SOURCING OF PUBLIC SECTOR BUILDING SURVEYING AND ENGINEERING PROFESSIONAL SERVICES: A FRAMEWORK FOR PROGRESSION

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Declaration

This Thesis is presented as an original contribution based on Doctorate of Philosophy research at the University of Salford, Salford, United Kingdom and has not been previously submitted to meet requirements for an award at any higher education institution under my name or that of any other individuals. To the best of my knowledge and belief, the thesis contains no materials previously published or written by another person except where due reference is made.

……(Signed)

…….(Date)

Abbreviations

ALMO	Arms Length Management Organisation
AMP	Asset Management Plan
BIM	Building Information Management
BSEPS	Building Surveying and Engineering Professional Services
CbFM	Community Based Facilities Management
CCT	Compulsory Competitive Tendering
CPA	Comprehensive Performance Assessment
DCLG	Department for Communities and Local Government
DSO	Direct Services Organisation
FM	Facilities Management
H & S	Health and Safety
IT	Information Technology
NAO	National Audit Office
PCA	Principal Components Analysis
PCT	Personal Construct Theory
PFI	Private Finance Initiative
PPP	Public Private Partnerships
SLA	Service Level Agreement
TCT	Transaction Cost Theory
TUPE	Transfer of Undertakings (Protection of Employment) regulations 1981

Abstract

This research provides a significant and original contribution to knowledge, theory, the English local government, and other sectors. A robust examination of four outsourcing projects provides an important contribution to knowledge. The use of personal construct theory during the case study phase provides an original contribution to theory. The research and resulting framework provides beneficence to clients, suppliers, users, and researchers with a sourcing interest at both academic and practical levels.

The literature suggested that cost, quality, and speed are the key drivers of sourcing. However, all three were rarely attained together. The literature also identified the importance of understanding the nature of the client / vendor relationship at operational and strategic levels, and the contingent preparation of a turnback / exit strategy.

The research incorporated a mixed methods approach. The initial phase of the research employed a survey to contextualise the nature of sourcing within the local government sector. The survey was undertaken from an objectivist position.

The results from the first phase indicated that facilities management was amongst the most popular services outsourced. The main driving factors were cost saving, improvements to operational capacity, and access to skills and technology. The popular contract values were up to £5m, and greater than £20m with contract durations 3 – 5 years and 10 plus years.

The second phase of the research used a case study strategy that incorporated interview tactics from an interpretivist position. To observe the 'truth of their reality' personal construct theory incorporating repertory grids was used to elicit constructs from the participants, and ultimately inform the framework.

The main issues arising from the case studies included: lack of client / supplier trust, contractual restrictions, performance monitoring, over promising and under delivering. The framework was synthesised from the key issues identified within the research modes of enquiry.

CHAPTER 1: INTRODUCTION

1.1 Introduction

This chapter presents the research background followed by the aims and objectives of the research. The research background establishes a timeline of significant political and regulatory milestones that influenced sourcing mechanisms within the English local government sector. The chapter progresses to contextualise the structure of the English local government sector that encompasses local councils. The role of local council elected members is discussed and the influence that they have upon the council budget and also the formulation of policy that affects the built environment. The role of the building surveyor and building services engineer is explored by identifying the key professional attributes to implement a council's property-related policies. Subsequently, this chapter presents the problem statement, aim, objectives, and finally outlines the structure and content overview of the thesis. The content overview describes the process used to synthesise the data sources into the framework. The framework is unique in design, facilitating replication by other researchers and practical application by users from multiple industry sectors.

1.2 Research Background

The English local government sector finds itself under ever-increasing pressure to deliver services for less money (PSE, 2013, Butler, 2011). Previous governments introduced initiatives to involve the private sector in delivering public services. Those initiatives included Compulsory Competitive Tendering (CCT), Public Private Partnerships (PPP), and Private Finance Initiatives (PFI) (Butler, 2001). All are methods of using private sector skills, experience, and efficiencies to deliver public services and provide much needed financial investment (Bryce and Useem, 1998).

In 2010 the Conservative / Liberal Democrat coalition government introduced stringent austerity measures, and budget reductions within the public sector to contribute towards the stabilisation of the national budget deficit. Those austerity measures included substantial grant funding reductions that were implemented within local government prior to other areas of the public sector (Local Government Association, 2013). Within local government, the area of greatest cost is the wage bill of its employees (Flanders, 2012). Subsequently, many councils opted to take a wider approach and make staff across all areas redundant to realise the savings. Traditionally, the back office teams were the targets of efficiency savings. This wider approach to efficiency saving was necessary due to many of the back office functions being previously outsourced (Tizard, 2012).

