Heads and tails: both sides of the coin: an analysis of hybrid organizations in the Dutch waste management sector
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2. Defining hybrid organizations – Dimensions of hybridity

2.1 Introduction

In the introductory chapter, I described the hybrid organizations I will focus on in this dissertation as quangos which, as their main task, are charged with the implementation of one or more public policies, and that are funded publicly but operate at arm’s length of government, without an immediate hierarchical relationship existing with politics or the civil service. The purpose of my first analytical research question, *On which dimensions can an organization be hybrid?*, that will be answered in this chapter, is to refine this definition by identifying the dimensions on which an organization can be a hybrid.

I will first describe the distinction between public and private as a dichotomy, the dominant view for most of the debate on hybrid organizations in the Netherlands (section 2.2). I will then describe why this dichotomy is criticized and why scholars rather see the distinction between public and private as a continuum (2.3). I construct such a continuum by following three steps. I first define the poles of the continuum by describing ideal-typical public and private organizations and by discussing how they differ from one another (2.4 and 2.5). As a second step, I describe the various models already available to arrange organizations between the poles (2.6). As a third and final step, I synthesize these models to develop my own multidimensional continuum which I subsequently use in my case studies to classify the organizations studied (2.7).

2.2 A normative dichotomy

The distinction between public and private is, according to Italian philosopher Bobbio (1989), one of the ‘grand dichotomies’ of Western political thought and has been so since antiquity, as Geuss demonstrates in his genealogy (Geuss, 2001). This ‘binary opposition’ (Weintraub, 2007, p. 1) divides our world into two exhaustive and mutually exclusive spheres, subsumes all other distinctions and makes them secondary (Bobbio, 1989).

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 (Weintraub, 2007, pp. 1-2) writes, it is anything but, as it is not unitary but protean: ‘[…] the use of the conceptual vocabulary of “public” and “private” often generates as much confusion as illumination, not least because different sets of people who
employ these concepts mean very different things by them – and sometimes, without quite realizing it, mean several things at once.

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, p. 6). This is mainly due to its normative character. We can employ it to determine questions about visibility (what is or should be hidden / withdrawn versus what is or should be open, revealed, accessible) and collectivity (what is or should be individual versus what is or should be collective) (Weintraub, 2007, p. 5). It hence determines what is perceived to be acceptable in which context and what is not, as Geuss demonstrates by recounting the uproar Diogenes had to face due to his habit of indulging in the private habit of masturbation in the public sphere of the Greek forum (Geuss, 2001, chap. II)

According to Weintraub (Weintraub, 2007, p. 7) the following four definitions of the public versus private dichotomy are the most common:

- The liberal / economistic model, which lies at the base of mainstream economics and sees public versus private in terms of the distinction between state administration and market economy (as described by philosophers Hobbes, Bentham, Locke and Smith).

- The republican / virtue approach, as proposed by Aristotle, which is based on a trichotomy between market, state and citizenship.

- The social history / anthropology approach, as described by Ariès, which opposes, to borrow Tönnies’ classic concepts, the Gemeinschaft of the family and the Gesellschaft of society (Tönnies, 2005).

- The feminist / Marxist model, in which private versus public is understood as the distinction between the family and society in which women are suppressed by the system.

The definitions of public and private used in these four approaches are summarised in Figure 2.1:
In the Dutch discussion about hybrid organizations the dichotomy between public and private is most commonly defined in terms of Weintraub’s liberal-economistic model, as the debate started when public organizations were granted the autonomy to also become active on the market place. In this dissertation I therefore also define public the same way as Hobbes and Bentham: as the state catering to the ‘need for a coercive agency standing above society’ and private following Locke and Smith as ‘the “natural” harmonization of self-interest’ on the market place (Weintraub, 2007, p. 9).

### 2.3 Patterns of government-market interrelations

The normative character of the dichotomy of public versus private means that we should handle it with care. Geuss (2001, p. 10) for example warns that its unreflective use ‘restricts our possibilities of perceiving and understanding our world. It also can have the effect of casting a vague glow of approbation on highly undeserving features of our world or possible causes of action (or, alternatively, of shining the blinding light of unwarranted suspicion on possibilities we would do well to consider sympathetically).’

As it juxtaposes two ideal-types, the dichotomy remains useful for normative discussions, but seems less relevant as a descriptive tool, as ‘[s]ince human societies formed, there have always been complex relations and interplay between purportedly private economic activity and governmental entities.’ (Rainey & Chun, 2007, p. 73).

