

## **On the road to total hybridisation?**

*Eroding dichotomies in public service provision*

Mag. phil. Philip Marcel Karré<sup>1</sup>

Drs. Martijn van der Steen<sup>2</sup>

Prof. dr. Mark van Twist<sup>3</sup>

*Paper to be presented at panel 1:*

***Innovation and change through alliances in the service, public and education sectors***

*June 25-27 2008 at*

*Suffolk University, Sawyer Business School, Boston, Massachusetts*

*Keywords: innovation, public/private, networks, alliances*

### **Institutional details**

Netherlands School for Public Administration

Lange Voorhout 17

2514 EB The Hague

Telephone: +31 – 70 – 302 49 10

Fax: +31 – 70 – 302 49 11

URL: [www.nsob.nl](http://www.nsob.nl)

---

<sup>1</sup> Philip Marcel Karré works at the Netherlands School for Public Administration (NSOB) as a PhD-student and researcher. His research focuses on the blurred border between the public and the private sector and the hybrid organisations which have developed there (see for more information [www.hybridorganisations.com](http://www.hybridorganisations.com)). He can be reached at [karre@nsob.nl](mailto:karre@nsob.nl).

<sup>2</sup> Martijn van der Steen is senior-researcher at the NSOB and researcher at the Scientific Council for Government Policy (WRR). His research focuses on the effects of forecasting the future on public policy making and he is completing his Phd-research on this topic. He can be reached at [steen@nsob.nl](mailto:steen@nsob.nl).

<sup>3</sup> Mark van Twist is dean of the NSOB, professor at Radboud University Nijmegen and member of the board of the Dutch Court of Audit. His research focuses on public-private partnerships. He can be reached at [twist@nsob.nl](mailto:twist@nsob.nl).

## 1. Introduction: Blurring boundaries in public service provision

The distinction between public and private can be seen as one of the “grand dichotomies” of Western thought (Weintraub, 1997: 1). It is also a dichotomy that dominates the field of public administration where it is mostly defined as a binary distinction between the realm of the state and the realm of the market (see for this and other definitions Weintraub, 1997). Both sectors are understood to be driven by different sets of competing and incompatible values (Jacobs, 1994; Koppel, 2003). That is why discussions about this version of the public/private dichotomy are preoccupied with questions of how to separate the two domains and the organisations operating within them.

The clear-cut distinction between the public and the private sector which originated in economic and liberal thought is now often criticised in public administration for being an oversimplification of reality (Rainey, 1997: 57). Due to various political, social and economic transformation processes, there seems to be a blurring of domains with the effect that a flotilla of mixed and hybrid organisational forms has emerged that operate both in the public and the private sector (Rainey, 1997: 58f). They are seen as having various degrees of publicness (Bozeman, 1987).

Not only are public organisations engaged in activities on the market place, there are also private organisations that engage in activities which used to (at least in Continental Europe) be seen as exclusively public:

- There are private companies that build and run whole villages, either for specific groups, like senior citizens (*Sun City* in the US and *Seniorenstad* in The Netherlands) or for a broader public (like *Celebration*, built and run by Disney in the US or *Golfresidentie Dronten* in The Netherlands). One Dutch project developer has even shown an interest in buying existing towns and villages for further private exploitation<sup>4</sup>.
- In Europe several private companies build and run hospitals, like the German *Rhön-* or the Swedish *Capio-group*. There is just one fully private hospital in The Netherlands so far (the *Slotervaardziekenhuis*) but more are expected to follow.
- In the German city of Dresden *Fortress*, an American private equity fund, has acquired the entire social housing stock, consisting of 48 000 properties, in a bid worth 1.2 million dollars.
- Security in public spaces is increasingly privatised as for example in the case of Rotterdam metro. There is also one train station in Amsterdam which is policed by a private company after “real” police had given up on it.
- Even in the area of social benefits, public initiative is on the rise again. An example from The Netherlands are the food banks (*Voedselbanken* in Dutch) that provide food to the needy.

Although such activities by private companies are nothing new (rich Industrial Age factory owners already built whole villages for their workers, and before the emergence of the welfare state, social aid relied solely on private initiative) they seem to be in the process of a revival.

---

<sup>4</sup> Rudy Stroink, CEO of TCN Property Projects did so in a recent Dutch television programme (see <http://www.vpro.nl/programma/detoeekomst/afleveringen/27521919/>).

The erosion of the strict distinction between the public and the private sector is in our opinion mainly due to two other traditional distinctions being blurred, that between organisation and network and that between the national and the international level of public service provision. In The Netherlands, alliances and networks of organisations from different sectors, policy areas and countries are active in public service provision and, by doing so, innovate and create new values ‘across’ the old dichotomies.

