



Public Organisational Core Capacity

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Citation for published version (APA):

Anderson, L. (2020). Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity. In *British Academy of Management (BAM) 2020 Conference*

Published in:

British Academy of Management (BAM) 2020 Conference

Citing this paper

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**Public Organisational Core Capacity:
An International and Organisational Perspective of Inherently Governmental Activity**

Paper Presented

British Academy of Management (BAM) 2020 Conference

2 – 4 September 2020

Manchester, United Kingdom

Key Phrases:

Public Organisational Core Capacity, Inherently Governmental, New Public Governance,
Main Public Policy Mandate, Core Competency, Public Values, Public Value,
Inter-organisational Relationships, Cross-national, Global,
New Public Management, Privatisation

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Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Abstract

Embedded in US federal executive regulatory documents that direct public policy regarding the administration of governmentally-consumed commercially available products or services, the concept of inherently governmental activity addresses the relationship between the public and private sectors and is aligned with privatisation during the era of New Public Management. As our realities and models of governance become more complex, incorporating networks of multi-sectorial stakeholders in networks of diffuse power, our discourse about what constitutes inherently governmental activity has not kept pace. To be useful in an international context and an era of inter-organisational governance, the idea of inherently governmental activity is reconceptualizes from an international and organisational perspective and introduces the notion of public organisational core capacity, which is required to ensure inherently governmental activities are led and managed well.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

During the last half of the twentieth century and the first decades of the twenty first century, the concept of inherently governmental activity addressed the fundamental question of the relationship between the public and private sectors, and where exactly that boundary fell. The idea guided discussions about what it is specifically that government must do, what government may do if it chooses, and explicitly what government must not do. However, as our realities of and models of governance have become more complex, including collaborative networks of multi-sectorial stakeholders participating in cooperatives of decentralized and diffused power and authority, our discourse about what constitutes inherently governmental activity has not kept pace.

To be useful in this new reality of global, pluralistic, inter-organisational governance, the notion of inherently governmental activity needs a robust reconceptualization that disentangles it from privatisation and a primarily U.S. -centric federal regulatory policy that governs the administration of the privatisation of governmental services. First, the U.S. federal regulatory framework and key U.S. federal governmental documents that address inherently governmental activities is briefly reviewed, followed by a synopsis of key scholarship grounded in this regulatory framework. A case is then made to disentangle the idea of inherently governmental activity from this regulatory framework and privatisation. Next, the concept of inherently governmental activity is reconceptualized from an international and organisational perspective, relying on the ideas of public policy mandate, core competency, public values, and public value. Then, a notion of public organisational core capacity is introduced as a useful way to consider leading and managing well the delivery of inherently governmental activities. Next a normative test is considered; and finally, implications for practitioners and scholars are explored, and the direction for continuing conceptualization from an international perspective is considered.

Inherently Governmental Activities and Privatisation

Public Administration and Management (PAM) can be conceptualized as having been through two distinct eras. Dominated by the rule of law and characterized by bureaucratic forms of public organisations, the era of Public Administration (PA) was predominant from the late nineteenth century until the early 1970s. An era of New Public Management (NPM) followed until the beginning of the twenty first century and was characterized by entrepreneurial leadership and the utilization of markets to deliver public goods (Osborne, 2006). To some degree during the era of PA, and certainly during the influence of NPM, the concept of *inherently governmental activity* directly informed the development, implementation, and management of U.S. federal regulation and public policy related to privatising governmental services.

Regulatory Framework

Understanding the context of the regulatory framework in which the idea of inherently governmental activity was addressed is essential to understanding the scholarship that resulted and is useful in framing the current task and challenge of disentangling it from this context to consider it in light of the modern challenges of governance. Definitions of inherently governmental activities are found in several key U.S. federal regulatory documents, Office and Management and Budget (OMB) Circular A-76, the U.S. Federal Acquisition Regulation (FAR), Office of Federal Procurement Policy (OFPP) Policy Letter, Number 92-1, and the Federal Activities Inventory Reform (FAIR) Act.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

From 1966 to 2009, OMB Circular A-76 articulated U.S. federal executive governmental policy and outlined specific procedures for executive agencies to follow in order to determine whether government or a private source would supply a commercially available product or service that government planned to use. If government wanted to provide a commercially available product or service that government planned to use, then it had to bid competitively against private providers. In other words, when government planned to, or was interested in, providing a product or service for its own use, that was also available from the private sector, a cost comparison was required to determine whether government or a private source would provide the product or service, and OMB Circular A-76 gave direction regarding these cost comparisons. Therefore, both governmental provision and governmental consumption were essential. If either of these conditions were not present, Circular A-76 did not apply.

