The cultural orientations of the organization change while moving from one phase to the other.

Phase one: externalisation

At this stage the decision to autonomise the organization is taken. This decision won't necessarily be welcomed with enthusiasm. Being part of a bigger body can be quite comfortable. Financial risks are covered and the organization derives its values, rules and culture from the supreme body.

In the case of Cyclus, most criticism concerning the autonomisation came from its employees who were afraid of loosing their cherished status as civil servants.

Phase two: detachment

After autonomisation has been announced, a variety of other decisions has to be made, including about the juridical form of the new organization. Bookkeeping has to be brought in order and agreements have to be made about the use of buildings and materials. A precise schedule for the whole process has to be agreed upon as well.

⁵ Those descriptions are based on interviews and relevant documents, like the annual reports of the organizations. See for an overview of the used material the appendix.

⁶ Those are: Alphen a/d Rijn, Bergambacht, Bodegraven, Boskoop, Gouda, Jacobswoude, Liemeer, Moordrecht, Nederlek, Nieuwekerk a/d IJssel, Nieuwkoop, Ouderkerk, Reeuwijk, Rijnwoude, Schoonhoven, Ter Aar, Vlist, Waddinxveen and Zevenhuizen-Moerkapelle.

⁷ Communal waste treatment corporation Midden Holland and Rijnstreek

The participants of GVB attracted a new director to lead the organization through the autonomisation process. This director had worked at BFI before, an American waste management company that shook up the Dutch market in the 1980s. His first task was to come up with a strategy plan. The following main changes, which he proposed, have subsequently been agreed upon:

1. *Change in juridical form:* Decision-making had proven to be rather long-winded due to GVB's status as a local authority joint venture. The form of a public company was chosen to make the new organization more decisive and agile under changing market conditions.
2. *Change in organizational structure:* The organization's hierarchical structure was replaced with a flatter more market-like one.
3. *Change in way of working:* Finally, team-based working was introduced. The teams are granted a certain level of autonomy in their work. The management of Cyclus would like to introduce performance related pay for the teams but the employees oppose these plans until now.

Phase three: Reorientation

The newly autonomised organization will have to find a new identity for itself. Many organizations do that by creating a new name and logo, formulating a new mission statement and own set of values. In the case of GVB this resulted in a new name, Cyclus, logo and website⁸. On this website, Cyclus proclaims its mission to actively contribute to the quality of life in the region. It also explicitly states that it wants to be a company operating "on the interface between state and market". This is not reality yet (as mentioned is Cyclus at this stage mainly focussing on the collection of household waste) but it can serve as an indicator for the organization's aim to grow up to be a hybrid player in the waste management market.

Typically, the director of a newly autonomised organization plays a crucial role in the process of reorientation. The success of the undertaking depends on his leadership. This is also true in the case of Cyclus. It was its director who started the cultural change of the organization and who pushes it through.

Phase four: Internalisation

The autonomised organization has internalised its new status after some years. It is important to constantly work on this process. Only then will it be a success. At Cyclus they organize meetings and try to involve all levels of the organization in the internalisation of its new culture.

Cyclus plans to finalize this stage in 2007. The organization thinks to be strong enough then to enter the very competitive market for the collection of industrious waste.

3.2.2 Omrin – Example of a fully hybridized organization

Omrin (the word means 'cycle' in the Frisian language) operates in the provinces of Friesland and Groningen in the north of the Netherlands. The headquarters are situated in Leeuwarden, the capital of Friesland. Omrin has 550 employees and operates in the market segments collection of household and industrial waste and recycling.

Omrin was founded in 1984 as a regional joint venture, the *Openbaar Lichaam Afvalsturing Friesland*⁹ (OLAF). Participants in this body were all the Frisian municipalities as well as provincial authorities. The latter left the organization however in 1988 as the province could no longer combine participating in a waste management company with being responsible for the regulation concerning the sector.

1995 saw a ban on the landfill of combustible waste, one of the major activities of the company until this point. A change of activities was necessary. This went hand in hand with a reorganization of the company. It got a new name, *Afvalsturing Friesland*¹⁰ and a new juridical form as a public company. The thirty-one Frisian municipalities became the shareholders of the company. Recycling became a new core activity.