This paper is part of an ongoing research project at the Netherlands School for Public Administration attempting to grasp these developments<sup>5</sup>. We feel that scholars in public administration often lack an adequate vocabulary to fully describe and appreciate such hybrid situations. Politicians, civil servants and the public are mostly unaware of the fact that such shifts in public service provision are actually taking place and that they will have important implications for traditional public values.

The aim of this paper is twofold. We will first describe in more detail the three eroding dichotomies between public and private, organisation and network and the local and the international level of public service provision. The first dichotomy is (or seems to be) rather straightforward and lies at the core of what is public administration. The other two are, in our opinion, much more fuzzy and in need of further discussion and concretisation. We will end this paper with an overview of the political and administrative implications of the erosion of the three dichotomies and a preliminary agenda for further research.

## **2 Public versus private – The limitations of a “grand dichotomy”<sup>6</sup>**

The distinction between “public” and “private” is, according to Italian philosopher Bobbio (1989), one of the “grand dichotomies” of Western political thought. This “binary opposition” (Weintraub, 1997: 1) divides our world into two exhaustive and mutually exclusive spheres, subsumes all other distinctions and makes them secondary (Bobbio, 1989: 1-2).

Since it has been at the core of our understanding of the world around us for such a long time already, the grand dichotomy seems to be straightforward. But, as Weintraub (1997: 1-2) writes, it is anything but, as it is not unitary but protean. Different definitions of “public” and “private” are possible, as there is “[...] no single clear distinction between public and private but rather a series of overlapping contrasts [...]” (Geuss, 2001: 6). This is mainly due to the fact that strong values are the basis of the “grand dichotomy”. It determines what is perceived to be acceptable in which context and what is not.

---

<sup>5</sup> We have presented some preliminary findings before at a research meeting of the Netherlands Institute of Government (Karré et.al., 2007). A research report which especially focuses on the practical implications of the blurring of the three dichotomies will be published later this year.

<sup>6</sup> This paragraph is a short version the introductory chapter in Karré’s forthcoming PhD-thesis on the emergence of hybrid organisations in Dutch waste management.

**Work in progress – please do not cite or quote!**

In this article we will define the dichotomy between public and private as the distinction between state administration and market economy.

In basic societies the state fulfilled its function as coercive agency above society by focussing only on the duties of the night-watchman (providing for the police, a judicial system, prisons and the military). There were no public, only private organisations. This changed at the end of the eighteenth century when the state entered the market place. Based on an economic and a political rationale, the strict distinction between “public” and “private” of the liberal-economistic model became blurred and a range of public organisations were created (Rainey 1997: 61).

Definitions of public organisations are mostly based on their allegedly different characteristics compared to those of their private counterparts. The most important distinguishing characteristics of public organisations are (based on Lawton & Rose, 1994: 6-7):

- No market incentives to reduce costs or operate efficiently,
- Objectives are usually ill-defined and expressed in vague terms,
- Strategic planning is difficult due to the short-term view of politics,
- Greater and more open accountability by various stakeholders,
- Functions limited by statute,
- Funded by taxation,
- Needed to produce ‘public goods’.

It proves difficult to uphold such clear-cut distinctions between organisations. The blurring of the distinction between “public” and “private” which already started when the state entered the market place more than a century ago, has increased during the last two decennia due to several important developments (see Karré, 2006: 60). We will in this text mainly focus on two of those:

- The erosion of the distinction between organisations and networks (public services are now provided not only by organisations but also by networks or strategic alliances of several organisations from different sectors and policy fields).
- The erosion of the distinction between the national and the international level in public service provision (public services are increasingly being provided by international conglomerates).

The blurring of the boundary between “public” and “private” means that the public and the private sector now overlap and interact in a number of ways (Rainey, 1997: 58-60). Governments have shifted their focus from *providing* public services themselves to *ensuring* that others (be they autonomised public organisations or private enterprises) do so. On the other side of the eroding divide between