One element of the determination whether the federal executive government could competitively bid against private providers to provide a commercially available product or service that government planned to use, was whether or not the product or service was inherently governmental in nature. The policy and definition of what constitutes inherently governmental activity evolved and changed during the period OMB Circular A-76 gave directions regarding these cost comparisons, but always required inherently governmental activities to be provided in-house by government using governmental employees. All other services, except those that constitute inherently governmental activities, could be contracted to nongovernmental actors.

The Omnibus Appropriations Act of 2009 banned new cost comparisons under A-76 and the 2012 Financial Services Appropriations Act continued the ban. Therefore, the Obama administration did not support competitive cost comparisons as outlined in A-76, and to date,

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

the Trump administration has not re-instated it. However, there remained an active political debate, with multiple legislative attempts to revitalize A-76 since then, often failing by small margins.

The Federal Acquisition Regulation (FAR) regulates the procurement of privately produced products and services that government plans to use but does not plan to provide. Replacing the Federal Procurement Regulations System in 1984, the FAR established and codified, in a single regulation for use by all executive agencies, the acquisition of supplies and services with appropriated funds. It also created the Federal Acquisition Regulations System consisting of the FAR and agency acquisition regulations that implement or supplement the FAR. The FAR System streamlines, standardizes, and provides for the coordination of agency acquisition regulations. It also outlines policies and procedures for public participation in developing the FAR and agency acquisition regulation.

In 1992, the Office of Federal Procurement Policy (OFPP) issued Policy Letter, Number 92-1, Inherently Governmental Functions, as an additional supplement to OMB Circular A-76, and the FAR. The policy letter contained two appendices. Appendix A offered a list of nineteen inherently governmental functions, and Appendix B contained a list “of services and actions that are not considered to be inherently governmental functions. However, they may approach being in that category because of the way in which the contractor performs the contract or the manner in which government administers contractor performance” (p. 21-22) The FAR was reissued in 1997, 2001, and 2005, each time retaining the list of 19 examples of functions considered to be inherently governmental.

In 1998, Congress passed the Federal Activities Inventory Reform (FAIR) Act that codified elements of the policy and procedures already present in Circular A-76. In addition, the FAIR

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Act required federal agencies to submit to OMB a list of activities performed by federal government sources for the executive agency that were not inherently governmental functions.

All of these documents and regulations share a common requirement that inherently governmental services were required to be provided in-house by government using governmental employees. All other services could be contracted to nongovernmental actors.

Scholarship

The following scholars either directly or indirectly ground their arguments using definitions of inherently governmental activity on those found in these U.S. federal regulatory documents. Robert S. Gilmour and Laura S. Jensen (1998) examine the concept of inherently governmental from the vantage point of state action. They develop a protocol for recognizing the transfer of governmental authority for the purpose of implementing restraints and accountability measures at the onset of the delegation of that authority and throughout the life of the outsourced authority.

Larkin S. Dudley (1996) reviews one Circular, Office of Management and Budget (OMB) Circular A-76, 1983 and Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, Policy on Inherently Governmental Functions. She explores how legitimacy, public management, and public dialogue were reflected in the definition of inherently governmental in the policy letter.

David H. Rosenbloom and Suzanne J. Piotrowski (2005) suggest that constitutional and administrative law norms are often lost through privatisation, whether the functions are

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

inherently governmental or otherwise. They advocate systematically calculating constitutional and administrative law norms as a part of each outsourcing decision.

Based on the Preamble to the Constitution and grounded in Friedrich's concept of disciplined taking of measures, Charles T. Goodsell (2007) outlines six normative principles to guide contracting decisions. He characterizes the privatisation debate as centering on the application of one of two criteria: economic efficiency or inherently governmental. According to Goodsell, there are two major shortcomings to both the economic efficiency and the inherently governmental approaches to deciding which governmental services and activities can be contracted. First, they are biased in favor of outsourcing and against the direct provision of governmental services, and second, they are based on economic and legal abstractions, rather than being founded on the political order, which in the U.S. is a constitutional republic.

Allan Burman (2009, 2008) suggests that the dialogue about inherently governmental activities has changed, moving from identifying activities that either law or policy require to be performed by government employees, to equipping a capable and robust public workforce to provide effective contract oversight and management.