⁸ See www.cyclusnv.nl

⁹ Public Waste Management Body Friesland

¹⁰ Waste steering Friesland

In 1999 a daughter company was established, called *Fryslan Miljeu*¹¹, which was mainly focusing on the collection of household and industrial waste. This meant that *Afvalsturing Friesland* was now active in the whole waste management chain.

It was decided to participate in tenders outside the province of Friesland at the turn of the millennium. This resulted in another reorganization. *Afvalsturing Friesland* and *Fryslan Miljeu* were merged under the name Omrin in 2005. The company is successful outside its territory. It recently snapped the contract to collect waste in three municipalities in neighbouring Groningen province away from two private companies, SITA and Van Gansewinkel. This led to heavy criticism from these parties.

Its private competitors criticize Omrin on several grounds. For one SITA points out that a commercial orientation does not fit an originally public waste management company. Behaving like a “real” company means taking risks which eventually could lead to losing public money. Our contact at SITA doubts that the public shareholders of the company know and understand what its hybrid activities could mean for their own budgets.

Hybrid organizations like Omrin are always suspected to benefit from cross subsidising. In these cases, public money is used to enhance the competitiveness of the company or to cover losses an organization makes on to private activities. SITA suspects that it was only possible for Omrin to win the tender in Groningen against its private rivals because it could keep prices below cost by using public money. However, there is no evidence for that, besides the gut feeling of the people working at SITA.

Omrin itself sees its market activities in a positive light. The participation in competitive tenders like the one in Groningen is described as a way of contributing to an agile market. SITA and Van Gansewinkel are described as some sort of cartel, neatly dividing the market in Groningen while charging too high fees. Only this made it possible for Omrin to offer fees that were 30% below those of its competitors. The company strongly denies that such low fees have been made possible by means of cross-subsidies.

3.3 Effects of hybridity

In the available reports about the hybrid character of the Dutch waste management sector several possible negative effects of hybridity are mentioned but hardly any positive effects. The ones described here have been gathered in interviews with people active in the sector.

3.3.1 Negative effects

All the negative effects described here should be handled with care as they are mostly hypothetical and not based on profound research. Several safeguards are possible to make sure that these negative effects won't take place or that they remain controllable (comp. AOO, 2001: 31f). It has to be researched whether these safeguards work and are appropriate and whether these negative effects really speak against a hybrid organization of waste management.

Task negligence

Public waste management companies used to be task organizations (vertically steered by a principal) but have developed into market organizations. Contracts have replaced concessions as steering instruments. That could mean that authorities have less grip on the waste management companies operating in their area (comp. Koppel who also describes the loss of political control after hybridization). Authorities normally compensate that by employing other ways of control. In fact, the burden of control seems to rise together with the level of autonomy of an organization (Kickert et al., 1998 call this the paradox of autonomisation).

Hybrid waste management companies have considerable power. They can choose not to enter into contracts with certain actors or to charge higher prices for certain waste streams. They can even decide not to accept certain types of waste. This could have negative effects on the mentioned public interest of non-discriminatory access to waste management installations. For example the AOO describes that several waste disposal companies refused to take care of contagious waste during a foot and mouth crisis at the end of the 1990s. The boards of the incinerators were afraid of image problems should they accept to process the contagious waste.

¹¹ Friesland Milieu

By doing this they put their own commercial interests above the described public interest (AOO, 2001: 26). But authorities can force waste management companies by law to accept all waste streams. And waste processing installations can be seen as vital parts of infrastructure. On this ground it is possible to ensure non-discriminatory access.

Loyalty conflicts

A second negative effect due to hybridity are the role conflicts that can arise for members of the supervisory board of the organizations. Those members are typically either local politicians or local civil servants who have been appointed to the board to guard their municipalities' interests. After autonomisation, they are by law obliged to guard the continuity and the interests of the hybrid companies, rather than those of their municipalities. That could put strain on their loyalty (AOO 2001: 28)

This problem is mostly solved by local politicians by choosing to appoint experts as members of the board of supervisors instead of serving in this position themselves. That way they do not have to take decisions which are favourable to the company but not to their municipalities.

Competitive advantages

Critics of hybrid organizations claim that such organizations have competitive advantages and destroy the level playing field in the sector. They are suspected of using cross-subsidies to cut costs. Another competitive advantage arises when hybrid organizations can use financial constructions based on public guarantees for their investments. (AOO 2001: 27) But prices and tariffs can be regulated ex post and ex ante. Such measures have to be taken with the appropriate caution though as they limit competition.