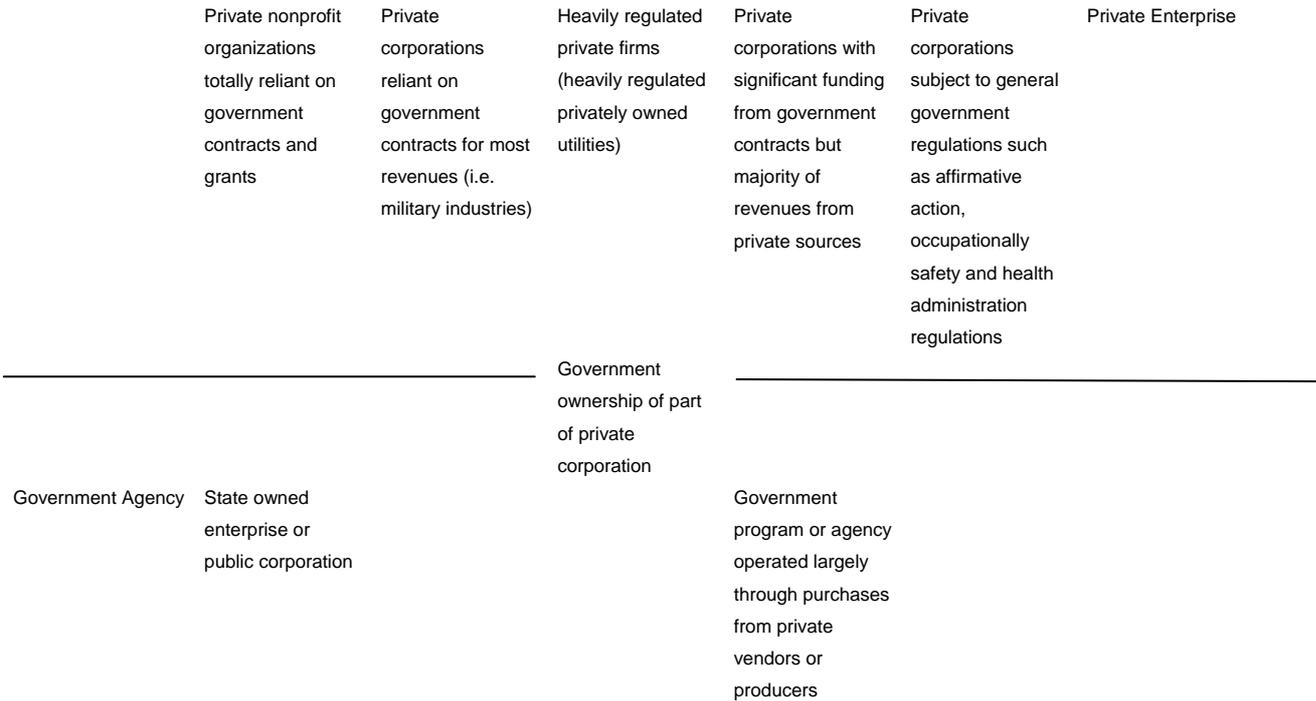
**Work in progress – please do not cite or quote!**

public and private, entrepreneurs are closely monitoring the developments concerning public services, calculating whether it will be economically viable to become active in the public sector as well.

A whole range of mixed, intermediate and hybrid forms have developed. In order to describe and analyse the various hybrid forms which are neither completely “public” nor completely “private”, researchers have devised new ways of looking at our world. Dahl and Lindblom (Rainey, 1997: 64) have developed a complex continuum (see figure 1) of types of organisations ranging from enterprises (organisations primarily controlled by markets) to agencies (public or government-owned organisations).

*Figure 1: Agencies, enterprises, and hybrid organisations (Rainey, 1997: 65)*

*The extreme poles in this continuum are the private enterprise (top right) and the government agency (bottom left). The top row depicts organizational forms usually referred to as private enterprise or free enterprise and the row below arrangements colloquially referred to as public, government-owned, or nationalized. In the middle are arrangements popularly considered neither public nor private.*

