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PUBLIC SECTOR INTER-INSTITUTIONAL COMBINATIONS - AN INTERDISCIPLINARY PERSPECTIVE

Literature
Review

Keywords

Public sector combinations
New Public Management
Institutional theory
Amalgamation
Merger

JEL Classification

L32; H11

Abstract

The purpose of this paper is to analyze the recent research literature regarding public sector inter-institutional combinations. Based upon a sample of 51 articles published in 2010-2013 in four databases (Science Direct, Springer Link, Wiley Online Library and Sage), this study summarizes and analyses the approaches found. In the light of an in-depth empirical research the article looks at the issues raised by the public sector inter-institutional combinations by grouping the sample using the following criteria: year of publication, research methodology, field, the mentioning of New Public Management (NPM) concept, theory and geographical area studied. The results reveal the fact that the predominant research methods used are: case study and statistical methods. The vast majority of papers analyze public institutions combinations of local public administration and investigate public sector combinations from Europe. Additionally, the majority of studies from the sample mention the concept of NPM and the institutional theory is mentioned in five articles.

1. Introduction

The efforts to carry out reforms of public sector entities which are in difficulty are often directed towards promoting a wave of public sector inter-institutional combinations. Combinations of entities occur both in the public and private sectors, also known as "merger", "acquisition" or "transfer of operations/functions".

This paper presents an overview of how public sector inter-institutional combinations are analyzed in the recent research literature. The first main section of this article briefly reviews the debate about the research background of public sector inter-institutional combinations. The second section presents the research methodology. Afterwards the paper provides an analysis and a classification of the international research published in 2010-2013 in four databases (Science Direct, Springer Link, Wiley Online Library and Sage). Finally, in the last section are presented the conclusions, the limitations of the study and the recommendations for future research.

2. A research background of public sector inter-institutional combinations

One of the questions which is frequently asked by some researchers that study the theory and practice of public administration is: What is the optimal organizational size for public services? (Newton, 1982; King & Ma, 2000). The issue of public sector entities combinations is a topic examined in the literature since the 1960s. Examples of areas of interest on this topic are: local government (e.g. Sorensen, 2006; Bhatti & Hansen, 2010; Nakazawa, 2013; Hanes et al., 2012), education (e.g. Simó & Telford, 2012; Lang, 2002) and health (e.g. Van Reine, 2006; Ahgren, 2008; Simões & Marques, 2011; Fulop et al., 2002; Gaynor et al., 2012). It is important to consider combinations, both in the pre-combination (e.g. Choi & Brommels, 2009) and in post-combination phase (e.g. Gaynor et al., 2012).

The issues analyzed in the studies on public sector restructuring are: the types of inter-institutional relations and combinations which occur in the public sector (Harman, 1989; Koney & Bailey, 2000; Lang, 2002); internal and external factors that determine public sector restructuring, including combinations (Wood & Gray, 1991; Koney & Bailey, 2000; Lang, 2002; Campbell, 2009; Bhatti & Hansen, 2010); and the benefits of public sector inter-institutional combinations (e.g. Markham & Lomas, 1995).

The new institutional theory through the New Public Management (NPM) plays an important role as the mimetic, normative and coercive institutional pressures require a high degree of conformity (DiMaggio & Powell, 1983). Moreover, the events of public sector institutional combinations are seen as an example of the reform of public sector

management (Kitchener & Gask, 2003). Thus, administrative reforms, such as combinations of public institutions have sometimes been described worldwide rather as a product of NPM and were not considered as independent research objects (Cole & Eymeri-Douzans, 2010: 396).

3. Research methodology

This paper analyzes the scientific literature on combinations of public institutions, through achieving a review of international scientific research in the field covered the period 2010-2013. The reason for selecting this period is that by analyzing the recent work it can be avoided any information that is no longer valid or no longer relevant. In this respect it is important to choose a suitable methodology that could enable to achieve further the aim. The research methodology involves the qualitative and quantitative approach. From the epistemological point of view, the paper presents the development of the area of interest using a post-positivist research approach.

The sample of papers is selected from four databases (accessed during the period 20 to 23 January 2014) that are considered to be relevant to the scientific approach: Science Direct, Springer Link, Sage and Wiley Online Library.