This mixing of state and market has taken various forms and patterns over the years (Dahl & Lindblom, 1953; as cited in Rainey & Chun, 2007, pp. 73-4). A first pattern concerns the emergence of several hybrid forms of organization, such as the quangos described in this dissertation.

A second pattern concerns the complex interrelations between government and business organizations through contracting out and other forms of partnerships (cf. Following is the table from the text:

<table>
<thead>
<tr>
<th>Philosophical basis</th>
<th>Private</th>
<th>Public</th>
<th>Sociohistorical Point Of Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aristotle</td>
<td>Household</td>
<td>Political community</td>
<td>Polis</td>
</tr>
<tr>
<td>Ariès</td>
<td>Domesticity</td>
<td>Sociability</td>
<td>Old Regime</td>
</tr>
<tr>
<td>Marxist Feminism</td>
<td>Family</td>
<td>Market Economy</td>
<td>Capitalism</td>
</tr>
<tr>
<td>Mainstream Economics</td>
<td>Market Economy</td>
<td>Government (that is, administrative ‘intervention’)</td>
<td>Capitalism</td>
</tr>
</tbody>
</table>

In the Dutch discussion about hybrid organizations the dichotomy between public and private is most commonly defined in terms of Weintraub’s liberal-economistic model, as the debate started when public organizations were granted the autonomy to also become active on the market place. In this dissertation I therefore also define public the same way as Hobbes and Bentham: as the state catering to the ‘need for a coercive agency standing above society’ and private following Locke and Smith as ‘the “natural” harmonization of self-interest’ on the market place (Weintraub, 2007, p. 9).
Skelcher, 2005). It also includes attempts made by business firms to influence governmental policies.

A third pattern concerns various functional analogies that exist between public and private organizations, as many specialists perform the same general functions regardless of the kind of sector their organizations operate in. A public and a private hospital for example do not differ very much from one another on their general functions. Other analogies refer to social roles and contexts as government uses laws, regulations and fiscal policies to influence private organizations which, on their part, also affect the quality of life and the public interest.

In the light of these examples of interrelations between state and market, the distinction between public and private is (at least in academia if not by the general public) commonly seen as not a dichotomy but as a continuum of several dimensions.

A first step in the construction of this continuum is to define its poles. I will do this in the next section by describing Dahl & Lindblom’s agency and enterprise and Simon’s task and market organization as ideal-typical public and private organizations.

2.4 Ideal-typical public and private organizations

Dahl and Lindblom (1953) make a distinction between agencies as ideal-typical governmental organizations on the one hand and enterprises, or ideal-typical business firms, on the other (cf. Rainey, 1997, pp. 61-3; Rainey & Chun, 2007, pp. 75-6). Agencies are subject to polyarchy (or governmental authority) which is based on centralized rules and authoritative directions as the broad mode for organizing economic and social activity. Economic markets are the alternative of polyarchy, and the mode of social control determining the actions of enterprises, which grant individuals a larger degree of choice about their transactions and relations.

This distinction between agencies and enterprises resembles that between task and market organizations, which Simon, an influential voice in the Dutch debate about hybridity (cf. chapter 3), developed in his dissertation (Simon, 1989). Task organizations, on the one hand, are ideal-typical governmental organizations which are heteronymous, as they are controlled by a superior body through authoritative directions. They have what Simon calls a capacity function, as they produce goods and services to the specifications of the principal. Market organizations on the other hand are ideal-typical business firms. They are autonomous, as they lack a clear principal,

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20 It is remarkable that Simon does not refer to Dahl and Lindblom’s theories in his (scarcely annotated) dissertation.
and have what Simon calls a product function, as they produce goods and services to their own design.

Most economies of today are mixed, as they combine agencies and enterprises for the production of goods and services. The rationale for this lies in the fact that both polyarchy and markets (as well as the capacity and the product function) have their strengths but also their weaknesses. The strength of exchanges on the market place for example lies in the fact that they are of a voluntary nature. Economic success is linked to inducing consumers to willingly engage in exchanges with producers by offering them the products and services they want, as efficiently and cheaply as possible. However, markets fail to handle certain types of problems (Lindblom, 1977). In these cases of market failure government action through agencies is deemed to be necessary:

- Public goods and free riders: certain goods such as national defence or the services of a lighthouse, which are commonly referred to as public goods (contrary to private, common and club goods) are non-rivalled and especially non-excludable. That means that there are no limitations on consuming these goods and that it is not effectively possible to exclude anyone from doing so. This leads to the so-called free rider problem, as individuals have the incentive to let others pay for these services and hence makes the production of these goods economically unattractive. Government has to step in as the producer of public goods as they commonly benefit society as a whole.