3.3.2 Positive effects

The managers of hybrid organizations acknowledge the above described risks, but rather point out the positive effects of hybridity. Yet those tend to be more general and fuzzy than the alleged negative effects. Further research is necessary to establish a) what precisely the advantages of a hybrid service provision are and b) how those can be maximized while the disadvantages described above are minimalized.

Creation of synergy

The combination of public and private cultural orientations is said to create synergy which leads to stronger and more effective organizations. Synergy also arises due to the combination of public and private activities. The managers of hybrid waste collection organizations point out for example, that it makes sense to combine the collection of household and industrial waste on the daily tours of their vans even if it is not possible afterwards to work out exactly how many hours have been used for each task. Synergy however remains a rather vague term.

Socially responsible companies

Hybrid waste management organizations see themselves as socially responsible companies as maximizing profits is not the only value they pursue. Hybrid organizations are also seen as safeguards for the prevention of perverse effects due to extreme bureaucratization and marketization (comp. Hood's warning not to rely on pure cultural forms).

Increased professionalism

A final positive effect which has been mentioned in our interviews can be described as the shrinking influence of politics. This gives the managers the space needed to run their companies like a normal business. This is said to have a positive effect on the professionalism of the organizations as well. It could be argued however that waste management will always be a political activity as it is linked to public interests.

3.4 What does it mean for the citizen?

Waste is a topic that stands high on the public agenda as inefficient waste management will lead to high taxes and environmental problems. Hybridity could in the worst case lead to an

organizational mess, where loyalties are unclear and the public interest is out-shadowed by the commercial interest of the companies. As we have shown are several safeguards possible to make sure that this won't be the case. In the best case hybridity could help to shape efficient and professional organizations that deliver the citizen real value for his money, while combining these attempts with a sharp eye for the environment.

In his PhD-research, Philip Marcel Karré will try to establish whether or not hybrid waste management leads to a public benefit.

4. CASE TWO: THE HYBRID PROVISION OF 'HOUSING WITH CARE AND WELFARE'

4.1 Introduction

Who does not want to live his or her life comfortably and grow old(er) in good health? The answer may be obvious, but making it really happen often is not, especially for those who already have reached a respectable age or for those who are challenged by physical and/or mental disabilities (often elderly as well) depriving them of the necessary capacities.¹² For them (a substantial part of the Dutch population) full citizenship, having their own home and participating in society are not optional without additional care provided by their own social network of family members and friends (informal care) or by professionals (formal care).

The Netherlands has a strong tradition in providing formal care to elderly and others with special needs through a public-private arrangement. Since the beginning of the 20th century the Dutch state has been leaning strongly on the self organising skills of civil society ('particulier initiatief') with the result that most of the offered services, for instance giving someone his or her medicine, providing housing for someone in a wheelchair or simply organising a game of cards for the elderly, although often developed through state funding, were actually delivered by private (non-profit) organizations, like voluntary hospitals, churches, private landlords and other private foundations dedicated to the public interest (Dekker, 2004). This hybrid arrangement, the combination of public finances and private expertise, has prospered during several decades, but is being challenged by the following developments (OECD, 2004):

- Growing wealth: the more money people have to spend, the more they want to spend it on their health and their well-being. This raises demand, while under current conditions supply is getting more scarce;
- Technological innovation: new inventions are offering more possibilities and more opportunities to choose from;
- Rapidly ageing population: a growing percentage of the Dutch population is reaching 65 years of age or more (23% in 2038 versus 13,7% in 2002) and as the old saying goes: 'old age has its infirmities' (CVZ, 2003) and¹³
- A strongly individualised society: a heterogeneous society is making the demand for social services more diverse, tailor-made solutions more wanted, while increasing demand for formal care instead of informal care, because of its eroding effect on individual social networks (CVZ, 2003).

These developments are having a fundamental impact on the meaning of 'living and ageing comfortably in good health' and what the input and throughput should be to achieve just that. More and more people do no longer consider spending their old age in a nursing home as 'growing old(er) comfortably'. They prefer to receive the necessary care in their own environment in the privacy of their own homes (SCP, 2004). This is no different for others with disabilities. Nevertheless, what people want, is not necessarily what they are getting. Despite the awareness and the sense of urgency concerning the waiting lists for people with special needs, they are still very much part of a reality. On average, regardless the measures that have been taken by the ministry of health, someone with a disability has to wait at least a year before he or she can move into a suitable home with adequate (medical) support (CG-Raad, 2002).

