



**Manchester
Metropolitan
University**

Hodgkinson, IR and Hughes, P and Hughes, M and Glennon, R (2017) Does ownership matter for service delivery value? an examination of citizens' service satisfaction. *Public Management Review*, 19 (8). pp. 1206-1220. ISSN 1471-9037

Downloaded from: <http://e-space.mmu.ac.uk/623707/>

Version: Accepted Version

Publisher: Taylor & Francis (Routledge)

DOI: <https://doi.org/10.1080/14719037.2016.1272711>

Please cite the published version

<https://e-space.mmu.ac.uk>

DOES OWNERSHIP MATTER FOR SERVICE DELIVERY VALUE? AN EXAMINATION OF CITIZENS' SERVICE SATISFACTION

Public Management Review

IAN R. HODGKINSON (*corresponding author*)¹

The School of Business and Economics, Loughborough University, Loughborough, UK.

PAUL HUGHES²

Leicester Castle Business School, De Montfort University, Leicester, UK.

MAT HUGHES³

Durham University Business School, Durham University, Durham, UK.

RUSS GLENNON⁴

Nottingham Business School, Nottingham Trent University, Nottingham, UK.

¹ School of Business and Economics, Loughborough University, Loughborough, Leicestershire. LE11 3TU, UK. Tel: +44 (0)1509223865. Email: I.R.Hodgkinson@lboro.ac.uk.

² Leicester Castle Business School, Hugh Aston Building, De Montfort University, The Gateway, Leicester. LE1 9BH, UK. Tel: +44 (0) 1162577031. Email: paul.hughes@dmu.ac.uk.

³ Durham University Business School, Durham University, Mill Hill Lane, Durham. DH1 3LB, UK. Tel: +44 (0)1913345906. Email: Mat.Hughes@durham.ac.uk.

⁴ Nottingham Business School, Nottingham Trent University, 50 Shakespeare Street, Nottingham. NG1 4FQ, UK. Tel: +44 (0) 115 84 84 508. Email: russ.glennon@ntu.ac.uk.

Acknowledgements

The authors would like to thank three anonymous reviewers for their constructive and challenging comments, which further strengthened the manuscript. The authors also thank Professor Stephen Osborne for his editorial guidance and support throughout the review process.

DOES OWNERSHIP MATTER FOR SERVICE DELIVERY VALUE? AN EXAMINATION OF CITIZENS' SERVICE SATISFACTION

Abstract

Governments across the world outsource service delivery to external agents, but does ownership matter for service delivery value? Though theory points to clear ownership differences on effectiveness, there remains limited empirical evidence of the impact of ownership on citizens' satisfaction. Focusing on local authorities in England, we draw on secondary data (2007 and 2009) to examine if ownership type matters. The findings indicate that ownership—public, nonprofit, private—confers no direct benefits for citizens' satisfaction suggesting that the outsourcing decision should not rely on unfounded assumptions about performance differentials between ownership types. The implications for public management are explored.

Key words

ownership, performance, satisfaction, publicness, citizens, outsourcing, contracting.

INTRODUCTION

An increasing number of public programs and services are delivered through competitive markets and contracts, with a range of external agencies entering service delivery. This emphasizes the role that contracting-out is suggested to play in prompting the better management of public services (Walker and Andrews 2015). Yet the role of ‘privateness’ in service provision still drives debates about the relationship between ownership and service performance (for an overview of studies see Andrews, Boyne, and Walker 2011a).

With economic pressures continuing to affect the public sector, local administrations turn to alternative organizational forms to balance efficiency and effectiveness in service delivery (Zafra-Gómez, Prior, Díaz, Plata, and López-Hernández 2013). This suggests that there may be a preferred ownership structure, such that certain local services may be better provided by private agents rather than managed by local governments themselves (Walker and Andrews 2015). Such a notion implies that a straight switch between modes of ownership should lead to observable differences in performance (Andrews et al. 2011a). However, while promoting market power in service delivery through greater choice between rival suppliers is suggested to significantly enhance economic efficiency, the consequences of ownership for other dimensions of performance are less clear (Andrews et al. 2011a) and are particularly uncertain for user-centric dimensions such as citizens’ satisfaction. As a result there remain unanswered questions about whether ownership matters for service delivery value.

It is contended that local government choices of ownership are governed by pragmatic motivations such as budget reductions and growing demands for public services (Ya Ni and Bretschneider 2007), which might explain why governments of both the right and the left have encouraged outsourcing of service delivery to external agents. Indeed the publicness literature typically only captures economic outcomes (Andersen and Jakobsen 2011) with a distinct lack of noneconomic measures (Rho 2013). This is despite a growing need for an external focus on customers in service provision (Walker, Brewer, Boyne, and Avellaneda 2011) as a means to mitigate public service failures (Boyne 2006). For example, whilst public sector agencies may seek efficiency, in contrast it is fair to assume that users will place a premium on service responsiveness (Walker, Brewer, Bozeman, Moon, and Jiannan 2013). Whether one ownership type is more responsive than other equivalent types, or if indeed citizens appreciate market solutions more than public in-house delivery remains unclear. There is therefore a need to focus more explicitly on citizens’ views towards public services in the context of high service liberalization (Jilke and Van de Walle 2013) i.e. outsourcing.