- Individual incompetence: there are areas (eg, medicine or education) in which most individuals lack sufficient education or information to make wise choices for themselves. This makes it necessary for government to step in and regulate.

- Externalities or spillovers: this concerns the impact an economic decision has on any party not directly involved and is most commonly illustrated by the example of a factory polluting the air in its neighbourhood. Government has to step in to regulate such spillovers.

Government action is also deemed to be necessary to correct other problems markets create or can not address, such as monopolies, income redistribution and instability due to market fluctuations, as well as to provide services too risky or expensive to be provided by private competitors. And next to these economical there are of course also political rationales for government intervention. These refer to the state’s duty to provide services that for the most part can not be bought on a commercial market and that are based on general social values, the public interest and the politically imposed demands of certain groups.

Polyarchies are an effective way to correct market failures but they can create their own problems know as government or non-market failures. Perhaps the most severe form of government failure concerns polyarchy’s reliance on excessive central control,
as its centrally developed authoritative directions can be perceived to be inflexible in relation to local needs and preferences.

### 2.5 Differences between public and private organizations

Many authors have refined the distinctions between ideal-typical public and private organizations made by, among others, Dahl and Lindblom as well as Simon, by contrasting agencies and enterprises with one another. Rainey & Chun (2007) have drawn up a list of distinguishing characteristics of agencies as compared to enterprises (see Figure 2.2) by summarizing the literature already written on this subject (see their chapter in Ferlie, Lynn, & Pollitt, 2007 for an overview of their sources).

According to Rainey and Chun, agencies differ from enterprises with regard to their environment, their organization-environment transactions and their organizational roles, structures and processes.

<table>
<thead>
<tr>
<th>Figure 2.2 Distinguishing characteristics of agencies as compared to enterprises (adapted from Rainey &amp; Chun, 2007, pp. 92-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Distinctive environmental factors</strong></td>
</tr>
<tr>
<td>a. Absence of economic markets for outputs and reliance on governmental appropriations for financial resources (and hence less incentives to achieve cost reduction, operating efficiency, and effective performance, lower efficiency in allocating resources and less availability of relatively clear market indicators and information for use in managerial decisions).</td>
</tr>
<tr>
<td>b. External control by politically constituted authority and presence of particularly elaborate and intensive formal legal constraints as a result of oversight by legislative branch, executive branch hierarchy and oversight agencies, and courts (and hence more constraints on domains of operation and on procedures and less autonomy for managers, greater tendency for proliferation of formal administrative controls and a larger number of external sources of formal authority and influence, with greater fragmentation among them).</td>
</tr>
<tr>
<td>c. Presence of more intensive external political influences (greater diversity and intensity of external informal political influences on decisions as well as greater need for political support from client groups, constituencies, and formal authorities in order to obtain appropriations and authorization for actions).</td>
</tr>
<tr>
<td><strong>2. Organization-environment transactions</strong></td>
</tr>
<tr>
<td>a. Public organizations and managers are often producing public goods and handling significant externalities. Outputs are not readily transferable to economic markets at a market price.</td>
</tr>
<tr>
<td>b. Government activities are often coercive, monopolistic, or unavoidable. Government has unique sanctioning and coercive power and is often the sole provider. Participation in consumption and financing of activities is often mandatory.</td>
</tr>
<tr>
<td>c. Government activities often have a broader impact and greater symbolic significance. There is a broader scope of concern, such as for general public interest criteria.</td>
</tr>
<tr>
<td>d. There is greater public scrutiny of public managers.</td>
</tr>
</tbody>
</table>
There are unique expectations for fairness, responsiveness, honesty, openness, and accountability.

3. Organizational roles, structures and processes
   a. Greater goal ambiguity, multiplicity, and conflict.
   b. Distinctive features of general managerial roles
      i. A more political, expository role, involving more meetings with and interventions by external interest groups and political authorities.
      ii. More crisis management and ‘fire drills’.
      iii. Greater challenge to balance external political relations with internal management functions.
   c. Administrative authority and leadership practices
      i. Less decision making authority and flexibility due to institutional constraints and external political influences.
      ii. Weaker authority over subordinates and lower levels.
      iii. Greater reluctance to delegate authority and tendency to establish more levels of review and approval and to make greater use of formal regulations to control lower levels.
      iv. More frequent turnover of top leaders due to elections and political appointments.
      v. Counterpoint studies describe though that public managers can also show entrepreneurial behaviours and managerial excellence.
   d. Organizational structure (public organizations are said to have more red tape and more elaborate bureaucratic structures, but empirical studies report mixed results).
   e. Strategic decision making processes (likely to be subject to interventions, interruptions, and greater involvement of external authorities and interest groups).
   f. Differences in incentives and incentive structures
      i. Greater administrative constraints on the administration of extrinsic incentives such as pay, promotion, and disciplinary action.
      ii. Weaker relations between performance and extrinsic rewards such as pay, promotion, and job security.
   g. Individual characteristics, work related attitudes and behaviours
      i. Different work related values, such as a lower valuation of monetary incentives and higher levels of public service motivation.
      ii. But also lower levels of work satisfaction and organizational commitment.
   h. Differences in organizational and individual performance
      i. Public organizations and employees are said to be cautious and not innovative but the evidence for this statement is disputed.
      ii. Government managers and employees self-report high levels of motivation and effort in their work but there are also concerns that poor performers are not effectively corrected or discharged.
      iii. Public organizations are said to be less efficient in providing services but also that statement is disputed.
2.5.1 Distinctive environmental factors

