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To Compete or Complement?



SOURCE

“Interacting State and Non-State Actors in Hybrid Settings of Public Service Delivery” by Jeroen van der Heijden was published in [Administration & Society](#) 47(2) in March 2015. The article concerns how Australian and Canadian federal and state government agencies in charge of building regulations operate alongside private sector providers of similar services. This affects the entire construction sector as well as homeowners and potential homebuilders.

KEY POINT

Public services are increasingly delivered in hybrid settings through public and private sector service providers, yet key characteristics of such settings – e.g. the interaction between providers – is under-researched and not fully understood.

BIG IDEAS

- “Hybrid” settings refer to public services where the public can choose between a public and private sector service provider. The “traditional versus hybrid settings” have been extensively studied, leaving a knowledge gap about the *nature of the relationship* between public and private sector service providers.
- These interactions take two basic forms – *competitive* or *complementary* (although other, subtler, forms of interactions could also exist).
- “Competitive interactions” occur when public and private providers compete for limited resources to increase effectiveness or efficiency of services. “Complementary interactions” are seen when hybrid models are used to overcome inequality between service users, or to fill service delivery gaps. The term “complementary” implies cooperation rather than collusion, and defines the provision of distinct services in the supply chain (e.g. electricity generation and distribution).
- Although the overall quality of building control and regulatory services improved with the introduction of private sector providers for both types of interaction, the relationship between providers affected the hybrid setting as a whole.
- Competitive interactions seem most suitable if only efficiency gains are sought. If, however, the hybrid setting is intended to serve a more altruistic redistributive function as well, a complementary interaction appears more apt (e.g. childcare vouchers).

IMPLICATIONS FOR PUBLIC SERVICE

- In broader contexts than examined in this article where public services are primarily development focused, non-state service providers may include non-governmental and civil society organisations, religious groups, small and medium enterprises and transnational corporations.
- The assumption that non-state service providers are more efficient than public sector ones is being increasingly challenged. The efficiency of service provision under all ownership models depends on factors like competition, regulation, autonomy and wider issues of institutional development, all of which need further research.
- Public service decision makers should be aware that the willingness of public and non-state service providers to complement (i.e. cooperate) will affect the interactions that follow, and ultimately, the capacity and condition of the public sector itself.
- With competitive interactions, public sector service providers especially in the developing world, could risk being overstretched when aiming to mirror characteristics of non-state service providers.
- With complementary interactions, public sector service providers risk becoming too dependent on non-state providers if down-skilling or downsizing their own staff.

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