While most treatments of the concept of inherently governmental activity examine the idea from a contemporary point of view, Dan Guttman (2002, 2004) provides a historical perspective, suggesting the concept of inherently governmental has its origins in the tradition of American Pragmatism. According to Guttman, public administrators recognized the practical implications of merging a public sector founded on principles of protecting citizens from the misconduct of government, through a separate body of public law with a public sector grounded in free market enterprise. He describes the current approach to defining inherently

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

governmental as muddling through and advocates two primary changes. First, he suggests a truth in government approach that defines third party government as government, and second, he advocates a revision of the public law tradition to include a non-delegation doctrine, and the concepts of government instrumentality and state action.

These reviews of the notion of inherently governmental are normative, cautioning that contract administration places, or has the potential to place, liberal democratic values in jeopardy. They outline processes and procedures to ensure that inherently governmental activities remain within the purview of governmental actors, thereby protecting democratic and constitutional values. Most of these discussions share accountability as a major focus.

There is less longitudinal and large-scale research that investigates how the concept of inherently governmental has evolved in regulation and public policy. One exception is a study by Lori Anderson (2015) that conducts a longitudinal content analysis of OMB Circular A-76, from 1966 to 2009, and its related documents, for evidence of a change in public administration paradigms from a Constitutionalist Public Administration Paradigm to an Entrepreneurial Public Administration Paradigm. She provides evidence that the Constitutionalist Public Administration Paradigm is the predominant public administration paradigm in all the Circulars. This is a counterintuitive finding. One might expect that a public policy that addresses the concept of inherently governmental activities and regulates governmental contracting would be administered from an entrepreneurial perspective. In fact, she finds the opposite.

Also counterintuitive, the evolution of the meaning of inherently governmental in the U.S. federal regulatory documents reflects a restriction of public administrator discretion. As the

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

administrative machine grows to ensure more entrepreneurial government through contracting governmental services, the scope of public servant decision-making significantly shrinks. This is certainly an unintended consequence, as the intention was to infuse government with entrepreneurial leadership, and therefore, expand public manager discretion (Anderson, 2015).

Requiring government to competitively bid against private providers when government planned to, or was interested in, providing a product or service for its own use, that was also available from the private sector, resulted in a large administrative system to ensure small government. Much of the rationale for privatising governmental services is to gain efficiencies thought to be more prominent in the private sector. In order to contract governmental services to nongovernmental actors, government still has to manage the contracts. In most cases, this results in governmental growth (Anderson, 2015).

Privatisation literature more broadly is multinational and diverse; and it is approached from multiple disciplines using a wide range of qualitative and quantitative methods. Many of these studies indirectly address inherently governmental activities. Scholars examine the influence of contracting specific policy areas such as health care (Bovbjerg, Held, and Pauly, 1987), mental health (Schlesinger, Dorwart and Pulice, 1986), social services (Van Slyke, 2003), public transit (Luger and Goldstein, 1989), education (Levin, 1987), e-government (Ni and Bretschneider, 2007), and solid waste and water services (Bel, Fageda and Warner, 2010). Some literature examines the idea of inherently governmental as it relates to globalization (Hanke, 1987; Kettl, 1997) and the role of the citizen (Crenson & Ginsberg, 2004).

More recently, several authors are engaging in a multinational debate that considers the idea of inherently governmental activities from the point of view of security contracts (Bruneau, 2013;

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Jing, 2010; and Tiefer, 2013). Harel (2011) and Segev (2011) from the Hebrew University of Jerusalem debate the moral responsibility of nongovernmental actors implementing governmental decision, especially as relates to the privatisation of prisons.

Disentangling Inherently Governmental from Privatisation

Contracting remains a useful tool for government, but it was overused as a panacea in the era of NPM (Brown and Potoski, 2006). The key question for us now is, as our realities and models of governance have become more complex, incorporating collaborative networks of multi-sectorial stakeholders participating in cooperatives of decentralized and diffused power and authority, is there a place for the idea of what constitutes inherently governmental activity? If the concept of inherently governmental is going to have a legitimate place in our current discourse about how we govern and to be useful to both scholars and practitioners from an international perspective, it must be disentangled from privatisation and contracting governmental services to nongovernmental actors.