The provision of outsourcing services to the public sector is an industry of considerable size within the United Kingdom. Typically, £82bn is spent each year on public sector outsourcing contracts (PSE, 2013). The same author cites a broad spectrum of services that have been outsourced including: planning and development, trading standards, social services, and an array of other services. That array of services includes BSEPS.
Tizard (2012) identified a change in the nature of the branding of the outsourcing initiative. That change is from outsourcing to partnerships. Partnerships can be defined as 'organisations that share common objectives' (Tizard, 2012). However the initiative is branded, the underlying formula is based on a contract that has changed little throughout the history of alternative forms of sourcing. The history of sourcing in the public sector is summarised below:

1979	Margaret Thatcher leading the Conservative Party wins the general election.
1980	The Local Government Planning and Land Act compel councils to use CCT for construction, maintenance, and highways work.
1982	Support services (catering, learning and support) within the NHS is instructed to use CCT.
1983	General election. Mrs Thatcher leading the conservatives wins a second term.
1987	General election. Mrs Thatcher wins a third term.
1988	The Local Government Act 1988 extends CCT to refuse collection, grounds maintenance (blue collar services), library services and arts centres (white collar).

1989	Sports centres and leisure management added to the basket of CCT defined services.
1992	General election. The conservatives win a fourth term led by John Major. Private Finance Initiative (PFI) is introduced to finance and operate schools, hospitals, prisons, magistrate's courts, and other public buildings.
1994	Transfer of undertakings (Protection of Employment) regulations 1981 (TUPE), guidance issued.
1996	Legal, construction and other white-collar services come under CCT legislation.
1997	General election. Labour wins and replaces CCT with best value. This still requires public services to examine outsourcing services, but includes other factors such as quality. PFI is expanded. Prime Minister Blair also states that he is against any public sector monopoly.
2000	Labour signs a concordat to enable NHS patients to be treated in independent hospitals.
2001	General election. Labour is re-elected under Tony Blair. The manifesto states that where the public sector services are failing, the private sector should be brought in to run those services where they can add value.
2002	Private health companies invited to bid to run fast track surgeries.
2003	Private contractors announce they are losing faith in the government's commitment to form partnerships with the private sector.
2010	Conservative led coalition implements austerity measures within the public sector.

Table 1-1: Adapted from Butler (2003)

The timeline shown in table 1-1 illustrates that all denominations of political party have embraced externalising public sector services to some degree. This is contrary to Lonsdale and Cox (2000) who suggest that reformation of the public service by privatisation and contracting out was solely attributable to the conservative party. This has been examined further in relation to the English local government sector in phase 1 of this research.

This research explored the potential sourcing options available to the building surveying and engineering professional services (BSEPS) operation of a typical English council. BSEPS includes surveying, mechanical engineering, electrical engineering, and help desk facility. In a survey of local councils across England undertaken as a part of this research (Taylor, 2012) outsourcing of BSEPS was a popular choice. An extrinsic report by an outsourcing services provider supports the survey findings (Interserve, 2012).

1.3 The Structure of Local Government in England

The structure of the English local government system is unclear, even to those preparing government publications (You-Gov, 2014). Prior to 1995 there were two models outside major urban areas providing services to communities:

- County councils. Providing services to a population of approximately 500,000 – 1.500,000.
- District councils. There were between 4 and 14 district councils within a county council area providing a service to approximately a population of 100,000.

The functions of each tier of council:

- County councils were responsible for education, transport, strategic planning, fire services, consumer protection (trading standards), refuse, smallholdings, and libraries.
- District councils were responsible for local planning (development control and building control), housing, local highways, environmental health, and refuse collection.

The complexity of the situation was compounded with some areas, including recreation and cultural service provision, being shared. McIvor et al. (2011) defined shared services as an arrangement between organisations to integrate common services to reduce costs. This approach would give economy of scale benefits.

The major urban areas that include London, Birmingham, Greater Manchester, Merseyside, South Yorkshire (Sheffield), West Yorkshire (Leeds), and Tyne and Wear (Newcastle) have been unitary authorities since 1986. These unitary authorities are called metropolitan borough councils outside London, and London Borough Councils within London. To maintain some order within the chaos, Police, Fire, and Public Transport are operated through joint boards. Each council can nominate members to sit on those boards.