Focusing on local authorities in England, the study examines the role of ownership (public, nonprofit, private) for citizens’ service satisfaction in a single service setting—leisure service provision—where high service liberalization has been prevalent. This is different to the majority of existing studies on the ownership–performance relationship that focus on ‘simple services’ (Andersen and Jakobsen 2011) and is in response to a call by Andrews, Boyne, Meier, O’Toole, and Walker (2011b) for a comparison of publicness effects on performance in the same industry and over the same time period. Though theory points to clear ownership differences on effectiveness (Walker et al. 2013), the study offers much needed empirical evidence to test the effects of service liberalization on citizens’ satisfaction (Jilke and Van de

Walle 2013), which is the first contribution made to public management theory. In turn, by offering analysis of the effects of ownership on citizens' satisfaction this study goes beyond existing economic dimensions, drawing attention to an under examined citizen-perspective (Rho 2013), which is the second contribution made.

The article is structured as follows: first, the publicness–performance relationship is reviewed and the features of satisfaction considered. Next, the significance of ownership (public, nonprofit, private) for public service delivery in England is examined using secondary data on citizens' satisfaction for 2007 and 2009. Additional analysis then assesses whether the degree of collective organizational publicness within local government provision influences the level of citizens' service satisfaction. To close, results and implications are discussed in light of the study's limitations, with future research avenues highlighted.

PUBLICNESS

'Despite dimensional conceptions of publicness, ownership continues to serve as an important determinant of organizational behaviour' (Miller and Moulton 2014: 579), with the majority of studies continuing to focus on this single dimension. This is largely owing to both the prevalence of external agents in service delivery and ambiguities surrounding their performance implications (see for instance Amirkhanyan, Kim, and Lambright 2008; Andersen and Blegvad 2006; Andersen and Jakobsen 2011; O'Toole and Meier 2004; Rho 2013; Walker et al. 2013; Zafra-Gómez et al. 2013).

Ownership as a critical issue for public service performance in England emerged from policy intervention from governments of both the right and the left. Under a national Conservative administration (1979-1997) services were regularly exposed to the test of the market to correct inefficiencies by harnessing the market to maximize returns on taxpayer investment, improve government performance, and enhance citizen welfare (Girth, Hefetz, Johnston, and Warner 2012). This established the principle that the public sector should not necessarily be the sole service provider. In 1997, New Labour (1997-2010) introduced the Best Value regime, a statutory framework for 'modernizing' local government. The regime was intended to promote a mixed economy of service provision as a means to service improvement (Entwistle and Martin 2005) and contributed to local government having the power to choose who manages local government services; particularly within discretionary service fields. This trend continues in practice, with governments of western economies still relying on contracting-out to attain performance outcomes (Warner and Hefetz 2012). For public leisure services in England, for instance, external agents comprise over half of all providers within this functional category.

Under New Public Management (NPM) externalizing service delivery is a means to improve performance (Zafra-Gómez et al. 2013). However, since the literature on ownership differences has traditionally focused on simple, non-competitive services, studies that examine ownership effects in competitive service delivery settings are sparse (Andersen and Jakobsen 2011; Boardman and Vining 1989). As a result, the literature presents mixed context-dependent findings on ownership, for example, Andersen and Jakobsen (2011)

establish that patient satisfaction is higher for private clinics than their public counterparts; Amirkhanyan et al. (2008) show that public and nonprofit organizations outperform their private equivalents in nursing home quality; Andersen and Blegvad (2006) report no significant differences in the effectiveness (tooth decay prevention) of public and private provision in child dental care; Walker et al. (2013) record no differences of significance in ownership on governmental performance (efficiency, equity, and probity); O'Toole and Meier (2004) observe an insignificant or negative effect of service contracting on school outcomes; while Rho (2013) reports that contracting is associated with the improvement of public education performance. Despite the ambiguity in research findings, the common assumptions that public ownership is associated with lower efficiency and private ownership achieves stronger performance have prevailed in public management (Andrews et al. 2011a), and while the studies cited have contributed important insights to question such assumptions, the possible performance differentials that might exist between ownership types require further investigation and particularly whether or not citizens appreciate market solutions more.

There is also a need to acknowledge the presence of collective organizational publicness in service delivery. Defined as the aggregate publicness of organizations within a shared policy environment—in other words, the proportion of alternate providers in a service setting—this can offer additional insights into the outcomes of ownership for local government (Miller and Moulton 2014), but investigation of this concept remains in its infancy and its implications for public service outcomes are little understood. The environment surrounding public leisure organizations is a particularly suitable research setting given the range of alternate providers present. These organizations can be described as ‘more private-like’ (Hansen and Jacobsen 2016) where performance is dependent upon creating value that attracts users (Högström, Davoudi, Löfgren, and Johnson 2016). In this service setting local government increasingly contract out their service to other providers (Alonso, Andrews, and Hodgkinson 2016), hence by focusing on this single service setting it enables a more comparable examination of ownership types that can be considered as operationally similar (Andrews et al. 2011b) providing a clearer context to interpret ownership effects on citizens’ satisfaction.