Therefore the state, providers of housing, care (i.e., medical and physical assistance) and welfare (i.e., social support) are rethinking their position and raising the following questions (WRR, 2004):

- How can the provision of social services be organised in a way that their quality, efficacy and effectiveness can be safeguarded, while finding a balance between public interest and the interest of the provider without compromising on good quality?
- How can we build a bridge between collective and individual demand? and
- How can these developments be steered collectively (WRR, 2004)?

¹² In 2002 about 13,7% of the Dutch population had reached at least 65 years of age. The most recent figures which date from 2002 state that the number of physically disabled vary between the 500.000 and 1 million and that there are about 111.000 people with a mental disability. Many disabilities are the result of people's old age and/or chronic disease (source: SCP, 2002).

¹³ People between 65-74 years of age visit their family doctor about 12-13 times a year. This increases to an average of 20 times a year after their 75th birthday (source: CVZ, 2003).

From a health care perspective, the measures being taken are twofold: 1) modernisation of the health care system and 2) stimulation of the participation of people with special needs in society (Ministry of Health, 2001). One of these measures combining both is the introduction of the Social Support Act ('Wet Maatschappelijk Ondersteuning', better known under the abbreviation 'WMO') on 1 July 2006.

'The purpose of the WMO is to give every Dutch citizen the opportunity to participate in society. Although most of us maybe take it for granted, some of us cannot. Old age, a disability, poverty or 'difficulties at home', can present serious problems. It is the aim of the WMO to enable those who encounter problems to live their own life too' (Ministry of Health, 2005).

The WMO acknowledges that living in good health and having a comfortable life, despite the inconveniences of ageing or having disabilities, means intertwining several services, often provided by different organizations in different sectors, mainly housing, care and welfare. From 1 July 2006 on, all municipalities will be responsible for the participation of their inhabitants in day-to-day life and for making sure that:

- All social services are accessible (i.e., affordable and within an acceptable range) to anyone who needs them and
- The continuity of the social services needed to achieve the nine targets set by the WMO is guaranteed.

Nevertheless, meeting the goals set by the WMO is also very much seen as a shared responsibility between the municipality, their citizens, profit and non-profit organizations. Municipalities will be accountable for achieving the following nine targets: 1) enhance social cohesion and the quality of life in the neighbourhood, 2) support troubled youth and their parents by helping them to deal with their problems by themselves, 3) disseminate information and offer client-support, 4) facilitate informal care, 5) enhance participation and the independence of elderly and others with a physical or mental disability, 6) provide services to people with disabilities and chronic mental problems and people with psychosocial so that they can function independently and not loose contact with society, 7) provide shelters, also for women, 8) enhance the structural public mental health and 9) develop policies on addiction (VNG, 2005).

To meet these nine targets set by the WMO, municipalities and their providers of housing, care and welfare are expected to combine efforts. The state will pass on the torch in the summer of 2006 and from that moment on, it will be up to the municipalities. The municipalities have been positioned at the side-line, they are supposed to safeguard the accessibility and to guarantee the continuity of the social services, but once again it is up to the providers to actually deliver. To be able to, providers are seeking partnerships. As demand has changed and functions have gotten more intertwined, their old structures are failing, which is resulting in search for innovative ways to meet their targets. Imaginably so, these developments are having a significant impact on the sectors involved. The next paragraph will give an insight in the changes the city of Almere is experiencing and discuss the lessons it has learned from the hybrid provision of 'WMO-services' through the former Domare Foundation.

4.2 An example of a hybrid organization

In this paragraph we will begin by describing the Domare foundation as an example of a hybrid organization delivering 'housing with care and welfare' to elderly and others with physical and/or mental disabilities.¹⁴ Secondly, because of Domare's complex background and its position between three sectors, we felt the need to also give a short overview of its *raison(s) d'être* and thirdly a brief overview of the diverse sectoral backgrounds of the five founders, because of their influence on the way Domare (dys-)functioned as a (hybrid) provider of housing, care and welfare.

