Healthcare Providers in the English National Health Service: Public, Private or Hybrids?

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ABSTRACT

In recent years it has been noted that boundaries between public and private providers of many types of welfare have become blurred. This paper uses three dimensions of publicness to analyse this blurring of boundaries in relation to providers of healthcare in England. The authors find that, although most care is still funded and provided by the state, there are significant additional factors in respect of ownership and social control which indicate that many English healthcare providers are better understood as hybrids. Furthermore, the authors raise concerns about the possible deleterious effects of diminishing aspects of publicness on English healthcare. The most important of these is a decrease in accountability.

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INTRODUCTION

Since the Second World War, European welfare states have comprised a mixture of publicly owned and independent welfare providers (Esping-Andersen, 1990). In recent years, it has been noted that the boundaries between different types of welfare provider have become blurred (Alcock, 2010; Bode, 2006). For example, quasi markets in which autonomous provider organisations under diverse forms of ownership and management compete against each other for public funding have been widely introduced throughout the welfare state in the UK and elsewhere (Le Grand & Bartlett, 1993; Bartlett et al., 1998). There has been a trend in many high income countries towards a closer resemblance between public and private sectors, derived from the use of the principles of New Public Management (Hood, 1996). Similarly,
in Eastern European transition countries in the 1990s, the privatisation of state owned companies in the early years of transition led to new mixed forms of ‘recombinant’ property which blurred the boundaries between the state and the private sector (Stark, 1996). Concerns have been raised about damage to some public sector attributes by a similar blurring of public and private sector boundaries in western and low income countries (Haque, 2001). In classifying types of welfare provider, researchers tend to use ownership as the defining characteristic (e.g., Hickson et al., 1986; Allen, Bartlett, Perotin, Zamora, & Turner, 2011). Hughes (1998) (as cited in Anderson, 2011) identifies a wide range of differences between public and private organisations beyond the ownership distinction: public sector decisions may be coercive as citizens can be forced to comply and to pay taxes; accountability is more direct in the public sector, where the public as whole has an interest; the goals of managers in the public sector are largely set by a political leadership and are meant to reflect the public interest, whereas in the private sector they reflect the pecuniary interest of shareholders; there are inherent difficulties in measuring public sector output and efficiency, whereas private sector organisations can measure profitability. In addition, the size and scope of the public sector and the policy process that determines its objectives may result in changing objectives and generally make coordination more difficult (Estrin & Perotin, 1991). It is not clear that all of these characteristics pertain only to public sector organisations any longer, or that all of them apply to public sector organisations at all. For example, some publicly owned organisations have goals which include the need to make a profit, for example in the case of the nationalised banks (see the Banking (Special Provisions) Act 2008); and some types of public sector hospitals in England known as Foundation Trusts (Allen, Wright, Keen, Dempster, Townsend, Street, & Verzulli, 2011) enjoy considerable autonomy from government. It is also becoming easier to measure at least some aspects of public sector output as measurement technologies improve (Browne et al., 2008).

Although there is no consensus about the meaning of ‘publicness’, Haque (2001) suggests that some distinguishing features of the concept are particularly important. These include principles such as equality and representation in public services; and the key notion of public accountability. Other authors have added due process in decision making as a key value (Antonsen & Jorgensen, 1997). It was noted by Antonsen and Jorgensen (1997) that in Denmark, there was a difference between organisations which had a high degree of publicness, using these characteristics, and those that had a low degree of publicness. High publicness organisations were characterised by complex tasks, professional orientation, many external stakeholders, conflicting environmental demands and low managerial autonomy. Low publicness organisations had the opposite characteristics.

It is possible, however, to use a more sophisticated classificatory system of organisations than one based on ownership alone by taking account of various forms of hybridity (Anderson, 2011). By ‘hybridity’, we mean simply a mixture of what are usually seen as distinct organisational forms. Organisations have various dimensions in addition to ownership, including the way in which the organisation is funded and the mode of social control (Perry & Rainey, 1988). While funding is a relatively straightforward concept, the term, ‘mode of social control’ requires some explanation. Perry and Rainey (1988) state that the mode of social control is ‘a complex attribute of an organisation’s task environment’ which ‘refers to the extent to which major components of an organization’s domain are subject to relatively greater external controls by polyarchy or markets’ (p. 193). This concept introduces a continuum in the organisation’s environment between (at one extreme) control by a politically constituted hierarchy (i.e., government) and (at the other) operating in a market. ‘Polyarchy’, or governmental authority exercised at different levels, involves social control through rules
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