The first set of possible differences between ideal-typical public and private organizations (as summarized by Rainey & Chun) concerns the setting or environment agencies operate in. They lack economic markets for their outputs and rely on governmental appropriations for their financial resources. Compared to enterprises, agencies operate under greater external control by politically constituted authority and have to deal to a greater extent with the presence of elaborate and intensive formal legal constraints as a result of oversight by various branches of government as well as courts. A final distinctive environmental factor distinguishing ideal-typical task from ideal-typical market organizations, concerns the presence of more intensive external political influences in the public sector. Agencies not only have to deal with greater political influences on their decisions, they also are in greater need to acquire political support from various other stakeholders, such as client groups and constituencies, for their actions.

2.5.2 Organization-environment transactions

A second set of differences between ideal-typical task and market organizations refers to the nature of their interactions with their environment. Agencies often produce public goods, which means that their outputs are not readily transferable to economic markets at a market prize. Their activities are also often coercive, monopolistic and unavoidable, given the unique sanctioning and coercive power of government as the sole provider. They also often have a broader impact and greater symbolic significance than the activities of ideal-typical enterprises, which leads to greater public scrutiny of public managers and unique expectations concerning good governance, based on ideal-typical public values such as fairness, responsiveness, honesty, openness, and accountability.

2.5.3 Organizational roles, structures and processes

This final set of differences between ideal-typical agencies and enterprises Rainey & Chun collected, relates to roles, structures and processes. Ideal-typical public organizations have to deal with greater ambiguity, multiplicity and conflict than their private counterparts. Ideal-typical public managers have, for a start, to play more political, expository roles than private managers, which results in a greater challenge to balance external political relations with internal management functions. They also have less decision making authority as most important decisions about their organizations are made by politics.

Ideal-typical agencies are said to have more red tape and more elaborate bureaucratic structures than enterprises and are also said to be driven by different sets
of organizational values. It is worth elaborating on this, as the alleged differences in culture between the public and the private sector and the tensions expected from mixing them, were a central topic in the Dutch debate about hybrid organizations (cf. chapter 3), especially based on Jacob’s book *Systems of Survival* (1992).

*Figure 2.3 A pair of contradictions (Jacobs, 1992, pp. 23-4)*

<table>
<thead>
<tr>
<th>Public values (guardian syndrome)</th>
<th>Private values (commercial syndrome)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shun trading</td>
<td>Shun force</td>
</tr>
<tr>
<td>Expert prowess</td>
<td>Come to voluntary agreements</td>
</tr>
<tr>
<td>Be obedient and disciplined</td>
<td>Be honest</td>
</tr>
<tr>
<td>Adhere to tradition</td>
<td>Collaborate easily with strangers</td>
</tr>
<tr>
<td>Respect hierarchy</td>
<td>Compete</td>
</tr>
<tr>
<td>Be loyal</td>
<td>Respect contracts</td>
</tr>
<tr>
<td>Take vengeance</td>
<td>Use initiative and enterprise</td>
</tr>
<tr>
<td>Deceive for the sake of the task</td>
<td>Be open to inventiveness and novelty</td>
</tr>
<tr>
<td>Make rich use of leisure</td>
<td>Be efficient</td>
</tr>
<tr>
<td>Be ostentatious</td>
<td>Promote comfort and convenience</td>
</tr>
<tr>
<td>Dispense largesse</td>
<td>Dissent for the sake of the task</td>
</tr>
<tr>
<td>Be exclusive</td>
<td>Invest for productive purposes</td>
</tr>
<tr>
<td>Show fortitude</td>
<td>Be industrious</td>
</tr>
<tr>
<td>Be fatalistic</td>
<td>Be thrifty</td>
</tr>
<tr>
<td>Treasure honour</td>
<td>Be optimistic</td>
</tr>
</tbody>
</table>

Jacobs distinguishes between two different ‘ethical systems’ or ‘moral syndromes’, a commercial and a guardian one (Jacobs, 1992, pp. 23-4). Both are driven by different sets of values. Whereas trading is the central value in the commercial syndrome (which applies to the private sector, but also to science), taking is that of the guardian syndrome (which applies to government ministries, the armed forces and the police, as well as commercial monopolies, political parties and organized religions).
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 enterprise or state enterprise. In the middle are arrangements popularly considered neither public nor private.