4.2.1 The Domare Foundation: the delivery of 'housing with care and welfare' by one organization

The Domare Foundation (a private non-profit organization) was founded in 2001 by five relatively experienced providers of social services based in the city of Almere with the purpose to combine their experience in delivering social services in the field of housing, care and welfare and to

¹⁴ Those descriptions are based on relevant documents, like the annual reports of the organizations. See for an overview of the used material the appendix.

exchange up-to-date information available to them through their own organizations to better meet the needs of (potentially new) clients, elderly and others with physical and/or mental disabilities residing in Almere. Although it was *bon ton* to merge, Domare was set up as an independent organization (each founder invested 45.000 euros and the municipality of Almere added another 45.000 euros) and was not the result of a merger between the five participating organizations. As a new provider of housing, care and welfare within one organization ('housing with care and welfare'), Domare developed its own strategy and operated separately from its founders, while using their know how and manpower to actually deliver the services. All activities undertaken by Domare were based on a working plan approved by all its founders. Domare's working plan focused on three major areas (Aedes, 2002 and 2005b):

- Services: a programme to develop projects, like a (virtual) catalogue and a service delivery organization that offered a gardener, a handyman and provided meals to 'normal' citizens at a normal price and to elderly or others with disabilities;
- Community Care: a programme that focused on the improvement of the accessibility of social services and facilitated partnerships at the borough level for the homeless, children with multiple disabilities by developing projects to design new more care friendly neighbourhoods and
- Control and finances: a programme that allowed the founding organizations to make agreements on strategic level concerning the control and finances of Domare.

4.2.2 Raisons d'être of the Domare Foundation

Rapidly ageing population

According to the Dutch Interdisciplinary Demographics Institute (Nidi), Almere was one of the two fastest ageing cities in the Netherland between 1975 en 2000. The number of elderly has increased with 500 procent versus the national average of 26 procent. The main explanation is that is the effect of the suburbanisationprocess of the sixties and seventies, when many young families moved from Amsterdam its satellite town, the city of Almere. These people are now reaching their retirement age. That is why Almere will be of the fastest ageing cities of the country (Fokkema, 2003). In the next couple of years the number of people reaching the age of 65, will increase with 45% and those reaching 75 with 72% (Health Care Group Almere, 2005).

Emancipating citizens and changing demand

Besides the implications of an ageing population, Almere is (as the rest of the Netherlands and in most Western-European countries) being confronted with a changing demand for social services. The needs and wishes of today's elderly are very different from those twenty years ago. More and more they prefer to determine themselves where they live and what they do during the day. Therefore the need for comfortable housing with a wider range of different services and a safe living environment is also increasing (SCP, 2005).

Anticipating on future reform of the Dutch Health care system

As mentioned in paragraph 4.1, from 1 July 2006 the municipalities will be held responsible for the accessibility and availability of social services allowing people to live as independently as possible, mainly elderly and other with special needs, which is having a significant impact on the housing, care and welfare sectors in particular. This is no different for the municipality of Almere.

The next three paragraphs will in a nutshell describe the organizations that initiated Domare within the context of their own sectors.

4.2.3 The social housing sector and the involvement of three of Almere's (private) landlords

With the introduction of the Housing Act in 1902 private housing associations (private non-profit organizations) and public municipal housing companies (owned and managed by municipalities) had to work side by side, both financially supported by the state. State-funding meant the beginning of an era in which both private as public providers of housing had to conform to a strongly regulated sector, set up to ensure that the public funds were responsibly invested (Brandsen, 2004). This Dutch housing system has known some adjustments through time, but no

fundamental changes were made until the nineties, when the housing regulation was liberalised, which can be seen as ‘(..) *an attempt to bring the benefits of market allocation (competition of the provision of the services) in to the public sector while maintaining safeguards to uphold public standards (free and universal access to services)*’ (Brandsen, 2004: 16). Nevertheless, public control remained. Paradoxically, more autonomy meant obliging to a number of broad criteria set by the state. One of the criteria was that providers of housing should offer packages of combined homecare and housing and should be involved in assuring the quality of the environment within neighbourhoods.