To compound the confusion further, there are also parish councils who deliver the following services: allotments, public clocks, bus shelters, community centres, play areas and play equipment, and consultation on local planning applications.

This confusion was addressed during the 1990s by central government. Central government considered the arrangement as inefficient, and as demonstrated, confusing (You-Gov, 2014). Central government also considered county councils to be far too remote from the communities that they served. Some county councils were subsequently abolished, and their services transferred to the district councils.
Consultation processes with the communities led to a single tier approach being adopted in some areas. This approach was rejected in many more. Where single tier councils had been implemented, these were referred to as unitary authorities. In 2009, in an attempt to simplify the arrangements, the government expanded the number of unitary authorities across seven regions within England. The 2013 local government structure in England is shown in table 1-2.

County level	Metropolitan Areas (6)	County Councils (34)	Unitary councils (47)	Greater London	
District level	Metropolitan Councils (36)	District Councils (238)		London Boroughs (33)	City of London
Parish level		Civil Parishes			

Table 1-2: English local government structure (IDeA, 2008, p6)

This research examines issues relating to local government within England, excluding Scotland, Wales, and Ireland. Interestingly, external providers deliver many services within the public sector in Northern Ireland.

1.4 The Structure of an English Council

The National Audit Office (2013) reported that there are 353 local authorities in England. These local authorities or councils provide heterogeneous services many of which are directed by central government. The councils are also are required to deliver in the region of 1,355 statutory duties within their budget allocations. BSEPS is not within the basket of statutory services. The lead government department for funding the local councils is the Department for Communities and Local Government (DCLG).
Councils were required by an act of parliament to modernise their services. That Act was the Local Government Act 2000. As well as modernising local government, the Act streamlined political structures. On one hand, according to Friends of the Earth (2002) the Act was intended to replace the committee structure which it is argued was slow and cumbersome. On the other hand, it could be argued that the system was democratic and accountable. The Local Government Act 2000 required each council to adopt a model from four options. Those options are:

1. An elected mayor, with a cabinet of between 2 and 10 councillors.
2. The council elects a leader with a cabinet of between 2 and 10 councillors selected by the leader or the full council.
3. An elected mayor supported by a council manager appointed by the council.
4. For small district councils with a population of less than 85,000 a modified committee system could be employed.

Local authorities are more commonly known as councils, and have to establish a set of rules or procedures. These rules and procedures have to be auditable and transparent. The rules are referred to as the ‘constitution’. Councils are composed of democratically elected councillors or ‘members’.

All councils have something in common in the way that they operate. Democratically elected members lead them all. Voters elect the members. Within England, the voting system uses the 'plurality' model. This is otherwise known as the 'first past the post' method, which is a process that is very similar to central government elections (Office for National Statistics, 2014). The voters live in geographical areas known as wards. The wards often have more than one member, but this is dependent on the population of the ward. The ward members are accountable to the residents within their ward. Those residents are known as constituents. Council elections take place every 4 years. Some council's election cycles are different to other councils. There is usually an election somewhere in England every year, and this depends on the type of council.

The following examples were provided by the IDeA (2008):

- County councils are divided into divisions. They have one councillor representing each division. Elections are held every four years in all county councils for all the seats.
- Metropolitan councils are divided into wards. They are normally represented by three councillors. Elections for one of these seats are held every three out of four years. This is called electing 'by thirds'.
- District councils are divided into wards. They can also choose their election cycle. They can also elect by thirds, or decide to re-elect all councillors once every four years. Not all wards in districts may be big enough to justify having three councilors, and may have less.
- Parish councils. Larger parish, town, or community councils are divided into wards with one councillor representing each ward. In smaller councils there is just a single parish election. Elections are held every four years.
- London boroughs are divided into wards. Three councillors normally represent each ward. Elections are held once every four years.

Councillors often align themselves with the main political parties. Some choose to stand for election as independents, and not aligned to any political party. The political or independent group with the largest number of members after the election takes overall

control of the council. That group then elects a leader of the council. If no overall group has control the council is referred to as a 'hung' council or a 'council with no overall control'. In these situations, groups will negotiate with other groups to combine their seats to take control of the council and ensure its business is efficiently undertaken. Councils make decisions in accordance with the Local Government Act (2000) and appoint key roles as follows:

The Executive.

