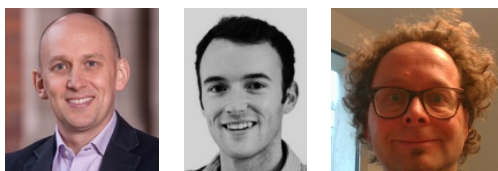


# Understanding how austerity makes public sector organisations collaborate



*Although collaboration between public sector organisations is often understood as a response to cross-cutting policy needs that cannot be met individually, collaboration can also reduce costs, write [Muiris MacCarthaigh](#), [Thomas Elston](#), and [Koen Verhoest](#).*

Why do public sector organisations work together? There are some immediate and obvious answers to this question, such as the need to avoid service overlap and duplication, or to ensure that red-tape is minimised as much as possible for citizens and businesses. Public organisations may also be politically mandated to work together to tackle 'wicked issues', i.e. those that fall outside established organisational boundaries or that they cannot address alone, such as homelessness, online privacy or regional economic decline. Crises such as flooding or city pollution also result in demands for public organisations, that may otherwise have modest contact, to work closely together. A wealth of [academic](#) and [consultancy](#) literature exists offering advice on how best to organise, manage and maintain such collaborations.

However, what if the motivation for two or more organisations is not to address a wicked issue or crisis, but instead to save money? There is growing interest among scholars and practitioners alike in the role that inter-organizational collaboration can play in reducing the cost of delivering public services to citizens. Unlike complexity-driven collaborations which are concerned with *task* interdependencies, an efficiency-driven collaboration is concerned with achieving interdependencies of *scale*.

In a new [publication](#), we develop a conceptual framework for understanding these scale collaborations, which we term 'collaborative efficiency' measures. We define them as multi-organizational arrangements designed to achieve levels of productive efficiency that cannot be achieved, or achieved easily, by single organizations. This use of such arrangements to realize size-contingent economies that are otherwise unavailable to individual public organisations is very distinct to the task-complexity explanation that currently dominates the collaborative public management literature.

The global financial crisis has played a major role in government at national, regional, and local levels seeking out such collaborative efficiency measures, which promise to generate financial savings whilst protecting front-line services as much as possible. The result has been an explosion in such practices as shared services (though these are not without their own [risks and challenges](#)), procurement [co-operatives](#), and [common process units](#). These collaborations are particularly important for small public organisations: once all internal means to make savings have been exhausted, they must look to external partners to help achieve further efficiencies.

There are lots of examples of these collaborative efficiency arrangements in the British case, and perhaps most notably at the [local government](#) level. But there are [limits](#) to what can feasibly be achieved and how far a focus on 'innovation' in service delivery can achieve savings.

Our research also addresses a much under-appreciated consequence of such collaborations. Not only are collaborative efficiency arrangements driven by ex ante inter-dependencies between two or more organisation seeking savings, but the arrangements themselves in turn create *new* forms of ex post inter-dependency.

In some cases, these new interdependencies can reduce the benefits of collaboration, sometimes [disastrously](#), and they do not prevent public organisations running into serious [financial difficulty](#). But more common is a loss of autonomy for each member of the new partnership, particularly in terms of decision-making and work scheduling. And agreeing on collective decisions can take longer as the collaboration expands. It can also mean that the performance of one organization is suddenly subject to the mistakes and opportunism of others over which they have little control. What was previously self-determined is now contingent on others' behaviour. And as they develop, these new collaborations require some form of new and agreed governance mechanism.

Our publication provides an organisation-theory based framework for understanding these ex ante and ex post interdependencies and their impact upon the formation, governance, and outcomes of collaborative efficiency arrangements.

---

Note: the above draws on the [authors' work](#) published in *Public Management Review*.

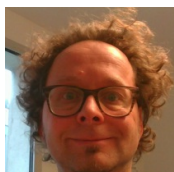
### About the Authors



**Muiris MacCarthaigh** is Senior Lecturer in Politics and Public Administration, Queen's University Belfast.



**Thomas Elston** is Associate Professor in Public Administration, Blavatnik School of Government, University of Oxford.



**Koen Verhoest** is Professor of Comparative Public Administration and Globalization, University of Antwerp.

*All articles posted on this blog give the views of the author(s), and not the position of LSE British Politics and Policy, nor of the London School of Economics and Political Science. Featured image: [Pixabay](#) (Public Domain).*