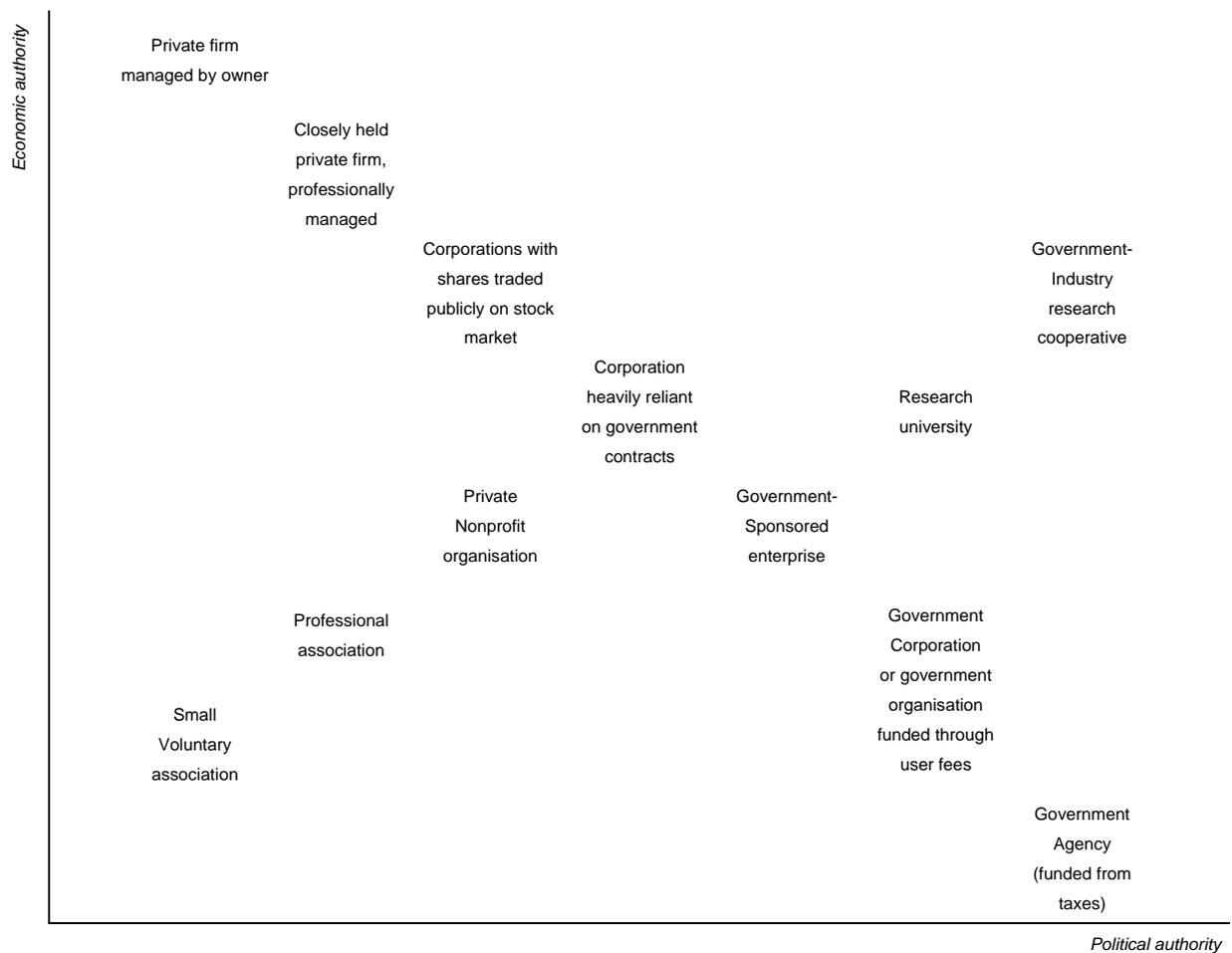


Several authors have developed multi-dimensional approaches as means to position organisations on Dahl & Lindblom’s continuum between public enterprise and government agency. The most simple ones of those use the two dimensions of ownership and funding as their categories (cp. Rainey, 1997: 64 and 66). However, the problem with such basic multi-dimensional approaches is that their dimensions are still based on dichotomies (public versus private funding, public versus private ownership). Hybrid organisational forms that are for example simultaneously financed or owned by public and private actors do not fit into this model.

**Work in progress – please do not cite or quote!**

This methodological limitation is solved in various other multi-dimensional approaches, in which dimensions are not defined as dichotomies but rather as a continua. The most influential of these models is Bozeman’s notion of “publicness” (Bozeman, 1987). He argues that all organisations have some degree of political influence and are subject to some level of external government control. Bozeman uses two subdimensions, i.e. political and economic authority to determine an organisation’s “publicness” (Bozeman, 1987: ch. 4 and 5) Economic authority refers to the control owners and managers have over an organisation’s revenues and assets. It decreases as external government authorities gain more control over their finances. Political authority is granted to organisations by other political actors, like the citizenry or governmental institutions and enables them to act on their behalf and to make binding decisions for them. Private organisations have very little political authority as they operate on their own behalf, whereas government agencies act for the community and hence have high levels of it (Rainey, 1997: 66-69).

Figure 2: *Publicness Grid* (Rainey, 1997: 68, based on Bozeman, 1987: 95)



Bozeman positions organisations in a “publicness grid” (figure 2) based on the influence political and economic authority have on their actions. The owner-managed private firm occupies one extreme (high on economic authority, low on political authority) and the traditional government bureau (low on

**Work in progress – please do not cite or quote!**

economic authority, high on political authority) the other. An array of other organisational forms represents combinations of the two dimensions.

To summarise: the strict distinction between 'public' and 'private' as laid down in classic economics has been blurred for more than a century due to various economic activities of the state. This has not only led to the development of 'public' organisations but to various hybrid organisational forms as well. Between the extreme poles of purely 'public' and purely 'private' a complex continuum containing organisations with various degrees of 'publicness' has developed.

These hybrid organisational forms still are surprisingly little understood, as literature addressing the developments on the blurred boundary between 'public' and 'private' is only recently beginning to emerge. Hybrid organisations are often criticized by private competitors for ruining 'fair' competition and by advocates of a strong public sector for squandering public money and values (see Karré, 2006 for an overview of the debate). In-depth empirical research will have to prove whether those claims are correct and what the effects of hybridity in organisations are. There also are a number of other important questions which should be addressed, such as:

- Can the categories of 'public' and 'private' still be upheld or are all organisations hybrid (to paraphrase Bozeman's notion of all organisations being public)?
- What does the blurring of the boundary between 'public' and 'private' mean for democratic legitimization and control?
- Which governance-arrangements should be put into place in order to make sure that 'public' values are in safe hands at hybrid organisations?