<table>
<thead>
<tr>
<th>Private non-profit organizations totally reliant on government contracts and grants</th>
<th>Private corporations reliant on government contracts for most revenues (e.g., military industries)</th>
<th>Heavily regulated private firms (heavily regulated privately owned utilities)</th>
<th>Private corporations subject to general government regulations such as affirmative action, occupationally safety and health administration regulations</th>
<th>Private Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Agency</td>
<td>State owned enterprise or public corporation</td>
<td>Government ownership of part of private corporation</td>
<td>Private corporations with significant funding from government contracts but majority of revenues from private sources</td>
<td></td>
</tr>
<tr>
<td>Government owned or operated largely through purchases from private vendors or producers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.4 Dahl & Lindblom’s continuum (Rainey, 1997, p. 65)
In the ethical system of the guardian, trading and other commercial activities are shunned. It is a culture which thrives on tradition, obedience, discipline, hierarchy and loyalty and in which expert knowledge gives power. The guardian syndrome also has its dark side. Vengeance and deception are permitted, as long as they are in the sake of the task at hand or, to put it differently, in the public interest. Other values, which are not necessarily virtues but are core to the guardian syndrome, are the rich use of leisure (or laziness, if one wants to be cruel), ostentation, exclusivity and fatalism. Honour, largesse and fortitude also are important.

In the commercial moral syndrome the use of force is shunned. This culture is all about cooperation, honesty and the abiding of contracts, as well as about competition, initiative and enterprise, innovation and efficiency. Comfort and convenience are important too, as are industry, thrift and optimism. It is alright to disagree as long as that serves the task at hand. Financial investments are aimed at increasing productivity.

2.6 Dimensions of hybridity

2.6.1 Introduction

Having defined the extremes of the public-private continuum as the agency and the enterprise, I now turn to models that arrange the different forms of organization in between these two poles. Some of these models only use one dimension to range organizations, while others are multidimensional. Unidimensional models

Dahl & Lindblom: ownership

Dahl and Lindblom (1953, p. 10) construct their continuum of hybrid organizational forms based on differences in ownership. They do not explain precisely how they have chosen the various organizations’ positions on this continuum but we can assume that the characteristics of agencies apply less and less as one moves away from the extreme, while those of enterprises become more and more applicable (and vice versa).

Fottler: Funding

Fottler (1981) chooses another dimension to categorize organizations. He distinguishes between four classes of prototypical organizations based on the way they are funded:

- Private for-profit: these are private organizations that generate their funding on the market place, ie, the classic profit-making business firm.
- Private non-profits: these organizations depend on public goodwill for their funding (such as donations, contributions and subsidies) but do not fall under government authority.
- Private quasi-public: these organizations are established by governments and have a certain monopoly to produce certain goods and services for a price set by government.

- Public: these organizations are part of government and have a statutory task to fulfil (i.e., ideal-typical governmental agencies). They are financed through taxation.

Multidimensional models.

**Wamsley & Zald: ownership and funding**

Wamsley and Zald (1973) construct a multidimensional model for distinguishing between organizations by combining Dahl & Lindblom’s and Fottler’s two dimensions of ownership and funding. They argue that organizations can either be owned by government or privately-owned. They can also either receive their funding from public sources, for example in the form of budget allocations from legislative bodies, or they can receive funding from private sources, such as donations or sales on the market. Combining these two dimensions results in four categories of organizations, including two hybrid forms when public funding and private ownership are mixed and vice versa:

- Publicly owned organizations with public funding (agencies that get their operating funds from government budget allocations).

- Publicly owned organizations with high levels of funding from private sources such as sales or donations, such as state-owned enterprises.

- Privately owned organizations that get very large proportions of their financial resources from contracts with governments or sales to government, or from government subsidies.

- Privately owned organizations that get most or all of their financial resources from private sources such as sales and donations, like most business firms.