CITIZENS’ SERVICE SATISFACTION

Satisfaction is defined as the ‘consumer’s or citizen’s summary judgement about the product or service’ (Van Ryzin 2006: 601), which is commonly identified as a key dependent variable for research into service delivery value (Andrews, Boyne, and Walker 2011c). In a comprehensive review of public service performance, Andrews et al. (2011c) illustrate how satisfaction is typically captured as the percentage of citizens satisfied with the overall service provided by their local government. So similar to private value, here public value is discerned through individual expressions of satisfaction or dissatisfaction (c.f. Alford 2016). This was of particular concern to government during the study time-period where administrative emphasis on satisfaction reflected the NPM rhetoric that services should be

responsive to public preferences rather than bureaucratic preferences (Andrews et al. 2011c). For citizen-facing services such as education, culture and leisure services, transit agencies and so forth, public organizations must be more externally-oriented rather than internally focused for greater responsiveness to the demands of the citizenry (Hansen and Jacobsen 2016; Hodgkinson and Hughes 2014). Hence, when creating service delivery value is a priority of service provision (Högström et al. 2016) citizens' service satisfaction becomes a key performance measure (e.g. Hansen and Jacobsen 2016). After all, if these 'customers' are dissatisfied with the service of one provider they *can* 'exit' and switch providers (c.f. Alford 2016). This is unlike non-competitive public services where alternative providers do not exist.

There are two emerging tracks of investigation that examine citizens' service satisfaction. Within the first track, in which this study falls, satisfaction is adopted as a dependent variable to capture the effects of organization and management variables on performance (for a summary of studies see Andrews et al. 2011c). Here, satisfaction is a measure of performance in itself. The second track of research views satisfaction as a *response* to government performance and typically draws on expectancy disconfirmation theory to examine the process by which citizens' overall satisfaction is shaped (e.g. Van Ryzin 2006, 2007; Poister and Thomas 2011). The point of departure underpinning these two tracks of research investigation on satisfaction is inherently different, while the former is concerned with the relationship between public management variables and satisfaction (as outcome), the latter focuses on how satisfaction is shaped (as process). Though there are clear merits to the latter approach, in this study we use citizens' satisfaction as a dependent variable in order to better inform how to manage toward public outcomes given varying degrees of publicness in service delivery (Miller and Moulton 2014).

STUDY HYPOTHESIS

Jilke and Van de Walle (2013) contend that citizen dissatisfaction in the context of liberalization is a complex issue that should be assessed at a disaggregated level, in other words focus on a single or small number of services is needed rather than generalizing across all forms of service provision. This in principle should also hold for investigations of ownership and citizens' satisfaction. Similarly, while theoretical argument is abundant on ownership differences and outcomes, empirical evidence remains weak (Andrews et al. 2011a). For instance, the literature on ownership effects has neglected more market-like service environments (c.f. Andersen and Jakobsen 2011; Boardman and Vining 1989; Hansen and Ferlie 2016), which is illustrative of the need to examine ownership and citizens' satisfaction at a more disaggregated level. In light of the complexity of the issue at hand, the lack of empirical evidence, ambiguities in effects reported across service settings, and limited insights garnered under high liberalization, it is a challenge for hypothesis development of ownership–performance differences (Walker et al. 2013).

In discussing the ownership–performance relationship, Amirkhanyan et al. (2008) argue that government will produce the quality and quantity of public goods that is demanded by the median voter, but since the demands of a particular individual in a heterogeneous

society may exceed that of a median voter, citizens seek services from external providers that might better meet their specific needs. This is supported by Andersen and Jakobsen (2011) who suggest that because private providers have a stronger incentive to cut costs in order to increase profits they will focus on providing elements of service delivery that are demanded by users, while reducing those that are not. The assertion is that citizens' satisfaction should increase when service delivery is undertaken by external agents as these providers are pressured in to meeting the demands of users for their survival. However, there is insufficient evidence to support this since the service experience of citizens across institutional arrangements is rarely reported in the literature (c.f. Andersen and Jakobsen 2011; Poister and Henry 1994; Miller and Miller 1991). According to the Audit Commission (2006), no one ownership type delivers the best overall value for money, or results in more investment, or higher levels of participation. However, it is reported that in-house provision receives significantly more public funding relative to nonprofit and private ownership, with private ownership receiving the least amount of subsidy from local authorities. The transfer of facilities to nonprofit ownership has assisted local authorities in avoiding the payment of non domestic rates and taxation, however when savings are reinvested they have supported maintenance budgets rather than the improvement of facilities (Audit Commission 2006).

While recent reforms in the UK have prioritized user needs in the choice of service delivery vehicle to ensure service responsiveness and user value (Walker et al. 2011), public administrators may not necessarily reflect this rhetoric in action, but instead favour opportunistic cost-cutting in response to increasingly demanding budgetary targets. This may be particularly prevalent among in-house public provision where the degree of political control is greater which might influence the relative weight attached to different dimensions of performance (Andrews et al. 2011a); e.g. prioritizing service efficiency over citizens' satisfaction as a means to manage budget deficits. Following the theoretical argument that ownership will carry differences for service effectiveness (Walker et al. 2013) and on the expectation that external agents are more pressured in to meeting citizen demands relative to in-house public providers, we hypothesize that:

Citizens' service satisfaction will be lower for 'in-house' public ownership, relative to 'external' nonprofit and private ownership types.