### **3. Organisation versus network – Another blurred boundary**

The boundary between public and private is not the only dichotomy in need of further study in order to comprehend the complex reality of the world we live in. A second boundary that - according to the rationale of this paper - is *fading*, is the classic distinction between *organization* and *network*. That is to say, the difference between on the one hand *an organization* that operates independently, and a *network of cooperating independent organizations* on the other, is starting to disappear. New organizations develop that show some characteristics of networks, as well as networks that show some characteristics traditionally attributed to organizations. In addition to this, new forms of cooperation are developing (including *alliances*) and the intensity and forms of cooperation are changing.

Of course there is nothing new in two or more parties looking for cooperation in realizing their own ambitions. As long as organizations exist, they have looked beyond their own boundaries for contacts

**Work in progress – please do not cite or quote!**

and cooperation to the mutual benefit of all involved. What is new is that, given the current social context, cooperation between parties is often no longer a matter of choice, but a necessity.

Increasingly often, the knowledge and resources required to realize one's ambitions can not be found within the organization itself, leaving the organization incapable of developing without the cooperation of others. This is why Mayntz (1993) refers to operating as part of an alliance or network as 'the core feature of societal modernization'.

In the new reality of networks and chains, of coalitions and partnerships, strategic alliances and other forms of cooperation are often no longer an option, but a necessity. Partnerships have become more commonplace, and more complex: they go beyond the scope of the classic joint venture between two organizations. Today, strategic alliances consist of large numbers of organizations, both originating from the public and the private sector. These organizations are interconnected by ever shifting horizontal and vertical links, which extend into one other and make it difficult to distinguish one organization from the other. Internal and external networks can also blend into each other, borders become blurred, and it is impossible to determine exactly where one alliance ends and another one starts.

Also new is that cooperation between organizations manifests itself much stronger and more meaningful today than ever before. It is sought after earlier, more often and by more organizations than ever before. Enterprises such as Royal Dutch Shell or KLM have cooperated with a wide array of other organizations over time. They even have created whole departments responsible for managing these various alliances. Also the number of projects realised by public-private partnerships, a cooperation between governments and (public or private) enterprises, is rising. Also parties within the public sector cooperate more and more often across the boundaries of sectors, domains, authorities and levels. It does not matter which kind of organization is involved, whether they have just entered a market or already have a high standing there, or whether they operate on a local or an international scale; they all can no longer get by on their own.

Another new development is that cooperation no longer occurs exclusively at the *edges* of an organization, but rather at its *core*. Cooperating with other parties as part of an alliance is no longer an superfluous activity, merely employed in addition to the organization's core activities. On the contrary, it has become a central issue and an integral part of the main activities of an organization.

The creation of alliances and other forms of cooperation which lead to the phenomenon of network organizations have had an effect both on the external position and internal organization of the parties involved (see De Man & Duysters, 2007). The array of activities employed by an organization is not static. On the contrary, it is subject to continuous change. Parties can either be told to engage in certain

**Work in progress – please do not cite or quote!**

activities by an outsider, or they decide themselves to engage in new activities. Organizations can be ordered to hive off certain tasks or turn activities over to other players in the market. In deciding which tasks to take up alone, and for which to seek cooperation with others, a number of questions need to be answered. The organization's own strengths need to be determined and compared with those of others. Some arrangements are more rewarding than others. And one has to decide which risk one is prepared to bear alone, and which are rather shared with others. These assessments will have to be made time and time again, as each factor is subject to change. This is why not only alliances, but also the contributing parties are constantly reconfiguring themselves.

The blurring boundaries between organizations and networks can result from a wider variety of motives. Some organizational networks are created because other parties do the same, because it is an *en vogue* thing to do. In such cases the commitment of participating parties will be limited, as will the importance attributed to the alliance. But in other cases organizational networks are formed out of dire necessity for those involved. A wish to turn potential competitors into partners, willing to work together towards a common goal, can be an important consideration in seeking cooperation. The underlying thought is essentially defensive, in the sense that one aims to remove a threat. But cooperating can be an offensive act as well, as taking a new party into an association offers new views and perspective, new and different sources and thus contributes to the formation of missing links in the value chain.

Parties can also decide to cooperate, hoping this will create synergy when their skills, knowledge, contacts and market positions are combined. On every level, each party has its own input. Combining these can ensure more can be done with the same resources than when each party would be left to its own resources. For example, when networks are combined, their reach will increase and innovations will occur earlier as knowledge and experience from different areas meet to benefit a shared ambition.