**Perry & Rainey: ownership, funding and mode of social control**

Perry and Rainey (1988) expand the model of Wamsley & Zald by adding a third dimension, that of the mode of control. They also distinguish between polyarchy and economic markets as modes for organizing economic and social activity. This approach yields eight categories of organizations, including six hybrid forms between the extremes of the bureau and the private enterprise (see Figure 2.5):
<table>
<thead>
<tr>
<th>Category</th>
<th>Ownership</th>
<th>Funding</th>
<th>Mode of Social Control</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bureau</td>
<td>Public</td>
<td>Public</td>
<td>Polyarchy</td>
<td>Bureau of Labour Statistics</td>
</tr>
<tr>
<td>2. Government corporation</td>
<td>Public</td>
<td>Private</td>
<td>Polyarchy</td>
<td>Pension Benefit Guaranty Corporation</td>
</tr>
<tr>
<td>3. Government-sponsored</td>
<td>Private</td>
<td>Public</td>
<td>Polyarchy</td>
<td>Corporation for Public Broadcasting</td>
</tr>
<tr>
<td>enterprise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Regulated enterprise</td>
<td>Private</td>
<td>Private</td>
<td>Polyarchy</td>
<td>Private electric utilities</td>
</tr>
<tr>
<td>5. Governmental enterprise</td>
<td>Public</td>
<td>Public</td>
<td>Market</td>
<td>Public electric utilities&lt;sup&gt;21&lt;/sup&gt;</td>
</tr>
<tr>
<td>6. State-owned enterprise</td>
<td>Public</td>
<td>Private</td>
<td>Market</td>
<td>Airbus</td>
</tr>
<tr>
<td>7. Government contractor</td>
<td>Private</td>
<td>Public</td>
<td>Market</td>
<td>Grumman</td>
</tr>
<tr>
<td>8. Private enterprise</td>
<td>Private</td>
<td>Private</td>
<td>Market</td>
<td>IBM</td>
</tr>
</tbody>
</table>

Bozeman: publicness

Bozeman (1987) introduces to this discussion his notion of *publicness*. He argues that all organizations are subject to some degree of political influence (or authority) and to some level of external government control (he calls this economic authority), which he treats as continua rather than as dichotomies by themselves. Economic authority refers to the control owners and managers have over an organization’s revenues and assets. It decreases as external government authorities gain more control over their finances. Political authority is granted to organizations 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 organizations 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, pp. 66-9).

Bozeman develops his own version of a continuum between agencies and enterprises as he positions organizations in a *publicness grid* (see Figure 2.6) 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 economic authority, low on economic authority,

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<sup>21</sup> Perry and Rainey do not offer an example for this category, maybe because governmental enterprises are a rare concept in the US-American context. I devised this example myself.
high on political authority) the other. An array of other organizational forms represents combinations of the two dimensions.

*Figure 2.6 Publicness Grid (based on Bozeman, 1987, p. 95)*

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Van Thiel: Funding, ministerial accountability and control mechanisms

In her dissertation, Van Thiel (2000) develops a continuum to arrange all forms of quango, especially but not only those that can be found in The Netherlands on the national level. She uses four dimensions to score them on: legal form, funding, the degree or ministerial or political accountability and the control mechanisms employed. At the poles of her continuum are the private business firm and the departmental unit.
### Figure 2.7 Different types of organizations used by government for policy implementation (adapted from Van Thiel, 2000)

<table>
<thead>
<tr>
<th>Market / private sector organization</th>
<th>State Owned Companies / Enterprises</th>
<th>Voluntary / charity organizations</th>
<th>Public Body</th>
<th>Contract Agency</th>
<th>Departmental unit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Organization contracted by government</td>
<td>Government owns company or majority of shares</td>
<td>Bottom-up body given public task and funding</td>
<td>Quasi-autonomous organization outside government</td>
<td>Quasi-autonomous unit within government</td>
</tr>
<tr>
<td><strong>Legal form</strong></td>
<td>Private law</td>
<td>Private law</td>
<td>Private law</td>
<td>Private or public law</td>
<td>Public law</td>
</tr>
<tr>
<td><strong>Finances</strong></td>
<td>Through market mechanism</td>
<td>State budget or stock exchange</td>
<td>Donations, subsidy</td>
<td>State budgets, fees or levying</td>
<td>State budget</td>
</tr>
<tr>
<td><strong>Ministerial or political accountability</strong></td>
<td>Only for terms of contract</td>
<td>Limited to strategic and financial decisions</td>
<td>Only for terms and the amount of subsidy</td>
<td>Only for policy design and regulation</td>
<td>Reduced in case of managerial matters</td>
</tr>
<tr>
<td><strong>Control mechanisms</strong></td>
<td>Contract</td>
<td>Market intervention of buying / selling shares</td>
<td>Contract</td>
<td>Statutes, law</td>
<td>Framework document</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td>Local governments employing private waste disposal companies, co-financed infrastructure projects</td>
<td>Several municipal waste disposal companies</td>
<td>Salvation Army, Red Cross</td>
<td>Legal aid, public universities, Water Boards</td>
<td>Service for Immigration and Naturalisation</td>
</tr>
</tbody>
</table>