However, the way in which the concept of inherently governmental activities has been treated historically in U.S. regulatory documents and privatisation scholarship has implications for reconceptualizing it in a global era of inter-organisational governance. Inherently governmental activity is not the primary subject of a U.S. federal executive public policy, and there is no robust positive definition of it. It is defined only in relation to contracting governmental services to nongovernmental actors. Therefore, it is primarily defined negatively; it is defined as what cannot be privatised. Independent of this negative definition, it is not substantially defined positively; what it actually is, is much less robustly defined. One consequence of this is, if the idea of inherently governmental activity is going to be applied to

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

other types of inter-organisational relationships, there is no robust positive definition of what it is and no policy base from which to consider the idea of inherently governmental activity that is independent of contacting governmental services to nongovernmental actors.

An Organisational Perspective

With theoretical roots in organisational studies and network theory, New Public Governance (NPG) as a current model of PAM focuses on inter-organisational governance and is a useful lens through which to consider an organisational perspective of inherently governmental activity. NPG suggests our value base is primarily neo-corporatist, as we focus on obtaining our primary economic goals of competitive international trade and enhancing our domestic standards of living by relying on voluntary agreements between government, labor, and business interests. Our view of the nature of the state is both pluralist and plural. As a pluralist state, multiple processes inform policymaking; and as a plural state, multiple independent actors contribute to the delivery of public services. This view of the state undergirds an emphasis on service processes and outcomes, and informs our relationships to nongovernmental actors, which is one of continuing relationships with preferred suppliers and interdependent agents that are based on trust or relational contracts (Osborne, 2006).

Considering inherently governmental activity from an organisational perspective moves the dialogue about inherently governmental activity away from NPM's focus on inherently governmental as an essential criterion for deciding which governmental services can be privatised and towards a consideration of multi-sectorial relationships that is more compatible with NPG.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

The requirement of OMB A-76 for public organisations to determine which activities were inherently governmental in nature engaged public administrators in the question of what government must do, may do, and must not do. This is evidence of a blurring of the politics-administration dichotomy. Traditionally, the politics-administration dichotomy aimed to delineate the separate responsibilities of elected officials as representatives of citizens, which is to determine the overall direction of public policy; and the responsibilities of public administrators, which is to dutifully operationalize and execute that public policy. The politics-administration dichotomy has been criticized as impractical and as a means of limiting public administration discretion (O'Toole, 1987).

In order to consider an organisational perspective of what constitutes inherently governmental activity, it is useful to contrast this to a political perspective of inherently governmental activity. This distinction between a political and organisational perspective does not advocate a return to the politics-administration dichotomy.

There are elements of the dialogue about what constitutes inherently governmental activity that are most appropriate for elected officials. This constitutes a *political* perspective of inherently governmental activity. Perhaps one reason an organisational perspective of what constitutes inherently governmental activity has not been more fully explored is because, on the face of it, the subject of what constitutes inherently governmental activity appears so closely aligned to the fundamental political philosophy question of what government must do, may do, and must not do. Traditionally, political philosophy considers things such as national defense, transportation infrastructure, wealth redistribution, and the provision of public goods, etc. as the purview of government (Strauss and Cropsey, 1987). A political perspective is an essential element of the broader dialogue about what constitutes inherently governmental activity.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

It is suggested here that there is also a uniquely *organisational* perspective of what constitutes inherently governmental activity and there is scope for this perspective to be more robustly conceptualized. An organisational perspective of what constitutes inherently governmental activity does not return to a rigid interpretation of the politics-administration dichotomy and does not aim to limit public administrator discretion. An organisational perspective of what constitutes inherently governmental activity emphasizes the unique value of an organisational perspective. A closer consideration of an organisational perspective of what constitutes inherently governmental activity reveals there is a unique contribution to the dialogue that only an organisational perspective can provide.

While conceptually the idea of inherently governmental is relatively straightforward, it is in the process of identifying exactly which activities constitute inherently governmental activity that the waters muddy. Even deciding the criteria that should be used to decide which activities constitute inherently governmental activity has proven elusive.

Historically, OMB A-76 required inherently governmental activities to be performed in-house by governmental employees. This definition links *what* inherently governmental activities are with *how* they must be provided, the requirement that they be performed in-house by governmental employees. In order to consider inherently governmental activities from an organisational perspective, it is necessary to de-couple what inherently governmental activities are from how they must be provided, the OMB A-76 requirement that they be performed in-house by governmental employees.

Public Policy Mandate

From an organisational perspective, inherently governmental activities *should be* the services or products that government provides that are based in its main public policy mandate. The phrase ‘should be’ is used purposefully here.