METHODS

Data generation

Rather than a comparative study between different types of services that might be more private or public respectively, ownership differences are explored between public, nonprofit, and private providers that operate in the same functional category: public leisure services¹. Leisure service here refers to a publicly-owned site including a health and fitness suite, swimming pool, and/or sports hall, where at least one is available to citizens on a pay and play or membership basis. Public sector leisure provision is delivered by NPM-oriented

organizations inasmuch as these organizations have greater scope of action, performance-based budgets, operate in competition, and close if they cannot compete (Hansen and Ferlie 2016). For instance, as a discretionary service there is high organizational autonomy in how goals are reached, high dependency on income generated from the market (as opposed to public funding, which has reduced dramatically), and high competition for customers. By focusing on a single service setting we minimize the variation and ambiguity in government objectives that would further complicate measurement of satisfaction if multiple services were considered. Moreover, focusing on a single service setting draws attention to the role of ownership types and collective organisational publicness in a shared policy environment (the proportion of public, nonprofit, and private organizations providing similar services), which is a key area of interest (Miller and Moulton 2014).

Not only is extending the study of publicness to neglected policy environments necessary, it is also important to examine repeat points in time (Miller and Moulton 2014). Therefore, we draw on secondary data at two time points that represent two different fiscal environments for public leisure services. In 2007 the financial crisis was yet to strike, while in 2009 discretionary services faced the full brunt of budgetary cuts. This allows for a comparison of the ownership–performance relationship under different fiscal demands. The unit of analysis is English local authorities and in 2007 and 2009 public leisure services were governed by London boroughs, metropolitan boroughs, unitary authorities and district councils in rural areas (Alonso et al. 2016). These comprised a sample of 353 local authorities for 2007 and a sample of 318 local authorities for 2009, the difference in sample size reflects local government reorganisation in 2009 which reduced the number of authorities by 35.

Measures

Ownership type

As others have, we operationalize publicness through ownership type (e.g. Walker et al. 2013). Three ownership types are commonly used by local government in their delivery of leisure services, these are: (a) single provision by the local authority itself (*Public*), (b) single provision by a third sector trust (*Nonprofit*), or (c) single provision by a private operator (*Private*) (Audit Commission 2006). Information on ownership types was obtained from the Leisure Database Company for 2007 and 2009 for all local authorities in England, and ownership type was measured as a percentage of each local authority's leisure provision.

Citizens' service satisfaction

Satisfaction is measured by the percentage of residents who are very or fairly satisfied with local authority sports/leisure facilities. Capturing the perceptions of citizens can only be achieved by direct surveys of constituents (Andrews et al. 2011c) and two key examples in the UK include the Best Value Performance Indicators and The Place Survey, see appendix A for more detail on the data sources. The target population specified by government guidance for the mail questionnaires was adult local authority residents aged 18 and over. It was a

central government mandate that all local authorities in England administer the survey questionnaires to their constituents.

Control variables

Given that citizen complaint behaviour has been shown to be influenced by socio-economic factors (Jilke and Van de Walle 2013), it follows that such factors may affect levels of satisfaction. Deprivation is controlled for using a pre-calculated average score for each local authority across a broad range of issues including income deprivation, employment deprivation, health deprivation and disability, education skills and training deprivation, barriers to housing and services, living environment deprivation, and crime, sourced from the English Indices of Deprivation 2007 and 2010 (Department for Communities and Local Government 2007, 2011). The two are based on broadly the same methodology and it is possible to compare patterns of deprivation between them (Department for Communities and Local Government 2011). Level of service use may also directly impact citizens' service satisfaction (Van Ryzin and Charbonneau 2010), hence we control for service participation within each local authority captured as 'the percentage of residents who have used local government provided or supported sports/leisure facilities and events within the last 6 months'. Data was sourced from the Best Value Performance Indicators and the Place Survey. In addition, we controlled for school-based provision (hereafter 'dual-use') as a percentage of local authority provision. Here schools typically manage the facilities during the school day and transfer operational responsibility to other managers for twilight, evening and weekend use (Audit Commission 2006). Information on the prevalence of this ownership type in local government provision was again sourced from the Leisure Database Company, for 2007 and 2009. The descriptive statistics for all study variables are listed in appendix B.

Data analysis

Multiple regression analysis is utilized to provide an objective assessment of the relationship between ownership types and citizens' service satisfaction for English local authorities. Two regression models are created to examine relationships between ownership type and citizens' satisfaction for 2007 and 2009. Furthermore, acknowledging the presence of collective organizational publicness (e.g. Miller and Moulton 2014) multivariate analysis of variance with post hoc analysis (Tukey test) is used as additional analysis to examine whether the mix of ownership types influences the level of citizens' service satisfaction. The sample is split at low, moderate, and high levels of publicness. We calculate collective organizational publicness as the ratio of public ownership to public, nonprofit, and private ownership. This is expressed as a percentage. The publicness groups are created by split sample at equal thirds. This enables an analysis of significant differences between levels of collective organizational publicness (low, moderate, high) on citizens' satisfaction for 2007 and 2009.