The research is not limited to certain journals or fields in order to provide an interdisciplinary approach and to obtain a sample of items in the widest geographic area. The selected articles are written only in English and according to search phrases within the text: "merger" and "public sector"; "amalgamation" and "public sector". Applying these criteria the result obtained are 2063 for the terms "merger" and "public sector" and 694 articles for the terms "merger" and "public sector" (Figure 1). The sample of articles is reduced by eliminating:

- Duplicate articles (217);
- Results representing the abstract and not articles (45);
- Articles written in languages other than English (2);
- Articles in which search phrases are found only in the bibliography (181);
- Books (3);
- Index (28);
- Articles analyzing combinations of private sector institutions (40);
- Book reviews (409);
- The articles in which the content is not important for the approach used in this research, the search phrases occur only a few times, tangential, not in the center of that work (1781); in this respect the analysis implies reading the abstracts and subsequent full search in articles using the "find" expressions "merger" and "amalgamation".

Following the abolition of the results mentioned above, the sample is reduced to 51 items (Figure 1), most of them being from the database Sage (17 items). Approximately equal number of items is based on the two search expressions "merger" and "public sector" (25 items); "amalgamation" and "public sector" (26 items).

Next the 51 works are grouped by criteria: year of publication, research methodology, field, the mentioning of NPM concept, theory and geographical area studied.

4. Analysis and classification of international research in the period 2010-2013

Regarding the first criterion, in 2010-2013 most articles in the databases analyzed (Science Direct, Springer Link, Sage and Wiley Online Library) are published in 2012 (21 articles) and the fewest are published in 2011 (5 articles).

The prevailing research methods used in the analyzed papers are the case study (24 articles) and statistical methods (22 articles). Also, there are the following research methods: literature review, questionnaire and documentary analysis. 28 studies of the sample use the qualitative approach, 22 papers use the quantitative approach and one study uses the two approaches simultaneously (Figure 3). Regarding the field of research, most studies in the sample (27) analyze combinations of public institutions in the field of local government (mainly municipalities). There are also analyzed the institutional combinations from the areas of: central government, health, education, banking, electricity, public transport, postal services and combinations between state corporations. On the other hand, two papers study public sector inter-institutional combinations using a general approach, with no focus on certain areas (Figure 4).

Out of 51 articles from the sample, only 12 state the used theory (Figure 5). The theories mentioned are: institutional theory (Cox & Hassard, 2010; Pinheiro & Stensaker, 2013; Christensen & Lægred, 2011; Andrews & Boyne, 2012; Rowe, 2010), contingency theory (Andrews & Boyne, 2012), the public choice theory (Elston, 2012; Wollmann, 2010), network theory (Dredge et al., 2011), the theory of political economy (Hansen, 2013), agent theory (Jacobsen, 2012), the theory of persistence in political systems of David Easton (Krogh, 2011) and Moe's theory (Krogh, 2011).

Institutional theory is "a widely accepted theoretical posture that emphasizes rational myths, isomorphism, and legitimacy" (Scott, 2008), focusing on the deeper aspects of the social structure. DiMaggio and Powell (1983) define a new perspective in of institutional theory called "new institutionalism" that rejects rational actor models of classical economics. This perspective seeks cognitive and cultural explanations of social and organizational phenomena.

Organizational theory suggests that structural change has disruptive effects on managerial behavior and organizational outcomes, and that these effects may be likely to occur in the period between the announcement and the start of the new structure (Andrews & Boyne, 2012). The work developed by Andrews and Boyne (2012) assesses the validity of this argument by analyzing the performance of county councils in the UK, in the transition period before voluntary restructuring of a group of such organizations in 2009. The empirical results indicate that the performance of local authorities reorganizations face deteriorates before the onset of the new structures and structural change has disruptive effects on organizational outcomes.

An alternative perspective on structural change is required by contingency theory, which states that there is no best way to organize a corporation, to lead a company, or to make decisions, instead new organizational structures can be an effective response to internal and external circumstances changes (Pennings, 1992; Donaldson, 1996). Another theory used in the studies from the analyzed sample is the theory of public choice, which studies political behavior and is "the use of economic tools to deal with traditional problems of political science" (Tullock, 1987).