This is an organisational perspective because public organisations receive a collection of inputs from elected officials; from legislative, regulatory, and judicial processes; and from citizens and interests and advocacy groups that must be interpreted to formulate a main public policy mandate. A public policy mandate is not a static and simple direction given to public organisations from elected officials, as an oversimplified of the politics-administration dichotomy may suggest.

Public administrators must interpret, synthesize, and analyze formal and informal, and often conflicting inputs from a range of sources that are all vying for primacy of influence. This requires a broad understanding of the complex and regularly changing inter-relationships of legislative, judicial, and administrative processes at multi-levels of government, national, state, and local. This occurs in an environment that is highly politically charged and requires high emotional intelligence and political astuteness to navigate. Public administrators contribute their administrative knowledge and expertise of what is practical and may be realistically accomplished in order to formulate a coherent main public policy mandate. Public administrators then must contribute their organisational and leadership knowledge and expertise in order to continuously co-design a shared vision and values and engender employee engagement and commitment to fulfill the main public policy mandate. This is a dynamic process in which public administrators actively and dynamically engage.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Therefore, a public organisation's main public policy mandate is a dynamic output from a dynamic process. Moreover, this is a uniquely organisational perspective of a public organisation's main public policy mandate, as it is the product of multi-layered organisational processes.

Considering inherently governmental activities as the services or products that a public organisation provides that are based in its main public policy mandate aligns inherently governmental activities with a uniquely organisational perspective.

In order to further explore inherently governmental activities from an organisational perspective, a consideration of the concept of core competency, which is central to organisational studies, enriches our understanding of inherently governmental activities as the services or products that a public organisation provides that are based in its main public policy mandate.

Core Competency

Aligned with organisational studies, core competency is most often discussed in relation to private organisations. Public organisations have a long history of mining concepts from the private sector, considering their usefulness for public organisations, and altering them to fit the discussion of public organisations.

At the broadest level, a private corporation's core competency addresses the reason for the company's existence. It is what it does especially well in comparison with its competitors. It is the distinct, or at least advantageous, ways in which the corporation combines its multiple

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

resources and skills that distinguish it in the market. In the ideal corporation, to which most private businesses aspire and few achieve, the vision, mission, strategy, core competency, objectives and goals are all harmoniously aligned (Prahalad and Hamel, 1990).

A clear and focused core competency is important to corporations in a variety of ways. It facilitates market definition and clarity, and it shapes the ways in which a corporation provides distinct, or again at least advantageous, value to its customers. Perhaps most importantly, a well-considered core competency is difficult for competitors to imitate (Prahalad and Hamel, 1990).

Successful corporations have clear core competencies and consider other necessary business functions as potential areas for contracting or partnerships. For example, a retailer may focus on a core competency of providing its product through as strategy of cost leadership, differentiation, or focus (Porter, 1980). While the corporation's core competency is the primary strategic focus of the corporation, it does not necessarily have to provide all elements of the core competency in-house. Although accounting and shipping are necessary business functions for the retailer, the retailer may be most successful in contracting these services or partnering with other corporations whose core competencies are, in turn, accounting and shipping. Corporations that are successful in the long term, with multiple product lines in multiple global markets, must have dynamic and complex strategies. The idea of core competency remains valid as a guiding focus.

The idea of core competency is valuable to consider for public organisations as well. There is symmetry, and some important differences, between a private corporation's and a public organisation's core competency.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

A public organisation's reason for existence is to fulfill its main public policy mandate. Therefore, a public organisation's core competency *should be* its main public policy mandate. Again, the phrase 'should be' is used purposefully here. Inherently governmental activities are the services or products that a public organisation provides that are based in its main public policy mandate and this constitutes a public organisation's core competency.

A public organisation's core competency is what it does especially well in comparison with other public organisations, and indeed, in comparison to all other organisations, private, public, and not-for-profit. It is the distinct, or at least advantageous, ways in which the public organisation combines its multiple resources and skills that distinguish it in providing its public goods. As an ideal, public organisations aspire to harmoniously aligned their vision, mission, strategy, core competency, objectives and goals.

A clear and focused core competency shapes the ways in which a public organisation provides distinct, or at least advantageous, value to its customers, clients, or citizens, whichever is most appropriate. Perhaps most importantly, a public organisation that applies this rich context of core competency to its main public policy mandate and inherently governmental activities is more likely to excel at delivering its main public policy mandate and inherently governmental activities.