RESULTS

Table 1 presents the regression results for 2007 and 2009. The study hypothesis is not supported when deprivation, participation, and dual-use are controlled for, as no single ownership type has a significant direct effect on satisfaction. Satisfaction does appear higher in less deprived authorities ($\beta = -5.51$; $p \leq 0.01$) and in those areas where citizens use leisure services more ($\beta = 10.22$; $p \leq 0.01$). Next, the process is repeated using data on ownership and citizens' service satisfaction for 2009. Once again, when deprivation, participation, and dual-use are controlled for, no single ownership type has a direct significant effect on satisfaction, thus the study hypothesis is again not supported. Satisfaction still appears higher in those areas where citizens use leisure services more ($\beta = 17.23$; $p \leq 0.01$). The one difference to note between 2007 and 2009 is that deprivation no longer holds a significant negative relationship with citizens' satisfaction ($\beta = -.59$; *ns*).

Insert Table 1 about Here

Additional analysis

Collective organizational publicness (mix of ownership types) appears to carry no direct implications for citizens' service satisfaction in both time periods, as shown in table 2. There was substantial change in the mean values of satisfaction across the two time points, but, there are no significant differences at all between the levels of collective organizational publicness for satisfaction. This supports the regression results in that ownership does not appear to explain citizens' service satisfaction.

Insert Table 2 about Here

DISCUSSION

This paper set out to examine if ownership matters for service delivery value. The findings suggest that in competitive and more 'private-like' environments outsourcing decisions should not be based solely on the expectation of performance differentials between ownership types as there is no one best type for managing service provision when citizens' satisfaction is examined.

The introduction of new forms of ownership in service delivery is frequently embraced and justified on the promise of increased efficiency (Andrews and Entwistle 2013) with private organizations highlighted as better performers (Andrews et al. 2011a), but there is little evidence that NPM practices have enhanced the effectiveness of service provision (Andrews and Van de Walle 2013). The frequently asserted injunction that externalization of services and market incentives will improve performance in isolation is not supported here consistent with previous investigations (Andrews et al. 2011a; Walker et al. 2013). In accounting for the role of context in evaluations of public management reforms (Andrews

and Van de Walle 2013), the control effects observed support recent findings of a positive relationship between service use and citizens' service satisfaction (Van Ryzin and Charbonneau 2010), while in more deprived areas citizens' service satisfaction suffers which may be attributed to there being 'more complex and intractable social needs' present (Andrews and Van de Walle 2013: 777).

Reflecting on the additional analysis, low, moderate, and high levels of collective organizational publicness do not significantly contribute to explaining differences in citizens' service satisfaction. An explanation for this finding is provided by Miller and Moulton (2014: 556) who posit that 'the collective publicness of organizations operating in a shared policy environment may shape organizational behaviour through institutional isomorphism and/or competitive pressures to conform'. This offers a useful alternative viewpoint to the classical discussion of ownership, such that within the same policy field the practices of different ownership types may become homogenized over time through mimetic forces minimizing the potential for performance differentials based solely on ownership type, thus challenging the notion that inherent differences exist between ownership types indefinitely.

While it has been established in the extant public service performance literature that one factor alone cannot explain performance exclusively, given the prevalence of outsourcing behavior of local government we would expect to see citizens' service satisfaction to be at least partially effected by ownership type but this is not the case. This puts the focus firmly then on what public agencies *do* rather than focusing simply on the origins of providers. So the question stands: what will improve citizens' satisfaction? Much of the recent research on when management matters suggests that public service performance is influenced by strategic action, irrelevant of ownership type. Solutions to this issue for instance may be found in the work of Hodgkinson and Hughes (2014, 2012) and Hodgkinson, Hughes, and Hughes (2012) in that the strategic resource base and relative market orientation of public organizations contribute toward explaining performance differentials; while the work of Andrews et al. also points to internal variables such as organizational structure and process (Andrews, Boyne, Law, and Walker 2009) and vertical strategic alignment (2011b) that may offer further insight into explaining performance variation, beyond ownership type.

Public administrators must appreciate that the outsourcing decision in itself is not likely to impact levels of citizens' satisfaction exclusively and this puts into spotlight why outsourcing or externalization of provision alone is often assumed by local government to be a means to increase performance (Ashworth, Boyne, and Delbridge 2009). We suggest that policy makers should not rely on simplistic assumptions about the merits (or not) of public, private, and nonprofit ownership when making decisions on the best ownership type for managing public services, as ownership alone is not significantly related to citizens' satisfaction. However, an assumption is made here that commissioners or contract managers care about citizens' satisfaction, but they may not and so not use this as a decision-making factor i.e. the choice to outsource may be focused on cost efficiency or be the result of forces within the institutional environment (Alonso et al. 2016). Both the outcomes of contracting-out services, as well as the drivers of this decision, identified in the public administration and management literature emphasize by their very nature an inside-out perspective (Ya Ni and Bretschneider 2007) and therefore fail to capture more outside-in market-oriented motivations such as responsiveness to the overt and latent needs of users. Thus, in the context

of outsourcing, sensitivity of local government to citizens' needs remains unclear, but warrants immediate attention if service responsiveness and user value is to be ensured.