Creating the opportunity to learn to learn about new skills can be another consideration driving cooperation. Some knowledge and skills are not easily transferred in any other way than by first hand experience, by learning through observation and practice. Within an alliance, one party can try to acquire skills outside the own organization, that may also be used in other contexts.

We see the emergence of (public-private) corporations without boundaries as a result of these considerations: network organizations whose boundaries of course cannot be completely ignored, but where the strategic goal is more broad than those of the individual parties involved.

The complicating aspect of the before mentioned developments is that they do not follow the form (the *organization*) but rather the function, and shape themselves accordingly. This creates all sorts of problems for those who try to describe new forms with existing terms. This is a problem for the

**Work in progress – please do not cite or quote!**

researcher on the one hand, but also for those regulating new forms, or those entrusted with legislation. There are a group of organizational forms that as of yet do not have a label and are therefore difficult to categorize.

#### **4. Local versus global: boundless organizational networks?**

Not only the classic boundaries between public and private, and between organisation and network have with time become blurred, creating many hybrid public-private network organizations, also the underlying boundaries of time and space have become less evident. Where once the difference between local and global was meaningful in describing empirical phenomena, we can now observe another erosion referred to in literature as 'glocalizing'. Not either 'local' or 'global' is imperative, but a combination of both: local and global at the same time; sometimes without it being especially noticeable at the local level that the organization operates on a global scale.

Time and space, once the pillars on which we based our experience of reality, have been transformed because in our type of society, to paraphrase Castells (1996), the space of flows supersedes the flows of spaces. Central to his argument is that, because of information technology, the meaning of distance in terms of time and space has become relative. Technological innovations have made just about the entire world instantly accessible from any laptop. Some time spent surfing the internet gives one this impression in a very real way: connections are made online, as a result of which concurrence and proximity lose their limits. This is true for 'users', but also for organizations. Thanks to information technology, organizational practises have become easier, and unbound by time or distance.

In this context where time and distances lose their meaning, the experience of a limited territory for action and communication is becoming less relevant or even completely immaterial. Inside and outside become peculiar concepts in a cyberspace of electronic connections. Technological developments result in de-territorializing, because time nor space lose their limiting powers. The world becomes a village, and the village the world. The difference between the two is no longer pertinent.

Castells (1996, 1997, 1998) shows us that in our type of modern society, new networks have developed as a result of information technology. These networks often have a global character and are more flexible than any other organizational form we have seen before. Thanks to IT, a social revolution has been unleashed that is completely different from the industrial revolution: information is the new factor of production for the economy and with that creates a completely new form besides the classical factors land, labour and capital, one that is not additive but flexible, all-penetrating and reflexive.

**Work in progress – please do not cite or quote!**

The new economy is an economy of networks that work in 'real time' and are shaped on a global scale because all the important aspects - from capital to production, directly or indirectly - run via multinational corporations or globally interconnected networks of local corporations. This has also lead to an explosion in capital flows, again made possible by the rapid development in information technology. Sending large sums of money around the world in the blink of an eye is only possible in a world where the price of a telephone call has dropped to (near) zero, where the capacity for the transfer of information has grown explosively and where distance hardly matters for the speed of communication.

Billions of dollars are transferred across the world every hour of the day by large institutional investors, pension funds and investment companies. The increased mobility of international capital allows public - private organizational networks to become footloose. Nowadays it is common for a corporation and other organizations (providers of care, infrastructure, higher educations) to split their production from their service chains and spread out the different parts all over the world, depending on what is cheapest to do where at that point in time. Products are designed in one place, manufactured in another, assembled somewhere else again, to be serviced in a forth location.

In *The World is Flat* (2005) Thomas Friedman demonstrates that the IT revolution has dissolved national borders so our design centres may be situated in Beijing while our call centres are at an Indian location. Because the whole world is interconnected now, the economy operates independent of state and borders. Three quarters of companies quoted on the Amsterdam stock exchange are now in foreign hands. KLM, Elsevier, Hoogovens, VNU, De Bijenkorf, Hema, Kruidvat, Organon, Rodamco, even the Dutch stock exchange itself is owned by a foreign company. Because of this, nationalists and populist politicians claim that The Netherlands is rapidly turning into a branch, an outpost ruled by the larger and more powerful European nations. Those with a more nuanced view argue, that not only national companies are taken over, they also take over foreign companies themselves. They plea for less nationalism and more business sense in regard to globalizing trends. They see developments as off shoring and fragmentation as a progression of the age-old and ever continuing wealth creating process of international specializing. For example, by using technological advances, it has become easier to take advantage of global differences in labour cost. By reviewing per activity which part of the world is cheapest and most practical, a division of labour is established that eventually, all things considered, will benefit all.

National borders are now less relevant also for the production of public services, like the provision of health care, welfare, housing, education, etc. Also in these fields global networks of organizations are developing or already are in operation.