There are many challenges for both private corporations as well as public organisations in remaining focused on a clearly defined core competency. For example, both are vulnerable to mission drift (Greer and Horst, 2014), losing focus of their main purpose.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Public organisations face particular challenges in remaining focused on a core competency, that differentiate them from private corporations. For one thing, most public organisations do not have markets, at least not in the same economic sense as private corporations. Defining and remaining focused on a core competency for public organisations is also problematic for several pragmatic reasons. Elected officials and the legislative, regulatory, and judicial processes do not always, perhaps seldom, provide clear inputs regarding public policy mandates. Elected officials and the legislative, regulatory, and judicial processes certainly do not always provide distinct inputs for clear public policy mandates. Often, multiple public organisations are charged with the responsibility of providing the same or similar services, and there are often areas of overlap between the inputs of public policy mandates of multiple public organisations. Another challenge to a public organisation clearly defining its core competency as directly related to its public policy mandate, is the common reality of unfunded mandates. Often, public organisations are charged with providing a service and are not provided the funds with which to resource the mandated service. Therefore, unclear, non-distinct, and unfunded inputs from elected officials and the legislative, regulatory, and judicial processes regarding a public organisation's public policy mandate complicate a public organisation's core competency.

The value in considering a public organisation's core competency is one of focus. A public organisation's core competency is its primary strategic focus. Importantly, it does not necessarily have to provide all elements of the core competency in-house.

What inherently governmental activities are from an organisational perspective has been considered. From an organisational perspective, inherently governmental activities are the

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

services or products that a public organisation provides that are based in its main public policy mandate and this constitutes a public organisation's core competency.

Public Organisations Ensure Inherently Governmental Activities Delivered

How inherently governmental services may be provided is now considered, addressing the former OMB A-76 requirement that they be performed in-house by governmental employees. In response to calls for greater efficiency, the NPM solution was to privatise. After all, the rhetoric was that the private sector, with its economic and market incentives, was more efficient. However, we now know that contracting governmental services requires significant organisational capacity to oversee and manage contracts (Brown and Potoski, 2006). We also now know that privatising produces some unintended consequences such as government growth and the reduction of public servant discretion (Anderson 2015).

In our current governing environment, public organisations are looking to other organisations to help them fulfil their public policy mandates. It is valuable to consider the effect inter-organisational relationships may have on the concept of inherently governmental as the services or products that a public organisation provides that are based in its main public policy mandate, and aligned with its core competency.

Unlike NPM's interpretation of inherently governmental activities, which were services a public organisation provided in-house with governmental employees, an organisational view of inherently governmental activities are the services or products that a public organisation provides that are based in its main public policy mandate and this constitutes a public organisation's core competency. Therefore, the public organisation must ensure these public

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

policy mandated activities are provided. The public organisation does not necessarily have to provide them directly. There will, of course, remain some inherently governmental activities that public organisations provide fully in-house with governmental employees. It is the *necessity* of the requirement that inherently governmental activities be provided in-house with governmental employees that is removed in an organisational view of inherently governmental activities.

From this perspective, public organisations now have the choice to decide who will provide the inherently governmental activity. However, this is not throwing caution to the wind. Very importantly, public organisations retain the full responsibility to ensure inherently governmental activities are provided.

Considering inherently governmental activities as those activities that public organisations must ensure are provided has real potential impact. The NPM consideration of inherently governmental activities only in the context of contracting governmental services sets up a polarization of two choices. Inherently governmental activities were those activities that a public organisation must perform in-house using governmental employees and everything else could be privatised.

A definition of inherently governmental activities as those activities that public organisations must ensure are provided moves the conversation away from these two polarized choices. It does not make it *necessary* that inherently governmental activities must be performed in-house using governmental employees, and it adds to the choices of alternative delivery options, the many possible inter-organisational relationships, such as coalition building, partnerships, collaborations, social entrepreneurships, and incremental change and reassessment. This requires significant organisational capacity.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

In Accordance with Public Values

An additional layer of complexity for public organisations is that public organisations operate with expectations for ways in which they provide a service that is distinct from the private sector. For example, public organisations are expected to act in a transparent way and provide due process to citizens who believe they have been unfairly treated. While these are values that many private corporations share, they are not required of private corporations in the same way that they are mandated by law and societal norms for public organisations. This complicates our view of inherently governmental activities as those activities that public organisations must ensure are delivered.

The idea of state action guided contractors in the era of NPM. State action broadly means that when an actor acts on behalf of the state, such as when an employee of a private firm that is contracted to provide governmental services, the actor is held accountable to the same standards as public employees and treated in the same way as public employees in regard to the law, whether or not the actor is employed by the state or a private firm (Gilmour and Jensen, 1998). The idea of state action is rather simple in definition and unwieldy in implementation.