The findings presented have to be considered in light of the study's limitations. First, we rely on data gathered from national surveys administered to the citizenry in general and acknowledge that the reported levels of satisfaction for each local authority may be influenced by the responses of nonusers. Second, this study is based on two cross-sectional research designs and does not allow causality to be asserted from the data. It would be preferable to have panel data spanning 5 years or more in order to dynamically identify ownership change effects on citizens' service satisfaction. Third, we operationalize publicness through ownership and acknowledge that dimensional publicness is not accounted for in this study, which would allow for the possibility that some private organizations may be very public. Beyond this, we examine a functional service category that is indicative of services provided under market conditions where competitiveness is determined by meeting the actual requirements of customers. We therefore cannot generalize our findings to public services markedly different to that examined here; but nor should we wish to, since the research question explored does not hold relevance for simple services and/or non-competitive service environments, where service delivery is monopolized.

Additional evidence is needed on the relationship between ownership and performance, and we focus on two avenues for future research. First, a more holistic picture of why outsourcing decisions are taken in the first instance is needed to offer a more complete view of service outsourcing than is commonly studied within the public administration and management fields. Second, existing public administration and management literature can provide insights into the ownership–performance relationship but does not reveal how change in ownership impacts users, future research should focus on the under examined user perspective in seeking service improvement and responsiveness.

CONCLUSION

This study set out to examine whether ownership matters for service delivery value. With outsourcing of provision continuing to be a seemingly default response by local government to improve service outcomes, the study compares the performance of public, nonprofit, and private organizations delivering a similar service, and goes beyond a singular focus on efficiency to account for citizens' service satisfaction. Ownership alone (e.g. public, nonprofit, and private) is found to confer no benefits for citizens' satisfaction suggesting that citizens' satisfaction is not effected by ownership type, or more importantly, the outsourcing decision should not rely on unfounded assumptions about the performance potential of different ownership types.

There is, then, a need to move beyond the assumption that inherent differences exist between providers of different sector-origins, which are supposed explicators of performance improvement, as the findings demonstrate that what matters for citizens' satisfaction lies with what public sector service organizations and their managers do, and not the ownership type adopted. With the increasing prevalence of outsourcing in the sector, the question of why

outsourcing is so commonly relied upon by local government for service improvement re-emerges and this warrants investigation. This will require greater clarity about what performance comprises to inform ongoing public management debates more generally (Andersen, Boesen, and Pedersen 2016) and, specifically, about the role of both 'privateness' and 'publicness' in service provision.

REFERENCES

- Alford, J. 2016. "Co-Production, Interdependence and Publicness: Extending Public Service-Dominant Logic." *Public Management Review* 18 (5): 674-691.
- Alonso, J. M., R. Andrews, and I. R. Hodgkinson. 2016. "Institutional, Ideological and Political Influences on Local Government Contracting: Evidence from England." *Public Administration*. 94 (1): 244-262.
- Amirkhanyan, A. A., H. J. Kim, and K. T. Lambright. 2008. "Does the Public Sector Outperform the Nonprofit and For-Profit Sectors? Evidence from a National Panel Study on Nursing Home Quality and Access." *Journal of Policy Analysis and Management* 27 (2): 326-53.
- Andersen, L. B. and M. Blegvad. 2006. "Does Ownership Matter for the Delivery of Professionalized Public Services? Cost-Efficiency and Effectiveness in Private and Public Dental Care for Children in Denmark." *Public Administration* 84 (1): 147-164.
- Andersen, L. B., A. Boesen, and L. H. Pedersen. 2016. "Performance in Public Organizations: Clarifying the Conceptual Space." *Public Administration Review* DOI:10.1111/puar.12578.
- Andersen, L. B. and M. Jakobsen. 2011. "Does Ownership Matter for the Provision of Professionalized Services? Hip Operations at Publicly and Privately Owned Clinics in Denmark." *Public Administration* 89 (3): 956-974.
- Andrews, R. and T. Entwistle. 2013. "Four Faces of Public Service Efficiency: What, How, When and for Whom to Produce." *Public Management Review* 15 (2): 246-264.
- Andrews, R. and S. Van de Walle. 2013. "New Public Management and Citizens' Perceptions of Local Service Efficiency, Responsiveness, Equity and Effectiveness." *Public Management Review* 15 (5): 762-783.
- Andrews, R., G. A. Boyne, J. Law, and R. M. Walker. 2009. "Strategy, Structure and Process in the Public Sector: A Test of the Miles and Snow Model." *Public Administration* 87 (4): 732-749.
- Andrews, R., G. A. Boyne, and R. M. Walker. 2011a. "Dimensions of publicness and Organizational Performance: A Review of the Evidence." *Journal of Public Administration Research and Theory* 21 (3): 301-319.
- Andrews, R., G. A. Boyne, K. J. Meier, L. J. O'Toole, and R. M. Walker. 2011b. "Vertical Strategic Alignment and Public Service Performance." *Public Administration* 90 (1): 77-98.
- Andrews, R., G. Boyne, and R. M. Walker. 2011c. "The Impact of Management on Administrative and Survey Measures Of Organizational Performance." *Public Management Review* 13 (2): 227-255.
- Ashworth, R, G. A. Boyne, and R. Delbridge. 2009. "Escape From the Iron Cage? Organizational Change and Isomorphic Pressures in the Public Sector." *Journal of Public Administration Research and Theory* 19 (1): 165-187.
- Audit Commission. 2006. *Public Sports and Recreation Services: Making Them Fit for the Future*. Audit Commission for Local Authorities and the National Health Service in England, Local Government National Report, June.
- Boyne, G. A. 2006. "Strategies for Public Service Turnaround: Lessons from the Private Sector?" *Administration & Society* 38 (3): 365-88.