Evers et al.: resources, goals and interests, incentive and decision making structures and organizational cultures and practices

Evers et al. (2002) develop a system to range organizations based on four dimensions: (1) resources, (2) goals and interests, (3) incentive and decision making structures and 4) organizational cultures and practices. In the tradition of Evers (1990),

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22 Van Thiel does not use this dimension in her continuum but only mentions it in a footnote (Van Thiel, 2000, p. 7). Her aim is to construct a continuum that also is applicable to countries without a system of administrative law. As I study hybrid organizations in The Netherlands, which does have a system of administrative law, I add this dimension to Van Thiel’s original model.
Pestoff (1992) and Zijderveld (1999), they see society as a triangle, with the state, the market place and civil society at its corners (the so-called welfare triangle, see also section 1.1).23

According to Evers et al., hybrid organizations can mix different resources, such as (a) governmental financial appropriations, (b) earnings from commercial activities for other organizations and individual customers and (c) donations by civil society. They can also mix different goals and interests, such as (a) the public interest as represented by the state, (b) private, commercial interests represented by the market and (c) specific goals fitted to the needs of individual groups, situations and / or regions. Hybrid organizations thirdly mix different incentive and decision making structures, such as (1) polyarchy, (2) competition on the market place and (3) formal and informal influences by societal stakeholders. And they, finally, combine organizational cultures and practices common to government, the market place and civil society, such as (a) hierarchy, uniformity and legality, (b) competition and enterprise and (c) trust.

Figure 2.8 Dimensions of Evers et al. (2002)

<table>
<thead>
<tr>
<th>Resources</th>
<th>State</th>
<th>Market</th>
<th>Civil society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental financial appropriations</td>
<td>Earnings from commercial activities</td>
<td>Donations</td>
<td></td>
</tr>
<tr>
<td>Goals and interests</td>
<td>Public interest</td>
<td>Private, commercial interests</td>
<td>Needs of special groups</td>
</tr>
<tr>
<td>Incentive and decision making structures</td>
<td>Polyarchy</td>
<td>Competition</td>
<td>(In)formal influences by stakeholders</td>
</tr>
<tr>
<td>Organizational cultures and practices</td>
<td>Core values: hierarchy, uniformity, legality</td>
<td>Core values: competition and enterprise</td>
<td>Core value: trust</td>
</tr>
</tbody>
</table>

2.7 Multidimensional model used in this study

I construct the multidimensional continuum used in this study to describe the hybrid character of my case organizations by synthesizing those described above. A research team at the Dutch Court of Audit which I was part of developed a similar synthesized multidimensional model24 when writing a report on public entrepreneurship in the

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23 Van de Donk’s model described in the introduction can be seen as a further development of this welfare triangle.

24 The multi-dimensional model the Court of Audit developed based on an analysis of some of the literature I also studied, consists of five dimensions: (1) allocation / competition, (2) structure and
Netherlands (Algemene Rekenkamer, 2005, further developed in Algemene Rekenkamer, 2006). The multidimensional model used in this dissertation can be seen as a further development and refinement of this model.

My version of the continuum between the agency and the enterprise consists of ten dimensions that I clustered for clarity’s sake into the following three groups: (1) structure and activities, (2) values and strategy and (3) governance and politics.

2.7.1 Structure and activities

The dimensions in this cluster tell us more about the principal as well as about the activities of the organization. They are:

- Legal form: this dimension deals with the degree to which an organization’s legal form is governed by public or by private law.
- Ownership: this is the continuum between full governmental and full private ownership.
- Activities: this is the continuum between a complete focus on statutory or public tasks and one on private, commercial activities.
- Funding: this is the continuum between 100% governmental appropriation and 100% private funding.
- Market environment: this is the continuum between a monopolistic and a competitive market environment.

2.7.2 Strategy and culture

The dimensions in this cluster deal with questions concerning the organization’s overall strategic outlook and its value system. They are:

- Strategic orientation: the continuum between a strategic orientation totally aimed at government and one totally aimed at the market.
- Value orientation: the continuum between a total orientation on the public values of the guardian syndrome and a total orientation on the values of the commercial syndrome.