The providers of housing that co-founded Domare were the following:

Table 7: *The co-founders of Domare*

Type of stock	The Housing foundation Almere (WVA)	Housing foundation ‘GoedeStede’	Housing corporation ‘Groene Stad Almere’
	The ‘Housing Foundation Almere’ (WVA) was founded in 1975 and became the first private non-profit organization providing housing in Almere. WVA was literally involved in building the city of Almere. In 2004 WVA merged with the Housing Company Amsterdam and became Ymere, which owns about 30% of all housing for rent in Almere.	‘GoedeStede’ was founded in 1980 as a private non-profit organization. Ninety percent of its stock is made up by social housing (rents: max. €508,- a month). Besides its regular housing, GoedeStede has a special focus on the provision of housing for what they call ‘vulnerable people’.	‘Groene Stad Almere’ (GSA) has recently joint ‘De Alliantie’ (2001) and became part of a large provider of housing with 55.000 homes. GSA has remained an independent entity with the main objective to manage affordable housing and invest in the quality of life of the citizens of Almere based on seeking partnerships with other non-profit organizations with the same focus on quality of life.
Family homes	7068	3.400	6.741
Appartements		3.600	
Rooms		100	
Others ¹⁵	181	100	208
In total	7.249¹⁶	7.200	6.949

Source^a: GoedeStede, 2005

Source^b: De Alliantie, 2003

Source^c: Ymere, 2004

In comparison to providers of housing outside Almere, all three housing organizations are relatively young, because Almere itself only exists for no more than 30 years. Therefore, they have not been able to gather as much capital as others operating outside Almere, making them feel more vulnerable, especially in the last few years during the economic recession. The effect was that the relatively young providers of Almere went to look for partners outside Almere. Several mergers came out of it. Except for ‘GoedeStede’, both WVA and Groene Stad Almere merged with wealthier providers and became a part of ‘Ymere’ and ‘De Alliantie’. Despite the search for more financial stability, all three have characterised themselves as a social enterprise, which means that they see it as their duty to serve the interest of the citizens of Almere.

4.2.4 *The care sector and the involvement of The Health Care Group Almere*

The care sector is going through similar developments as the housing sector went through with the liberalisation of the nineties. As happened in the housing sector, the care sector is dealing with the effects of growing wealth and different lifestyles and the needs that come from it, a rapidly ageing population, while society is becoming more individualistic. This has resulted in a reform of the sector (something that has been debated since the eighties), and the increased acceptance of market-oriented values, like innovation, competition and efficiency (see paragraph 2.3.1) with the

¹⁵ For example: garages and shops.

¹⁶ Besides the units in Almere, Ymere also owns stock in Amsterdam, Amstelveen, Haarlemmermeer and Heemstede, which in total consists of 48.331 units.

purpose to alleviate the burden of the rapidly growing public expenditure on care, annually 2,5 percent of GDP (OECD Health Data, 2003). More market is experienced as being synonymous to more efficiency through for example competition, but it is also seen as a way to increase the influence of citizens on supply, giving them more to choose from by increasing the diversity of the offered care services. The effect of these developments is that the care sector is making the shift from a supply-oriented sector to a demand-driven sector, which means that no longer the needs of providers are put first, but the needs of citizens.

Almere and its providers of care have been aware of the changes their city is going through and have tried to anticipate. The Almere Health Care Group has done that by joining Domare and has, by doing so, acted ahead of time, at least, when considering the fact that new policies as are just now being drafted and implemented for the same reasons that Domare was founded back in 2001, namely to make sure that each citizen gets the opportunity to have a full citizenship and to participate in society, regardless their disabilities. The Almere Healthcare Group currently consists of twenty health centers, two care centers, a nursing home centre, a community for senior citizens, a multifunctional centre and a management and service organization that supports the centers on various fronts. Key words in the working methods of the Almere Healthcare Group are quality, neighbourhood focus, integration and coherence. The Group is the result of a merger between the non-profit organizations Primary Care Almere (stichting Eerstelijns Voorzieningen Almere) and the Delta Foundation in 1999. Both organizations were convinced that by working together and by merging the quality of their services would be further improved and that it would lead to more efficiency.

4.2.5 The local welfare sector and the involvement of 'De Schoor'

During the seventies the welfare organizations of Almere were used to generous subsidies from their municipality, but this has changed since the end of the eighties. The municipality has been increasingly focusing on efficiency resulting in serious cutbacks, mergers among welfare organizations and the formalisation of the relationship between the municipality and the welfare organizations. The welfare organization 'De Schoor' was founded in 1989 after a merger that happened for that same reason between two welfare organizations called SIWA (an initiative of the Dutch state) and STOWA (owned by the municipality of Almere between 1983 and 1985). SIWA and STOWA felt the need to join forces because their municipal subsidies kept diminishing. The relationship between the municipality of Almere and 'De Schoor' has also been formalized. 'De Schoor' is expected to adopt a market-oriented approach, which means that it is responsible for its own throughput, but is contracted to provide welfare in Almere according to objectives and targets set by the municipality and is rewarded according to its output (De Schoor, 2005).