- Boardman, A. E. and A. R. Vining. 1989. "Ownership and Performance in Competitive Environments: A Comparison of the Performance of Private, Mixed, and State-Owned Enterprises." *Journal of Law and Economics* 32 (1): 1-33.
- Department for Communities and Local Government. 2007. *Best Value User Satisfaction Surveys 2006-07*. London: Department for Communities and Local Government.
- Department for Communities and Local Government. 2009. *Place Survey 2008, England*. London: Department for Communities and Local Government.
- Department for Communities and Local Government. 2011. *English Indices of Deprivation 2010*. London: Department for Communities and Local Government.
- Entwistle, T. and S. Martin. 2005. "From Competition to Collaboration in Public Service Delivery: A New Agenda for Research." *Public Administration* 83 (1): 233-242.
- Girth, A. M., A. Hefetz, J. M. Johnston, and M. E. Warner. 2012. "Outsourcing Public Service Delivery: Management Responses in Noncompetitive Markets." *Public Administration Review* 72 (6): 887-900.
- Hansen, J. R. and E. Ferlie. 2016. "Applying Strategic Management Theories in Public Sector Organizations: Developing a Typology." *Public Management Review* 18 (1): 1-19.
- Hansen, J. R. and C. B. Jacobsen. 2016. "Changing Strategy Processes and Strategy Content in Public Sector Organizations? A Longitudinal Case Study of NPM Reforms' Influence on Strategic Management." *British Journal of Management*. Doi: 10.1111/1467-8551.12157.
- Hodgkinson, I. R. and P. Hughes. 2014. "Strategy Content and Public Service Provider Performance in the UK: An Alternative Approach." *Public Administration* 92 (3): 707-726.
- Hodgkinson, I. R. and P. Hughes. 2012. "The Performance Implications Of Strategic Capital For Public Leisure Providers." *Service Industries Journal* 32 (8): 1375-1391.
- Högström, C., S. Davoudi, M. Löfgren, and M. Johnson. 2016. "Relevant and Preferred Public Service: A Study of User Experiences and Value Creation in Public Transit." *Public Management Review* 18 (1): 65-90.
- Jilke, S. and S. Van de Walle. 2013. "Two Track Public Services? Citizens' Voice Behaviour towards Liberalized Services in the EU15." *Public Management Review* 15 (4): 465-476.
- Miller, S. M. and S. Moulton. 2014. "Publicness in Policy Environments: A Multilevel Analysis of Substance Abuse Treatment Services." *Journal of Public Administration Research and Theory* 24 (3): 553-589.
- O'Toole, L. J. and K. J. Meier. 2004. "Parkinson's Law and the New Public Management? Contracting Determinants and Service-Quality Consequences in Public Education." *Public Administration Review* 64 (3): 342-352.
- Poister, T. H. and G. T. Henry. 1994. "Citizen Ratings of Public and Private Service Quality: A Comparative Perspective." *Public Administration Review* 54 (2): 155-60.
- Poister, T. H. and J. C. Thomas. 2011. "The Effect of Expectations and Expectancy Confirmation/Disconfirmation on Motorists' Satisfaction with State Highways." *Journal of Public Administration Research and Theory* 21 (4): 601-617.
- Rho, E. 2013. "Contracting Revisited: Determinants and Consequences of Contracting Out for Public Education Services." *Public Administration Review* 73 (2): 327-337.
- Van Ryzin, G. G. 2006. "Testing the Expectancy Disconfirmation Model of Citizen Satisfaction with Local Government." *Journal of Public Administration Research and Theory* 16 (4): 599-611.
- Van Ryzin, G. G. 2007. "Pieces of a Puzzle: Linking Government Performance, Citizen Satisfaction, and Trust." *Public Performance & Management Review* 30 (4): 521-535.
- Van Ryzin, G. G. and E. Charbonneau. 2010. "Public Service Use and Perceived Performance: An Empirical Note on the Nature of the Relationship." *Public Administration* 88 (2): 551-563.