**Work in progress – please do not cite or quote!**

The globalizing trend where organizational networks have local manifestations but -without this necessarily being clear to outsiders- are organized on a trans-local or even global scale, also affects services in the public domain. Although theory and examples of Castells, Friedman and others mainly apply to internationally operating corporations, the same processes can also be seen at work in the classically public domains. Also in these domains we see the creation of cross-border networks. We believe this process follows a number of steps.

First, supporting functions are sourced out. Also off shoring is an option: a municipality with an Indian call centre or a government accountant with administrative staff in Eastern Europe – why not? But that is not all: also services get a more international character as organizations work on an ever larger scale, which leads them not only outside their own municipality and province, but sometimes even abroad. These developments take a number of different shapes:

- Care homes and building societies develop project in countries like Portugal and Turkey. It's nice and warm there, and people like to go there anyway to spend the winter, so why not invest in pleasant and apt surroundings for the clients? Services that otherwise would be offered in The Netherlands are moved abroad.
- Hospitals enter border spanning associations to avoid waiting lists and offer a better service to their clients, but also because the policy competition between states makes it possible to pick and choose the most favourable conditions. If there are possibilities for better service in another country, more opportunities for profits or a bigger market, hospitals and other care providers do not take much notice of national borders.
- So far we have discussed cross-border activities of local and national organizations, but also international capital finds its way to the organizations and domains described in this paper. Private equity and big investment firms generate property of local public services: increasing numbers of education and health care organizations have shares in foreign owned investment companies that form an attractive investment opportunity for public service organizations. Public activities, especially those involved with care, are in turn an interesting investment for such investors, because they are relatively risk free and offer steady returns and a rising demand. And thus, slowly but surely, international networks of capital invested in public domains arise.
- Another development is that of international specialization. Singapore, for example, is developing into a 'global health hub': top class health care is a new sector under rapid development. In order to achieve this, *Parkway*, a large chain of hospitals, is developing new products and services. The Singapore government supports this development, and favours complex cases that require top class medical staff and equipment. Without foreign patients, this would not be feasible in a small country as Singapore. Singapore tries to create a new

industry, and counts on the increasing cross-border market for top class health care and the increasing buying power of consumers to support their investment.

- Brands are increasingly important. It's not production itself that matters, but the image and perception they invoke with consumption. Organizations themselves become virtual. They are a website, a logo, an image - without it being clear or even important what is behind it all. Guarding the fire has become the new core activity of the new public - private organizational networks. A remarkable fact is that in The Netherlands, the average citizen is in our opinion as of yet completely unaware of the big players.

## **5. Towards an agenda for politics, administration and research**

Blurring boundaries between public and private, organization and network, and local and global, lead to all sorts of new connections, alliances, arrangements and organizational forms for which we feel existing descriptive terms fall short. For some new arrangements, singular descriptions of space and time no longer suffice: an organization may have its front office in The Netherlands, its back office in Thailand, while financial interactions between the two carry on day and night. In other arrangements, the boundaries between the organization and the alliance can be unclear. The broad terms *public* and *private* no longer suffice in explaining current developments and arrangements: in a way (to paraphrase Bozeman's famous saying), *all organizations are hybrid*. All organizations have to cope with a combination of economic incentives, social pressure, discerning customers, law and other influences ensuing from public policy. In this sense, even icons of Western capitalism as Shell or Microsoft can be called hybrids.

The developments on the different dimensions are not independent, but overlap and interact. For example, privatization and the introduction of free market systems in health care (public - private dimension) have lead to new alliances and combinations of care providers and insurance companies (organization - network dimension) on both the national as well as on the international level (local – global dimension).

All these interconnected shifts lead to problems when we seek to analyze the organization as a unit. In analyzing and describing developments in the public domain, we need to focus more of our attention on the dynamics of networks, coalitions, chains of alliances as a whole, and focus on the way in which different types of logic (e.g., the logic of politics, of the market, of the professional and the customer) meet and result in specific administrative configurations and service packages.

The blurring boundaries that have been the focus of the previous paragraphs do not only raise questions on a conceptual level, but also pose concrete questions for the day-to-day reality of public

**Work in progress – please do not cite or quote!**

service provision. Traditional questions on steering, democratic legitimacy, regulation and accountability, will require new answers specified to this modern age.

*Governmental steering?*

None of the described developments occur as a result of government policy. There are other powerful driving forces at play, such as preserving and expanding ones market share, striving for innovation, anticipating on policy, taking advantage of technological possibilities, a desire to act in a customer-oriented manner, or the boundless ambitions of administrators. Politicians follow these developments rather than steering them (though they would love to do so) as they are instigated by trends that lie far beyond their sphere of influence, like developments in international markets and law, technological innovations and demographic development. The local - global, public - private organizational networks and network organizations are shaped by human hands, but with time and to a certain extend, they will start leading their own lives, independent of the intentions of the people involved. Independent individuals and governments only have a limited impact on global networks, while on the other hand the global networks can have a major impact on the public domain.