The Krogh's (2011) study applies the theory of Terry M. Moe (1990) in a comparative analysis of two main processes in the recent Danish administrative reform: the consolidation of the 270 municipalities in 98 larger municipalities and the consolidation of 14 counties into five regional units. This theory argues that political actors "weak" by creating ineffective political institutions. The politicians who make reforms can block political actors in a particular political institution to the access to positions in the political system, building inefficient institutions that "agencies are knowingly burdened with cumbersome, complicated, technically inappropriate structures that undermine their capacity to perform their jobs well" (Moe, 1990: 228). Conversely, if the politicians who make reforms do not have a legitimate interest in weakening political actors from competing political institution, will strive to build institutions that will "ensure that their favored policies and programs are carried out as effectively as possible" (Moe 1990: 225). Krogh (2011) uses in the same article the theory of political systems persistence of David Easton (Easton, 1965). According to this theory, political systems are able to persist only if they are able to be modified. Moreover, political systems without self-regulation and the constraints would be helpless in the "winds of change" (Easton, 1965: 87). Efficient systems (institutions) must, in other words, to possess adaptive mechanisms to be able to persist.

The new institutional theory through the NPM plays an important role in public sector research of institutional combinations. Thus, the majority of the papers from the sample (37 articles) mention the concept of New Public Management (Figure 6). Regarding the last criterion of grouping the articles from the sample, most of the studies investigate the combinations of public institutions from Europe (29). Also, these events are analyzed from countries belonging to the geographical areas: Australia and Oceania, Asia and North America (Figure 7).

5. Conclusions

The central question raised by this study is how public sector inter-institutional combinations are analyzed in the recent research literature. As a result of the empirical analysis of the sample of articles published in 2010-2013 in four databases (Science Direct, Springer Link, Wiley Online Library, and Sage), chosen according to the two search expressions: "merger" and "public sector" (25 items); "merger" and "public sector" (26 items), it can be concluded that the predominant research methods used are case studies (24 articles) and statistical methods (22 items). Most of studies from the sample (27) analyze public institutions combinations of local public administration (mainly municipalities) and the majority of papers investigate public sector inter-institutional combinations from Europe (29). Most of the studies from the sample (37 articles) mention the concept of New Public Management and institutional theory is mentioned in five articles.

However, these findings are limited by the small sample size and by the including in the research only the articles written in English. Future studies may wish to explore the literature of public sector inter-institutional combinations by using a larger sample size. Additionally, it is recommended that there is future research of this topic by applying a cross country perspective.