2.7.3 Governance and politics

The dimensions summarised in this cluster deal with the question of how the organization’s relationship with its public principal(s) looks like and to which degree it possesses autonomy, both managerial as well as executive. They are:

- Relationship with political principal: the continuum between a relationship based on public and one on private law.
- Managerial autonomy: the continuum between political autonomy (a system in which the management of an organization is influenced by politics) and economic autonomy (a system in which the management of an organization is influenced by the market)
- Executive autonomy: on this dimension I score whether an organization has little or much autonomy in how it conducts its activities or to use Simon’s taxonomy, whether it rather has a capacity function or a product function.

2.7.4 The application of this model

In this dissertation an organization will be defined as being hybrid if it is on one or more of the above mentioned dimensions a mixture of public and private. I expect, given the many interrelations between the public and the private sector, that the number of organizations that are hybrid on one or a small number of dimensions, is quite substantial. It seems therefore necessary not only to take into account whether an organization mixes public and private but also the intensity of this mix, which I define as an organization’s hybridness.

In my case studies, I describe how my three case organizations could be scored on the ten dimensions at the time I studied them. I will also describe how they developed to that point and how they might develop from there on. I will use a spider chart to illustrate each organization’s hybridness. Scoring the mixed character of an organization is obviously no exact science. The charts will be used mainly as a quick comparison of the hybrid character of my three case organizations and should not be read as an absolute measure of the organizations’ degree of hybridity. I used the following scores: completely public (0), mostly public (2), somewhat public (4), halfway between public & private (5), somewhat private (6), mostly private (8) and completely private (10). See appendix 4 for an overview on how and why I scored each organization the way I did.
A hypothetical organization, represented as only a dot at the centre of the chart, would be 100% public on all of the dimensions featured above. As the surface area grows, the organization becomes more private to the maximum of covering the full chart, which represents an organization that scores 100% private on all dimensions: the ideal-typical enterprise. A prototypical hybrid organization would be half agency/half enterprise and could be visualized as portrayed in Figure 2.9.

*Figure 2.9 Ideal-typical hybrid organization*

However, reality is far messier and such *perfect* hybrids are only rarely to be found. Most hybrid organizations do not score evenly on all dimensions but rather show heterogeneous scores. Figure 2.10 and Figure 2.11 show examples of such heterogeneous hybrids.25

Figure 2.10 for example visualizes a hybrid organization that is a municipal service. It conducts some activities for commercial customers but still generates most of its revenues by executing tasks on behalf of its municipality. Its culture still is more bureaucratic than entrepreneurial and the organization’s strategy is mostly aimed at the public sector. The organization’s director only has limited autonomy concerning how he runs the organization and how it conducts its services.

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25 These examples are fictitious but were inspired by real-life cases.
Figure 2.10 A hybrid municipal service

Figure 2.11 A hybrid quango

Figure 2.11 visualizes a quite different organization. This hybrid organization is a quango with a governmental department as its principal. It already conducts most of its...
activities for private partners and hence generates a substantial amount of its income from commercial activities. This organization operates in a competitive market environment and embraces commercial values and strategy. The organization’s CEO has a considerable amount of managerial as well as executive autonomy. Both the organizations visualized in Figure 2.10 and Figure 2.11 are hybrid organizations. However, they differ from one another regarding their hybridness, which is more intense for the organization visualized in Figure 2.11 than that visualized in Figure 2.10.

I not only use the spider charts in my case studies as a descriptive but also as an indicative-diagnostic tool to point me to those dimensions on which an organization’s new hybrid status can be expected to be either beneficial or hazardous. Take the organization visualized in Figure 2.10 for example, which is hybrid on the dimensions concerning its activities, funding, market environment, value and strategic orientation as well as those concerning its managerial and executive autonomy. I expect that the positive and negative effects of its hybridity will occur on these dimensions.

2.8 Summary

In this chapter I addressed my first analytical research question, which is: *On which dimensions can an organization be hybrid?* I concluded that the dichotomy between public and private is more applicable to normative discussions than to a scientific assessment of organizations because of its normative character and the fact that it does not take account of the various ways in which the public and the private sector have already interrelated and mixed more or less since human societies formed. After comparing ideal-typical public and private sector organizations, I described the various uni- and multidimensional models other researchers already used to describe hybrid organizations that mix public and private. I constructed my own multidimensional model by synthesizing the others, which brought me to define ten dimensions on which an organization can be hybrid, clustered into the following three categories: (1) structure and activities, (2) strategy and culture and (3) governance and politics.

In the next chapter I will focus on the alleged positive and negative effects of hybridity as they have been brought forward in the Dutch debate about hybrid organizations.