Rather than asking whether these developments can be effectively and efficiently steered, we should define and safeguard key public values which we would like to preserve even in a hybridised world where traditional borders have blurred and dichotomies have eroded.

*Democratic legitimacy?*

Another questing that arises is that of democratic legitimacy. How can legitimacy and legitimization find a place in the developments and arrangements described in the previous paragraphs? In other words, on whose behalf, by whom and for whom do these – hybrid in all aspects, and in part global – networks and organizations exist? Which governance arrangements should be put in place in order to ensure that public values are still safe in the hands of hybrid organizations?

*Regulation and accountability?*

Our current legal arrangements are divided by sector and domain, just as the systems for regulation and accountability. Now that new combinations span sectors and elements from different worlds come together in one entity, difficulties arise with new as well as existing rules.

Are there limits to the combination of functions or outsourcing? And if so, who sets these limits? In (organizational) theory, the possibilities are endless, and there are ideas, markets, technologies and (maybe most important of all) capital to make it all possible. Which would be criteria to judge whether

**Work in progress – please do not cite or quote!**

or not a network is 'allowed'? And how should symbiotic combinations be judged, for example by regulators? How are they accountable, and to whom?

It remains difficult to judge the performance of combinations: which standards have to be met? Which of its functions should perform well?

The blurring boundaries described in this paper raise some important questions to those studying public administration. They have consequences both for the object we study and for the terminology we use. Policy makers and regulators as well as scholars in public administration will be asked to come up with new answers to old but still relevant questions of legitimacy, effectiveness and steering. How can the organizations, networks and alliances that arise amidst these blurred boundaries be 'managed' and 'steered' in such a way that they remain innovative and productive on the one hand, and that public values and long term perspectives are on the other hand assured as well? And what types of 'steering' can that be, since one of the characteristics of these new organizational modes is that they can be controlled only partly – if at all – by government policy? Can we develop new ways of thinking about steering and ensuring (of public values), and about innovation strategies, that on the one hand 'fit' the new organizational modes, and on the other hand maximizes public value?

The authors look forward to an inspiring debate about these question and challenges at the conference!

## **6. Sources**

- Bobbio, Norberto (1989): *The grand dichotomy: public/private*, MIT press, Cambridge
- Bozeman, Barry (1987): *All organizations are public. Bridging public and private organisational theories*, Jossey-Bass, San Francisco
- Castells, Manuel (1996): *The rise of the network society*, Blackwell, Cambridge
- Castells, Manuel (1997) *The power of identity*, Blackwell, Cambridge
- Castells, Manuel (1998): *End of millennium*, Blackwell, Cambridge
- Friedman, Thomas (2005): *The world is flat*, Farrer, Straus & Giroux, New York
- Geuss, Raymond (2003): *Public goods, private goods (Princeton monographs in philosophy)*, Princeton University Press
- Jacobs, Jane (1994): *Systems of Survival. A Dialogue on the Moral Foundations of Commerce and Politics*, Vintage Books, New York
- Koppell, J., *The Politics of Quasi-Government. Hybrid Organizations and the Dynamics of Bureaucratic Control*, Cambridge University Press, Cambridge, 2003
- Karré, Philip Marcel, ‘Caleidoscooporganisaties. Culturele aspecten van hybriditeit in organisaties’, in: Brandsen T. et.al. (eds., 2006): *Meervoudig bestuur*, Lemma, Den Haag
- Karré, Philip Marcel et.al. (2007): *Blurring boundaries. Crossing borders in the public domain*, paper presented at panel on public values at NIG-conference 2007 at the University of Tilburg, The Netherlands
- Lawton, Alan & Aidan Rose (1994): *Organization and management in the public sector*, second edition, Pitman Publishing, London
- Man, A.P. de & G.M. Duysters, ‘Alliantiemangement. Theorie en praktijk’, in: *M&O – Tijdschrift voor Management en Organisatie*, 61e jaargang, nummer 3/4, mei/augustus 2007, pp. 94-105
- Mayntz, R., ‘Modernisation and the logic of interorganisational networks’, in: *Knowledge and Policy*, nr.6, 1993, pp.3-16.
- Rainey, Hal G. (1997): *Understanding & managing public organisations*, second edition, Jossey-Bass, San Francisco
- Weintraub, Jeff, ‘The Theory and Politics of the Public/Private Distinction’, in: Jeff Weintraub & Krishan Kumar (eds., 1997), *Public and Private in Thought and Practice. Perspectives on a Grand Dichotomy*, The University of Chicago Press, Chicago & London, pp. 1-42