The Local Government Act 2000 requires that the executive or decision-making powers of the council are separate from its monitoring or scrutiny functions. The Local Government and Public Involvement in Health Act 2007 requires councils to adopt one of the following arrangements (IDeA, 2008): leader and cabinet executive, mayor and cabinet executive, or a directly elected executive. Councils with populations below 85,000 can operate a structure in which the council leader heads a committee.

The Cabinet.

The council's main decision-making body is called the cabinet. Councillors with responsibility for particular aspects of the council's priorities sit on the cabinet. The councillors occupying cabinet positions often carry crosscutting responsibilities for other portfolios. Those portfolios include, inter-alia, economic development, environment, or adult/children's services. Collectively, the portfolio holders recommend a budget each year and the budget needs approval from full council. Once the budget has been approved, the cabinet makes the decisions necessary to deliver council services. Those decisions will be constrained to the budget set and the policies in effect. The cabinet is generally made up of the party in overall control of the council.

Overview and scrutiny.

The overview and scrutiny committee inspects the decisions taken by the cabinet closely and thoroughly. Those members who do not have cabinet roles occupy the positions on the overview and scrutiny committee. The overview and scrutiny committee can also develop policy and investigate other areas of local service delivery such as Police, Fire

and Rescue, and Public Health.

The overview and scrutiny committee have three main functions as cited by (IDeA, 2008):

(i) To hold the Cabinet to account by:

- Examining their proposals and decisions.
- Evaluating policies, performance, and progress.
- Ensuring that consultation, where necessary, has been carried out highlighting areas for improvement.

ii) To ensure the needs of the communities are met through the provision of high quality services by:

- Reviewing services.
- Developing policies to make services better.
- Ensuring that people are consulted when changes are proposed.
- Ensuring that services represent value for money.

(iii) To consult the public on the services it wants by:

- Making sure the council knows what communities really care about.
- Making sure they know about the scrutiny process and how to get involved.

County, unitary, and metropolitan borough councils are large organisations. These organisations play a leading role in the local economy (Local Government Association, 2012). A large proportion of a council's work and priorities are determined by central government. More recently those priorities have been expanded to include public health, community safety, and crime reduction. All of which places additional pressure on a council's budget (PSE, 2013).

1.4.1 Budgets

Councils generate income through a variety of mechanisms. There are three main sources of income: grants from central government, business tax, and council tax. Council tax accounts for approximately 25% of a councils income (You-Gov, 2014). Each of those income sources is discussed in more detail below:

- Grants from central government account for over 60% of the local government budget for 2013/14 (Wilcox, 2013). This equated to £103 billion in 2010/11 (National Audit Office, 2013). The grant from central government is based on the unpopular Barnett formula (Wilkinson, 2015).
- Council and business taxes accounted for £44 billion of income to councils in 2010/11 (National Audit Office, 2013). Changes to the council tax rules came into effect in April 2013. These changes partly localised the taxation receipts, and that approach enabled councils to promote their own local economic development. This allowed councils to benefit from any local economic growth.

The National Audit Office (NAO) has documented its concerns that the year on year reductions in grant funding, and the possibility that a council may not successfully exploit its economic development opportunities may lead to financial failure (National Audit Office, 2013). This potential financial failure may be more likely considering the NAO's concerns. These concerns take cognisance of the efficiency savings that councils have already made, and the fact that there were few other areas to make further savings. This is against the backdrop of at least 95% of councils either sharing or outsourcing services (Local Government Association, 2014). It can be argued that this makes the elected members roles more difficult, and unpopular decisions may be made that affect the electorate. Some recent decisions have been widely documented within the media, and include: the closing or transfer of libraries to the voluntary sector, the closing or transfer of leisure facilities to community groups, and the disposal of smallholdings and farms. This can place the members at odds with the wishes of the electorate.

1.4.2 Elected Members

Elected members are more commonly referred to as councillors, and are responsible for representing the views and opinions of those constituents who voted for them. The councillors sit on various committees and make decisions on the running of the council, the finances, and decisions that affect their and other member constituents. Those decisions may include changes to waste collections, planning issues, and the amount of council tax the community will pay.