An organisational perspective of inherently governmental activities also must consider this environment. The concept of state action is essential in contracts, and perhaps other inter-organisational relationships, but it is insufficient to an organisational view which may consider alternative methods and relationships through which to ensure a public organisation's main public policy mandate is fulfilled.

Public organisations must ensure inherently governmental activities are provided according to public values, such as transparency, accountability, and the right to due process (Jørgensen and

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Rutgers, 2015). This requires significant organisational capacity to provide such broad oversight.

Adds Public Value

Public value involves providing goods and services that reflect citizen desires and aspirations as they are expressed through government (Moore, 1995). In other words, government represents, reflects, and embodies the will of the people; what people collectively need and want now, as well as what people collectively aspire to for their future. Government designs public organisations to address these collective needs and aspirations and public organisations provide public value.

One way to provide public value is by focusing on collective social conditions, such as the redistribution of wealth through social welfare. Another way to offer public value is by providing public goods and services. Yet another way in which public organisations provide greater public value is through a close alignment between government and the will of the people, and the design of public organisations to address the public will (Moore, 1995).

Public organisations also provide greater public value by being led well. Effective leadership is essential for public organisations to provide public value. Therefore, robust public leadership equips public organisations to provide greater public value. Public value is not a static concept; it is dynamic and fluid. Public organisations provide greater and less public value. Public organisations must ensure inherently governmental activities add public value. This requires significant organisational capacity.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

Public Organisations Are Responsible for the Outcome of Inherently Governmental Activities

Much of NPM rhetoric neglected not only the capacity of public organisations to effectively manage and provide oversight to the process of contracting governmental services to private providers (Kim and Brown, 2012), it also did not pay sufficient attention to where the responsibility lay for the outcome and quality of the inherently governmental activity. There were idealistic assumptions that the market and competition would produce quality outcomes. We now know this is not necessarily the case (Bishop and Wanna, 2004).

Public organisations are not only responsible that inherently governmental activities are provided according to public values and ultimately add public value, they are also responsible for the overall outcome and quality of the inherently governmental activity. This requires significant organisational capacity.

How inherently governmental may be provided has now been explored. Public organisations must ensure inherently governmental activities are delivered; they must ensure inherently governmental activities are delivered in accordance with public values and add public value.; and they are responsible for the outcome of the inherently governmental activity.

Inherently Governmental Activities: An Organisational Perspective

In order to consider inherently governmental activities from an organisational perspective, what inherently governmental activities are, is de-coupled from how they must be provided, the former OMB A-76 requirement that inherently governmental activities be performed in-

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

house by governmental employees. A complete organisational perspective of inherently governmental activities considers both what inherently governmental activities are and how they must be provided.

From an organisational perspective then, inherently governmental activities are the services or products that a public organisation provides that are based in its main public policy mandate and this constitutes a public organisation's core competency. Public organisations must ensure inherently governmental activities are delivered; they also must ensure inherently governmental activities are delivered in accordance with public values and add public value; and they are responsible for the outcome of the inherently governmental activity.

Public Organisational Core Capacity

An organisational perspective of inherently governmental activities considers many dimensions of a public organisation's approach to inherently governmental activities and significantly expands the organisational factors necessary to consider for a full, rich, and useful view of inherently governmental activities. It is useful to think of this constellation of organisational factors that are necessary to consider when dealing with inherently governmental activities as a concept in its own right. The components of an organisational perspective of inherently governmental activities are interrelated and it is useful to think of them as comprising a concept that has its own internal integrity. In other words, the sum of the part of this multi-dimensional view of inherently governmental activities is greater than its individual parts.

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

This multi-dimensional view of inherently governmental activities illuminates the organisational *capacity* needed to address inherently governmental activities. Significant organisational capacity is needed for *each* of the dimensions of an organisational perspective of inherently governmental activities. It takes remarkable organisational capacity to formulate a main public policy mandate; to determine and focus on a core competency; to provide the oversight necessary to ensure inherently governmental activities are delivered; to ensure inherently governmental activities are delivered in accordance with public values; to add public value when addressing inherently governmental activities; and to monitor and ensure the quality of the outcomes of inherently governmental activities. Significant organisational capacity is also needed to ensure *all* the dimensions of an organisational perspective of inherently governmental activities are simultaneously led and managed well.

Leading and managing this multifaceted capacity is, and perhaps more importantly, *should be*, the main focus of public organisations. The phrase ‘should be’ is used purposefully here.