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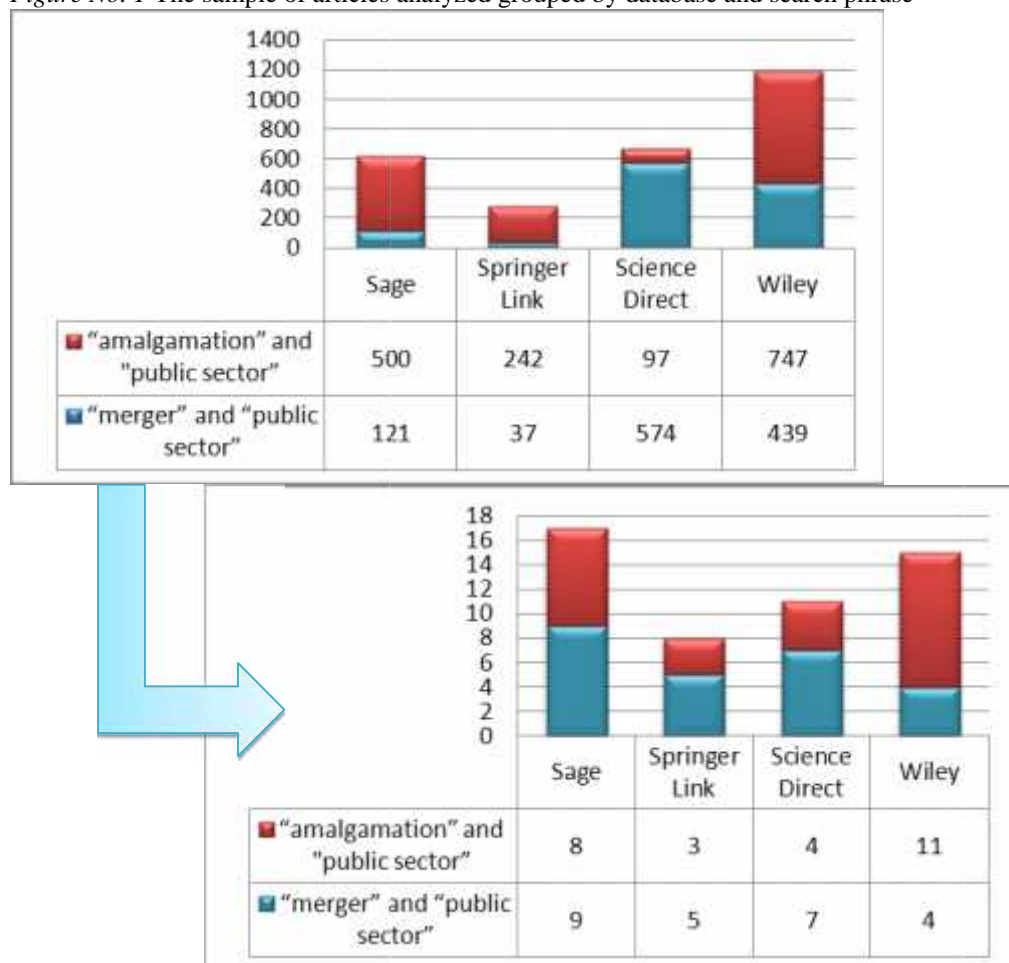
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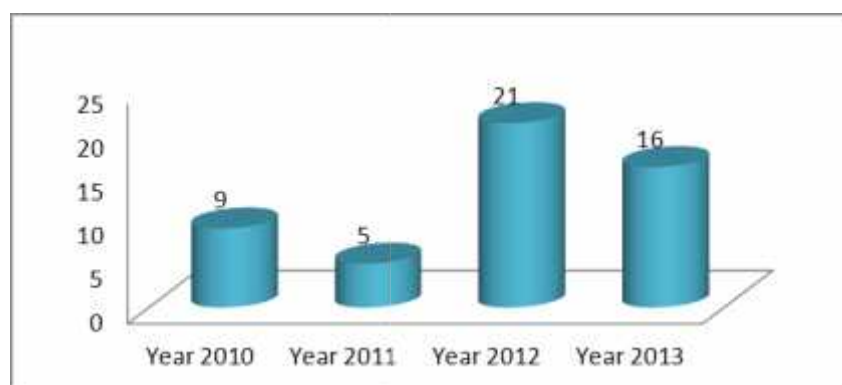
Appendices

Figure No. 1 The sample of articles analyzed grouped by database and search phrase



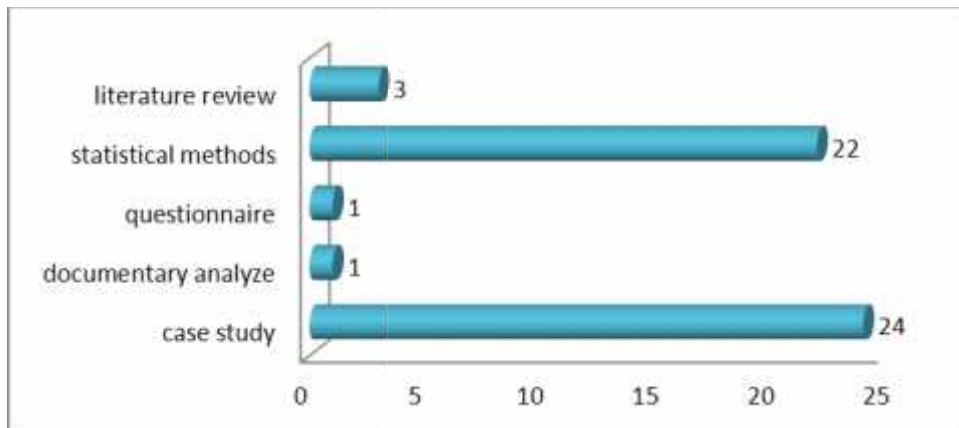
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Figure No. 2 The sample of articles analyzed grouped by year of publication