4.3 Effects of hybridity

The effects of hybridity have to be considered differently for Domare on one side and its five founders on the other. Within Domare hybridity was a source of opportunities and a necessary condition to provide housing, care and welfare as an integrated service and benefit from being a multidisciplinary organization. Domare's hybridity was an attempt to take away bureaucratic inhibitions and combine public and private funding and synchronise public and private values. By doing so better, its founders felt that they could better meet the demands of the citizens of Almere.

But to really make it a success, having the goodwill of its founders was vital. But once Domare started to provide 'housing with care and welfare' successfully, goodwill was the last thing its founders were able to give. Firstly, because as Domare went along, its founders lost the sense that they as well were profiting from being attached to Domare, as originally planned. While they were going through an economic recession and were feeling vulnerable, the notion of Domare as a sixth organization became a burden. For instance, when the providers of housing felt that the continuity of their own organization was at stake, they went back being a regular housing company, instead of investing in the further development of an integrated provision of social services with the Health Care Group and welfare organization 'De Schoor' and merged with others within their own sector. The reason that Domare failed the test of time, was not because of its hybrid nature, but because its founders came to see Domare as their competitor. When following the rules of the market, for them at that point cooperating with Domare, meant cutting their own fingers. This made it more or

less legitimate for them to go after their own interest and safeguard the continuity of their own organization, instead of Domare's. The result was that by losing its *raison(s) d'être*, Domare sealed its own fate.

Nevertheless, pointing out the positive and negative effects of Domare's hybrid character is not a clear-cut case. According to the five providers of housing, care and welfare, the gain they expected to get from combining efforts, was to be able to:

- Feel less vulnerable when competing in the market, especially in times of economic recession,
- Share information about (potential) clients (landlords know what kind of care and welfare their tenants need and vice versa) to improve their services and
- Function in a multidisciplinary way and therefore be able to better meet the needs expressed in the modern society.

Despite their efforts, the Domare Foundation had to close its doors on 1 January 2005. According to the founders of Domare, the reasons were the following (Aedes, 2005):

- Competition: to protect themselves against the dangers of the market, providers started more and more to look for partnerships within their own sector, which led to mergers. By merging within the sector, seeking partners to form a multidisciplinary organization was no longer a priority (especially when they started to experience Domare as their competitor) and
- The lack of loyalty: One of the existential reasons of Domare was to be involved in strategic decision-making and develop pilot-projects based on information and expertise fed into the organization by its founders. As a result of the conflict of interests and their lack of loyalty towards Domare, they did not keep their end of the bargain. Without the information and know how

4.4 What does it mean for the citizens of Almere?

According to the five providers of social services that founded Domare, the purpose of their joined effort was to better meet the needs of the citizens of Almere by combining the expertise of three different providers of social services in the field of housing, care and welfare. During their short existence they developed many projects that are still contributing to public interest, like 'the neighbourhood portal': www.literatuurwijk.nl (providing citizens up-to-date information on where to go to get the social services they need) and 'Domotica' (project to stimulate the development of innovative tools to help elderly and others with disabilities when living by themselves). By itself the housing sector would have lacked the expertise to offer adequate care, but by itself the care sector could not have offered affordable and adjusted housing. Also, only housing with care would not have met the lifestyle that elderly and others with special needs want nowadays. They also want to be able to participate in society and pursue their personal interests. In this setting, hybrid delivery of social services was not an objective, but it was a necessary condition to be able to deliver 'housing with care and welfare' through an integrated front office.

5. CONCLUSIONS: HYBRID ORGANIZATIONS AND THE CITIZEN

Central subject of this paper are organizations that combine potentially conflicting rationalities, i.e. public as well as private cultural orientations. We label them as hybrid organizations. We have identified five causes for the recent rise in number of such organizational forms: 1) erosion of authority, 2) autonomisation, 3) (re)introduction of market forces, 4) speed of change and 5) lack of funding (In 't Veld, 1997: 11-13 and Meijerink, 2005: 18-19).