The councillors, due to the importance of public office, have to agree to follow a code of conduct (Royal Borough of Greenwich, 2014). Councils have a standards committee that assists with training and disciplinary matters. Councillors face many tasks during their tenure. One such task includes providing property strategy and direction. The Audit Commission (1988) highlighted several property management principles for councillors to consider as a part of their strategic property management:

- The property should be held for a particular purpose.
- The property should be dynamically reviewed in cognisance of the overall property strategy.
- The users of the property must be aware of, and responsible for the running costs.
- Groups or individual properties should be managed on a cost centre basis with clear identification of running costs.

The councillors will translate the principles described above into policy. Operational teams will then implement those policies.

1.4.3 Operational Structures

The operational structure of a local authority varies from council to council. Generally however, councils are comprised of several directorates or departments which include the following (Local Government Group, 2010):

- Children's services.
- Highways and civil engineering.
- Adult services.
- Housing.
- Leisure and culture.
- Environment.
- Planning and development control.
- Infrastructure and facilities.
- Strategic property management.

It is not uncommon to find that the strategic property or the asset management (client) role is in a different directorate from the infrastructure and facilities (contractor) team. Infrastructure and facilities teams are likely to include the building surveying and engineering professional services. It can be argued that this client – contractor approach is a 'cultural leftover' from the Compulsory Competitive Tendering (CCT) era.

1.4.4 The Local Authority Built Environment

Effective asset management plays a pivotal role in facilitating local authorities to deliver their services within the community. Communities gain a sense of place from the council's buildings (Healey, 2008). Alexander and Brown (2006) developed the concept of community based facilities management (CbFM) that is underpinned with the 'place, work, and folk' concept. CbFM places FM and buildings at the heart of the community. Those buildings may be town halls, libraries, care homes, or leisure centres. The management of the assets should be an integral part of the council's visions and priorities. According to Healey (2008) the total value of local authority fixed assets in 2007 totalled some £239 billion. This made them the second largest financial resource after staff. However, according to The Audit Commission (2014) between 2004/5 and 2012/13 the value of the local authority fixed assets dropped from £244.5 billion to £168.8 billion. This is likely to be due to reducing grant settlements, and councils disposing of assets to raise money to fill income gaps. The reduction is also attributable

to central government policies that required councils to transfer some assets out of their control. Those assets included schools and housing stock. The 2012/13 value of £168.8 billion accounted for 95% of operational buildings. Figure 1-1 illustrates the range and number of local authority properties.

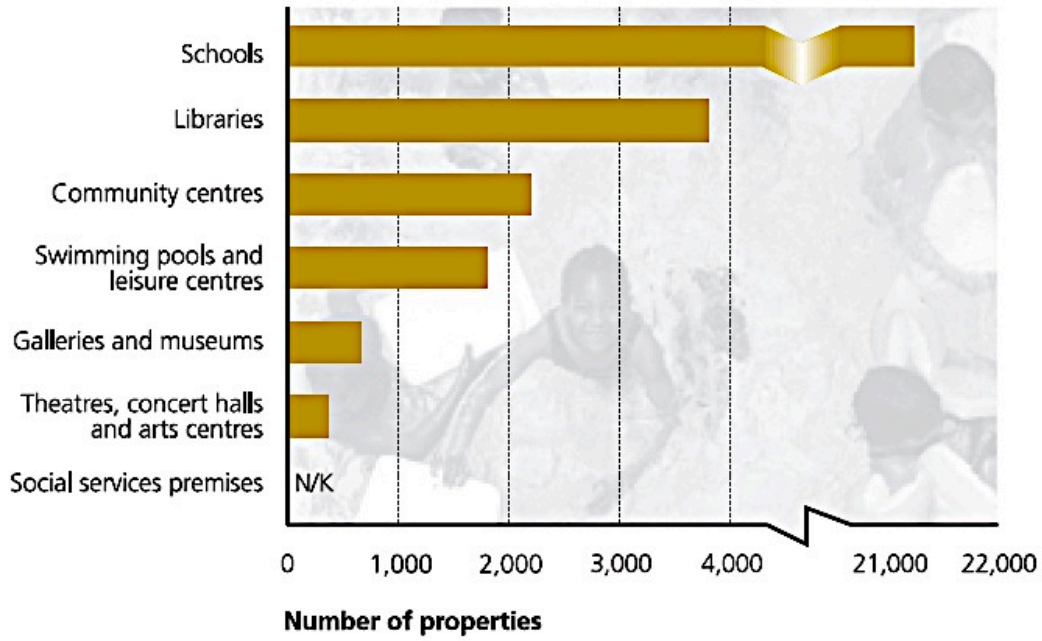


Figure 1-1: Local authority frontline properties (The Audit Commission, 2000, p6)

Operational buildings are those assets that the councils use to deliver their services. For example, schools, libraries, housing, and administration buildings. Non-operational assets are for purposes other than delivering services (The Audit Commission, 2014). Non-operational assets include investment properties such as shops, theatres, and airports. Regardless of operational or non-operational status of the asset, all are classed as local government estate and incur high costs. Those costs relate to operation and maintenance.