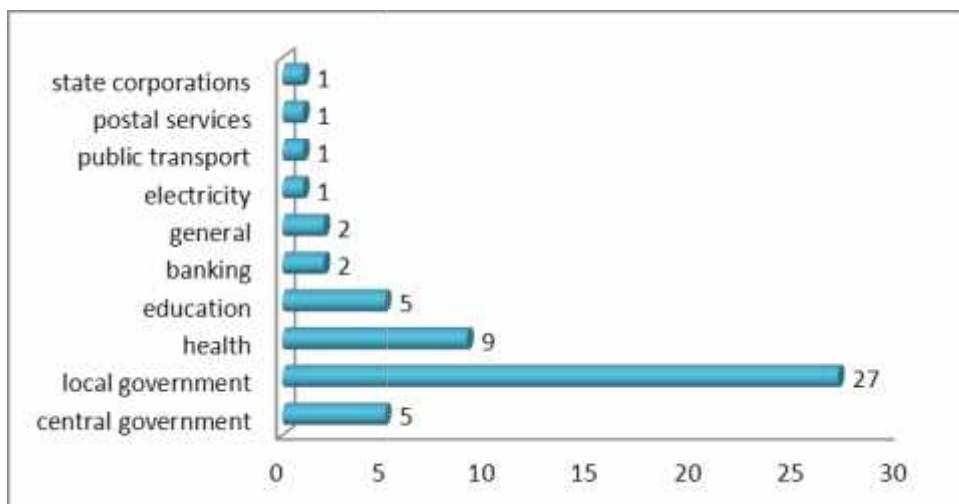
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Figure No.3 The sample of articles analyzed grouped by research methodology



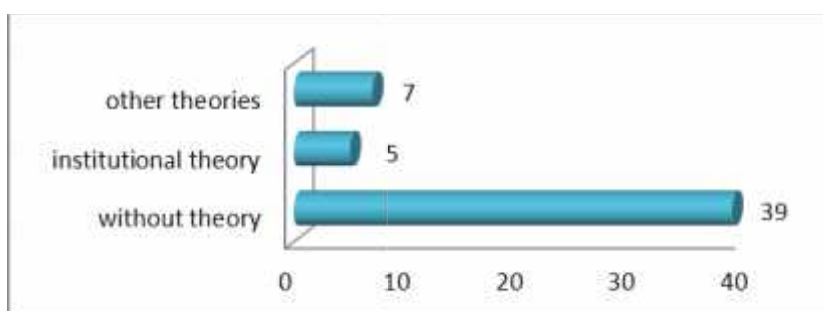
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Figure No. 4 The sample of articles analyzed grouped by areas



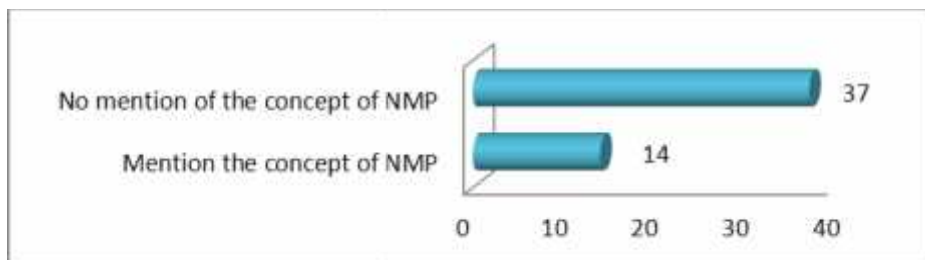
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Figure No. 5 The sample of articles analyzed grouped by theory



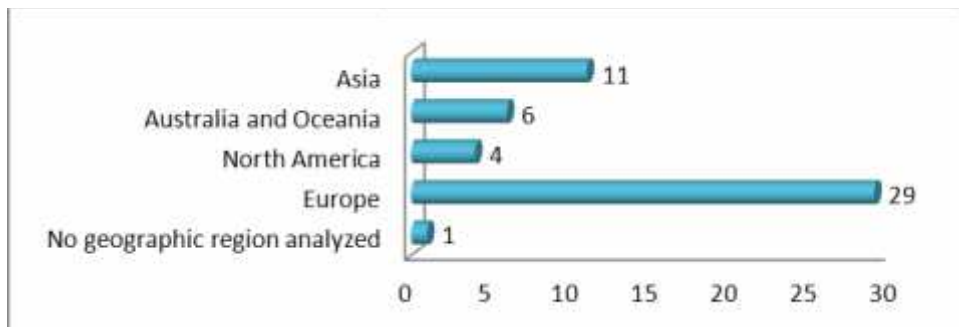
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Figure No. 6 The sample of articles analyzed grouped by mentioning the concept of NMP



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Figure No. 7 The sample of articles analyzed grouped by geographical area researched



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