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Promise of the Business Model: Fulfilled/Unfulfilled?

SPECIAL SECTION

PA in the Era of Competitive Sourcing: Quality, Qualitatively

M. Ernita Joaquin

In 2004, I got curious about the Bush Administration's competitive sourcing initiative. I saw an institution struggling to inject the matter of worth and quality into a conversation on costs and quantifiable results.

Among President George W. Bush's management initiatives, competitive sourcing was the most complex, most challenging, and most politicized, admitted Angela Styles, chief of procurement policy at the Office of Management and Budget (OMB), in 2002.

Styles had left OMB when I started my research but behind her the battle raged on how to subject thousands of federal commercial jobs for public-private competition under the rules of Circular A-76 and according to performance criteria set by the OMB Scorecard.

In competitive sourcing, if contractors can perform the job more efficiently than the government team, the work is outsourced and the affected employees are terminated or reassigned within the organization. Early in the Bush Administration the policy preference was for a limited duration of awards if the feds should win and re-competition to be held every five years.

As White House pressure on the agencies intensified, the anxiety with A-76 heightened. Here's a glimpse of what I learned about bureaucracy in transition, particularly toward the business model, which may be of use to students mulling research on the civil service.

One is that bureaucracy is not a one-dimensional behemoth ignoring subtle and direct charges of inefficiency. It contains a multitude of voices and this multitude shows the layers of meaning through which any reform initiative is internally

distilled. There were not only those who agreed or disagreed that competitive sourcing created savings, some also tried to understand the change process as they realized that the time for organizational learning was desperately short.

Consider a few arguments that I encountered: administrator X thought that employees would like to be recognized for reasons other than performance, such as their loyalty and long tradition, Weberian notions that have become synonymous with bureaucracy. I was told, however, that for every case against using a contractor, a case can be made against federal employees.

Administrator X thought I mistakenly put the feds "in this cocoon, with the Boy Scout code: loyal, clean, reverent." Administrator Y, in another agency, went beyond the bitter union-industry exchange in the press on that day and said that the anxiety with A-76 revolved around "very tricky" cost estimates, so that if the government competed with some proper costing for retirement, for example, and the contractor provided little or none, that would be a big cost advantage to the private sector, "not to mention a backdoor way of revising public policy about retirement plans."

In the middle of these concerns, another one voiced the urgency for bureaucracy to adapt to the changing milieu. Robert Knauer, a noted A-76 expert, wrote in *Government Executive* in 2003 that if the feds wanted to succeed against contractors, they should find the resources and internal skills instead of "relying on Beltway bandits" to prepare the bids on their behalf.

Knauer rallied the feds to stop dragging their feet and ensure that the process worked to their advantage, saying, "Get all the training you can, and take the lessons learned over the last 20 years to heart," because in the process, "You may win." Several others anonymously gave me their views that space here is limited to include. Uniqueness out of mission and human resource needs emerged as the main challenge to haphazard competitive sourcing.

But, while it is true that only a small portion of service contracting dollars (2 percent in the case of the Defense department) is covered by A-76, according to

the General Accountability Office, the voices above allude to the clash between quality and cost, technique and policy, and passivity and adaptation. This is because competitive sourcing is not a just a debate on cost comparison; it suggests a worth comparison. Quality, not mere quantity. How do you measure that which defies traditional measurement?

Quality in the bureaucracy—the extra mile of service commitment and effort beyond the job description—is not vanishing merchandise; it is there, you know it when you see it, but if no one is looking, how is it known?

This brings me to my second point: now is a highly opportune time for students to conduct qualitative research on public administration due to the business transformation that competitive sourcing, for one, embodies. Statistics, such as budgets and positions being converted to contracts say much, but so do voices and dynamics that should not be regarded as anecdotes when organizational capacities and the prospects of a career in government are diminishing.

Public administrators need to be heard more, sooner than later. A sustained discourse between the academe and the community of practice is crucial when the subject matter is changing public administration as we know it.

While the federal bureaucracy continues to evolve, talking through the process can help ensure that the next reform agenda creates less defensiveness or anxiety among employees and more guideposts for action. The different meanings attributed by civil servants to threatening initiatives like competitive sourcing reflect internal fissures but they can also build the mental framework for everyone concerned—OMB, agencies, unions, industry, academe and many others—to manage, understand, or negotiate the change in order to move forward.

Not everything has been said of outsourcing and privatization, both proceeding at a radical pace, despite the number books and articles written on them. These themes acquire meaning relative to the mission, resources, leadership, and relationships of agencies that are different from one another.

Bureaucracy can be Janus-faced, looking forwards and backwards, and a prism changing colors as light passes through. During my study I saw some agencies moving from one point to another in a continuum of policy compliance, on the one hand the mechanisms of pragmatism and neutral competence kicking in after a kind of over-zealous implementation of A-76, or on the other a kind of A-76 resistance weakening over time.

From one angle an agency could be viewed as over-complying, from another being a model of strategic adaptation. (Several dynamic factors account for these, but again space here is limited.) I heard quiet policy protests, loud clamoring for fairness, and some thoughtful designs to use A-76 to further agency goals without getting trapped by huge projected savings for the segment of work competed while the repercussions in other areas or aspects of the organization remain unknown or invisible.

This brings me to my last point. Contracting out have had critics not the least because of its pitfalls. But what makes competitive sourcing an interesting variant despite its tiny share of the pie is that it engenders a kind of bureaucratic soul-searching that traditional contracting creates often after a severe failure of contract occurs (think billions of defense dollars).

In regard to jobs the feds have always performed, in competitive sourcing, matters of institutional capacity and the essential nature of civil service dominated the dialogue from the moment the White House launched the initiative. Loyal civil servants expect loyalty from their employer in return; agencies are not designed to compete with industry, and the missions they are given do not depend on being one, according to critics.

The government's business model attempts to fix the bifurcation between traditional and competitive contracting by insisting that their end results ought to be the same—cost efficiency—and when it comes to performance of jobs that OMB regards as commercial, there really should be no distinction between civil servants and private contractors. Look inward and find something there to distinguish and defend yourself, in other words, because on the outside you all look the same.

This topic is complex and this article does not attempt to sort it out; I just wish to say that competitive sourcing is an important clue to public administration's evolution. The 2006 National Academy of Public Administration's assessment of A-76 jobs awarded to employee teams shows that agency life after competitive sourcing treads on so many unknowns, legally, financially, culturally.

Even if competitive sourcing wanes at the end of the Bush administration, the policy has already set into motion something none of the previous A-76 circulars achieved. A seed has been planted in the bureaucracy's belly. Whether it ends up recreating public administration from the inside or dying in a stillbirth, it is something we need to keep our eyes on.

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