- Walker, R. M. and R. Andrews. 2015. "Local Government Management and Performance: A Review of Evidence." *Journal of Public Administration Research and Theory* 25 (1): 101-133.
- Walker, R. M., G. A. Brewer, G. A. Boyne, and C. N. Avellaneda. 2011. "Market Orientation and Public Service Performance: New Public Management Gone Mad?" *Public Administration Review* 71 (5): 707-717.
- Walker, R. M., G. A. Brewer, B. Bozeman, M. J. Moon, and W. Jiannan. 2013. "An Experimental Assessment of Public Ownership and Performance." *Public Management Review* 15 (8): 1208-1228.
- Warner, M. E. and A. Hefetz. 2012. "Insourcing and Outsourcing: The Dynamics of Privatization among U.S. Municipalities 2002-2007." *Journal of the American Planning Association* 78 (3): 313-327.
- Ya Ni, A. and S. Bretschneider. 2007. "The Decision to Contract Out: A Study of Contracting For E-Government Services in State Governments." *Public Administration Review* 67 (3): 531-544.
- Zafra-Gómez, J. L., D. Prior, A. Díaz, M. Plata, and A.M. López-Hernández. 2013. "Reducing Costs in Times of Crisis: Delivery Forms in Small and Medium Sized Local Governments' Waste Management Services." *Public Administration* 91 (1): 51-68.

Table 1: Ownership and citizens' satisfaction, 2007 and 2009

Ownership Type	Standardized Coefficients	t-value
2007		
Public	.25	1.38
Nonprofit	.13	.85
Private	.09	.66
<i>Control variables</i>		
Deprivation	-.26	-5.51**
Participation	.46	10.22**
Dual-Use	.42	.37
<i>Model Statistics</i>		
R^2		.29
<i>F-Value</i>		23.83**
2009		
Public	.70	.51
Nonprofit	.58	.47
Private	.50	.45
<i>Control variables</i>		
Deprivation	-.02	-.59
Participation	.70	17.23**
Dual-Use	.30	.35
<i>Model Statistics</i>		
R^2		.51
<i>F-Value</i>		52.48**

Note: ** $p \leq .01$.

Table 2: Ownership mix and citizens' satisfaction, 2007 and 2009

	Collective Organizational Publicness [†]			<i>F</i> -ratio	Tukey Test ($p \leq .05$)
	Low	Moderate	High		
2007	(<i>n</i> = 138)	(<i>n</i> = 55)	(<i>n</i> = 146)		
Satisfaction	57.76 (7.61)	58.13 (7.92)	58.57 (7.91)	.382	NSD
2009	(<i>n</i> = 155)	(<i>n</i> = 43)	(<i>n</i> = 139)		
Satisfaction	46.89 (7.49)	44.70 (6.89)	47.17 (7.80)	1.72	NSD

Note: [†] Mean values for citizens' service satisfaction (Standard deviation in parentheses); NSD: no significant differences found.

Appendix A: Citizens' service satisfaction data sources, 2007 and 2009

2007, Best Value Performance Indicators (BVPIs): Secondary data on satisfaction for 2007 was extracted from the perception-based indicators that were part of the performance management framework for local authorities. These performance indicators were collected triennially through a General User Survey with 2006-07 marking the third (and last) time all local authorities had to collect these measures of performance. The questionnaire itself was designed by the Audit Commission for the collection of the BVPIs. Altering the wording of questions or omitting questions was prohibited since it reduced the ability to benchmark. Data was collected between 1 September and 30 November 2006 and comprised a first mail out, first reminder questionnaire, and second reminder questionnaire. All data was submitted to the Audit Commission by 15 December 2006, with results published in July 2007 (information provided by Department for Communities and Local Government 2007).

2009, The Place Survey: Secondary data on satisfaction for 2009 was sourced from the Place Survey which collected information on 18 national indicators for local government and ran between the months of September and December 2008, but was not repeated under the coalition government (from 2010). Each individual local authority was responsible for running the survey in their local area, using a core questionnaire supplied by the Department for Communities and Local Government. The accompanying Place Survey manual for local authorities detailed eight common standards that needed to be followed when conducting the survey: following the timetable, using the questionnaire template, using the appropriate sampling method, using a correct sampling frame, using a common method of data collection (postal), maximizing response rates, achieving a sufficient sample to enable statistically reliable data, and submitting results using templates and tools provided on a dedicated Place Survey website. There was no evidence that specific sections of the population or any particular localities had been underrepresented, and results were published in June 2009 (information provided by Department for Communities and Local Government 2009).

Appendix B: Descriptive statistics, 2007 and 2009

	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>SD</i>
2007				
Public	.00	100.00	38.12	32.24
Nonprofit	.00	100.00	19.78	28.26
Private	.00	100.00	14.09	23.73
Satisfaction	29.00	78.00	57.92	7.80
<i>Control variables</i>				
Deprivation	4.13	46.97	18.99	8.83
Participation	29.00	63.00	49.46	5.13
Dual-Use	.00	100.00	28.11	19.34
2009				
Public	.00	100.00	34.97	32.22
Nonprofit	.00	100.00	21.52	29.21
Private	.00	100.00	15.44	25.39
Satisfaction	20.43	69.15	46.55	7.59
<i>Control variables</i>				
Deprivation	4.47	43.45	19.07	8.40
Participation	32.50	59.28	47.62	4.87
Dual-Use	.00	100.00	28.10	19.95

ⁱ Note: As we assured the three anonymous reviewers, we confirm that the analysis was only performed for leisure services and was not conducted on any other service settings.