Similar to the way in which core competency is a public organisation’s primary strategic focus, a public organisation’s *core capacity* is its primary focus for capacity building and maintenance and this requires significant resources of talent and time. From an organisational perspective then, a public organisation’s core capacity is the ability to ensure inherently governmental activities (which are the services or products that a public organisation provides that are based in its main public policy mandate and constitute a public organisation’s core competency) are delivered in accordance with public values and add public value and includes responsibility for the overall quality and outcome of the inherently governmental activity. A public organisation’s core capacity is the core focus of public organisations and of public administrators.

The Normative Test

Perhaps the most important question related to considering inherently governmental activities from an organisational perspective is a normative one. It is important to consider whether an organisational perspective of inherently governmental activities makes good intuitive and ethical sense. In other words, does it pass the normative *should* test. Should inherently governmental activities be those activities that are based in a public organisation's main public policy mandate and aligned with its core competency? Should inherently governmental activities be those activities that the public organisation must ensure are delivered? Should public organisations be held accountable to being sure inherently governmental activities are delivered in accordance with public values and democratic governmental standards and that they add public value? Should public organisations be held responsible for the outcome and quality of inherently governmental activities, no matter who delivers them and in what organisational configuration? Is this *right*? Is this *ethical*? Is this what we collectively want and expect as a polity? It is the normative question of whether this consideration of inherently governmental activity from an organisational perspective is a right and good definition.

Normatively, inherently governmental activities should be those activities that are found in a public organisation's main public policy mandate; that are aligned with a public organisation's core competency; that a public organisation government must ensure are delivered; that should be delivered according to public values and democratic standards, such as transparency, accountability, and due process; that add public value; and for which a public organisation is accountable for the outcome and quality.

Conclusion

Because of its regulatory history, there is no positive definition of inherently governmental activity. As our realities and models of governance become more complex, incorporating networks of multi-sectorial stakeholders in networks of diffuse power, we are looking for more flexible models of delivering governmental services through a wide variety of international and inter-organisational relationships. Before we can consider what type of inter-organisational relationships may be appropriate to consider when inherently governmental activities are involved, we must first wrestle with what exactly inherently governmental activities are.

A robust positive and normative definition of what inherently governmental activities are and how they may be provided leads to a multi-dimensional view of inherently governmental activities that has an emphasis on organisational capacity. In an era of NPG, there are advantages to considering a public organisation's core capacity. For public administrators, it opens the possibility of considering alternative delivery options, the many possible inter-organisational relationships, such as coalition building, partnerships, collaborations, social entrepreneurships, and incremental change and reassessment. For scholars, it rescues a useful concept from dated regulation and aligns it with organisational studies and NPG, inviting continued conceptualization with a robust body of theory. It also invites cross-national explorations of the idea of inherently governmental as it is no longer so closely aligned to U.S. federal regulatory documents. For both public administrators and scholars, an organisational perspective of inherently governmental activity aligns an important idea with our current realities of and models of governance have become more complex, including

Public Organisational Core Capacity: An International and Organisational Perspective of Inherently Governmental Activity

collaborative networks of multi-sectorial stakeholders participating in cooperatives of decentralized and diffused power and authority.

Considering a public organisation's core capacity poses the question of what types of interorganisational relationships are appropriate when inherently governmental activities are at stake. This is an area for continuing conceptualization. An organisational perspective of inherently governmental also aligns this important idea with the robust body of theory and research associated with organisational studies, which invites and facilitates just this sort of further rich conceptualization.

An organisational perspective of inherently governmental also aligns this important idea with cross-national and global perspectives. As many fields embrace cross-national and global perspectives, at least in rhetoric, there is a dynamic tension in public administration between a more local focus and cross-national and global perspectives. Much of the administration of the public sphere is specifically defined by a context, local, state, national, regional, etc. However, much public administration is also issue focused, such as the environment, and there is growing awareness and appreciation from scholars, public administrators, and the public that many of our most pressing concerns are, in fact, cross-national and global in scope. Disentangling inherently governmental activities from its historical roots is U.S. federal regulation creates the space for a more robust cross-national and global discourse about this important idea.

The time is right for this dialogue as more scholars from differing national contexts are entering the conversation about inherently governmental activities (Bruneau, 2013; Jing, 2010; Tiefer, 2013; 2011; Segev, 2011). There is significant scope to engage with this dialogue from a more robust cross-national and global perspective.

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