In 2012 premises related expenditure (operation and maintenance) was estimated to be in the region of £5.6 billion (The Audit Commission, 2014). These costs were partly attributed to the ageing building stock, and buildings reaching the end of their intended

purpose. Buildings reaching the end of their intended purpose may have been a result of falling staff numbers due to efficiency saving measures (Office for National Statistics, 2013). The aforementioned efficiency savings also impact upon the condition of buildings. Decreasing repair and maintenance budgets impact on planned maintenance programmes with many councils postponing important repair work (Peters, 2014). Postponing or cancelling important planned maintenance items such as roofing, heating, and windows can result in accelerated degradation in the condition of the building stock. This degradation in condition can also result in increased future maintenance costs, and increased workloads for the professional services teams.

1.4.5 Building Surveying and Engineering Professional Services

The previous sub-sections illustrated how the various governmental requirements for asset management are translated into policies by the councillors, and are subsequently built into work programmes by strategic planners. Each local authority will have its own key objectives and priorities in terms what issues are addressed within its building stock. However, the surveying and engineering teams will inform and implement those work programmes.

The key objectives relating to a local authorities building stock are according to East Sussex County Council (2008):

- Setting minimum requirements for the management of maintenance.
- Ensuring the building stock is adequately maintained.
- Ensuring that the buildings are safe and fit for purpose.
- Reducing the risk to the local authority.
- Ensuring that the local authority has the necessary building condition/performance information to determine future maintenance needs and priorities.
- Ensuring that statutory requirements are met.

Building maintenance includes statutory requirements for example: gas safety, electrical safety, control of legionella, and lifting devices etc. Thomas (2014) defines 'maintenance' as elucidated in BS 3811:1994:

> 'The combination of all technical and associated administrative actions intended to retain an item in, or restore it to, a state in which it can perform its required function'.

The standards for maintenance must be at least that required to meet the appropriate statutory requirements (Thomas, 2014). Within industry and in particular a local council, there are two discrete formats of maintenance that are 'planned' and 'reactive' in nature. The reactive and planned workflows are illustrated in figure 1-2.

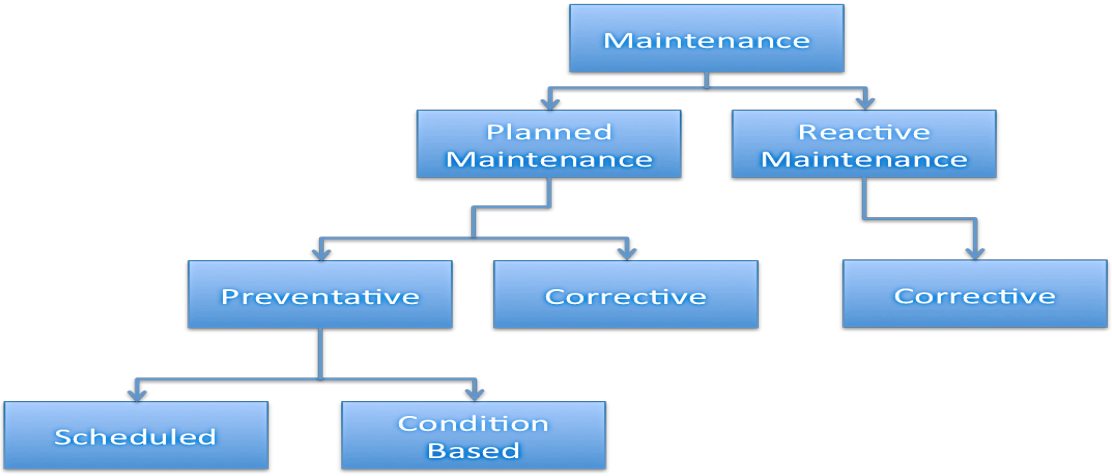


Figure 1-2: Maintenance workflows – adapted from Thomas (2014)

Reactive maintenance addresses the rectification of day-to-day building elements or services failures. Building elements include, inter alia, roofs, windows, doors, and their associated components such as rain water goods, glazed panels, door furniture etc. Services elements include power, lighting, heating, and ventilation etc. The associated components include the replacement of lamps, air movement fans, and boiler components such as burners and thermostats.