Just like all other forms of organizations, hybrid organizations are defined by their cultures. They are culturally heterogeneous entities that combine cultural orientations that are a) inviolate, b) incompatible and c) indispensable (Albert & Adams, 2002: 35). Hybridity is therefore something else than a simple mix but rather a combination of cultures. Hybrid organizations resemble the patterns that are produced in a kaleidoscope (Puff, 2000).

More and more hybrid organizational forms emerge due to many governments employing marketization strategies in order to reform their public services (Pollitt & Bouckaert, 2000: 181). But hybridity is not a new concept to all sectors. For example, combining assets from the public and private sector has been intrinsic to the Dutch housing, care and welfare sector, as described in chapter 4.

The Dutch waste management sector has been hybrid for a long time as well. More and more hybrid organizations emerged in the sector during the last decennium due to increased competition from private competitors and a decrease in public funding. We have had a look at a hybrid waste management organization in its infancy and one in adulthood. The hybridisation of a formerly public organization is a longwinded process that has to be handled with care and determination. Managing a fully hybrid organization can be difficult as well, as such organizations are subjects of criticism from their private competitors.

The basic goal in public service provision should it be to serve the citizen. We have tried to determine in this paper whether or not hybrid organizational forms seem to be successful in fulfilling this task. We have tried to answer the question: does the way in which hybrids organise their delivery of social services lead to more effectiveness and efficiency?

Until now, the provision of social services by hybrid organizational forms has been met with doubts and fears in The Netherlands. We have described the negative theories about the combination of public and private cultures and the effects of this combination. Theorists like Jacobs (1994) claim that public and private sector organizations are influenced by conflicting sets of values. Simon (1989) warns of the dangers of public organizations entering private markets. And Koppel (2003) describes that politics loses possibilities to control such organizations if they are allowed to hybridise.

However, the tone of the Dutch discussion has changed. Recent publications of the Scientific Council for Government Policy (WRR, 2004) and the Social-Economic Council (SER, 2005) describe that the dichotomy between public and private is a thing of the past. It has to be overcome to create societal entrepreneurship, one of the alleged strategies to solve the legitimation crisis of the state. This positive approach towards hybridity is in line with that of In 't Veld (1995, 1997, 2002 and 2005), Seibel (1994) and Evers et.al. (2002). They describe that the combination of cultures can lead to synergy. Contrary to Simon, Hood (1998) warns against the reliance on pure cultural forms. According to him, this can lead to blind spots and to a clash of cultures as one way of life is presented as superior to others.

Hybridity is still not a concept without dangers. The combination of cultures can lead to tensions which have to be carefully managed. Attention has to be paid to several aspects of hybridity in order to guarantee its success and viability. We draw the following three main conclusions on the combination of cultures and its effects for the citizens based upon our two cases studies:

Accept hybridity as a natural state

Hybridity has always been one of the core elements of many sectors of Dutch public service provision, as we have tried to demonstrate in both case studies. A separation of cultures in order to create cultural purity would mean high transaction costs and would need a lot of time. We also doubt its usefulness. Hybridity should be accepted as a natural state for organizations in these sectors. It is more important to learn how to manage hybrid organizations appropriately, than to

discuss how to make them fully public or private. Hybrid forms are here to stay (comp. Van de Donk 2004).

Hybridity should have advantages for both the organization and the citizen

Very often hybridity seems to have mostly negative effects for the citizen and positive effects for the organization itself. We have touched on this problem in our case study of the waste management sector. Hybrid waste management organizations have many new liberties as they can behave like other market organizations. Their managers are free to manage. But granting waste management organizations a hybrid status could mean as well that the two public interests in the sector (accessibility of installations and guaranteed disposal facilities) come under pressure. This calls for appropriate safeguards and requisites.

Develop appropriate safeguards and requisites

Appropriate safeguards should be developed to ensure that the negative effects of hybridity stay controllable. We have described some in our case study of the waste management sector. But it is also important to develop several requisites that allow hybridity to become a success. In 't Veld (1995) has described some of them as: 1) Integrate and don't separate the different cultures. 2) Come to uniform juridical relations. And 3) develop multifaceted ways to report and to take responsibility.

It seems to be odd to conclude this paper with the notion that further research on hybrid organizations is necessary, as we have just argued that both described sectors have always been hybrid. But so far most approaches towards these organizations have been of a hostile and overtly critical nature. We have tried to show that such approaches will leave many questions unanswered and that it is important to learn more about the positive effects of hybridity as it is one of the core elements of public service provision in The Netherlands.

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