Planned maintenance has two approaches; both have a view of failure prevention. Corrective planned maintenance rectifies defects identified through a condition assessment survey. This type of survey informs the preparation of planned maintenance forward programmes. Corrective planned maintenance forward programmes can also be informed through persistent element or component failures. For example numerous repairs to a flat roof may be an indication that it has reached the end of its useful life. Scheduled planned maintenance is an approach that undertakes the servicing or replacement of components regardless of whether it has failed. This approach is appropriate for service critical components for example swimming pool chemical dosing systems, air conditioning condensers, and gas fired equipment. The BSEPS teams will oversee both the planned and reactive workflows. Those teams include building surveyors and building services engineers.

1.4.5.1 The Role of the Building Surveyor

According to the RICS (2008) todays building surveyor can be both specialist and generalist with attributes covering, inter alia:

- Building pathology. Using analytical and construction knowledge skills to determine and find solutions to building failures.
- Design. Using design aptitudes to problem solve and determine design solutions.
- Project management. The surveyor will use their people management skills to ensure construction projects are delivered in a timely and professional manner.
- Building surveys. With an eye for detail the surveyor will prepare condition surveys of existing buildings.
- Property management. Using a wider perspective the surveyor will prepare management plans for the client's estate.
- Contract administration. The surveyor will run construction projects taking cognisance of the legal and contractual provisions.

1.4.5.2 The Role of the Building Services Engineer

The role of todays building services engineer is varied and addresses the spectrum of building services related challenges (CIBSE, 2015). Those challenges include:

- Site visits to check the effectiveness of the engineer's designs.
- The inclusion of low carbon technologies in projects.
- Liaising with other designers and architects to influence designs.
- Persuading clients of the benefits by engaging the engineer's services.
- Use of 'state of the art' software packages to aid design and find solutions to challenging problems, which may include Building Information Management (BIM).

It can be argued that the in-house building surveying and engineering professional services (BSEPS) contribute to maintaining and improving the local authorities building stock. However, whether an external provider can provide that service and maintain the standard of the council's building stock is not clear. Conversely, it can be argued that by using a practical comprehensive framework, the service and property condition could be at least maintained if not improved by an external provider. The literature illustrates that there are very few practical frameworks that enable managers to test services for the suitability of outsourcing, or alternative sourcing options.

1.5 Research Problem Statement

In order to mitigate the effects of central government austerity measures that have resulted in a reduction in grant funding, many types of council are choosing to outsource services. Public sector managers choose outsourcing as a cost saving tool.
The array of activities outsourced covers a significant proportion of the English local government service provision and frequently includes BSEPS. However, the question of whether to outsource, and / which service to choose to outsource, prima facie, is without

consideration of all the facts. Outsourcing has, and continues to be, undertaken on cost saving benefits alone, with no apparent consideration of the effects on the built environment. This is subsequently borne out by the literature review and contextualisation survey.

The perceived approach by public sector managers illustrates a clear gap in knowledge, and provides a sound justification for this research to complement the existing body of knowledge.

Should the current situation continue uninformed, BSEPS could be alternatively sourced without the realisation of all the expected benefits. The primary benefit most often sought is cost savings. Outsourcing can offer other claimed benefits such as: repair quality improvements, access to expertise, access to investment, and improved market position. However, managers also have at their disposal a number of other sourcing solutions such as:

- Co sourcing. Combining other council's resources.
- In sourcing. Utilising the in house resource, but applying performance-monitoring methods.
- External managed company. The council would retain the major shareholding and control of the company, and this would allow greater freedom to trade.
- ALMO (Arms Length Management Organisation)

A tool to assist managers who may be considering the exploration of various sourcing options would therefore be of benefit to the English local government community. There are currently very few practical tools, such as frameworks, to inform the sourcing selection process.

1.6 Aim and Objectives

Aim:

The aim of the research is to contextualise sourcing within the English local government sector in order to inform the synthesis of a framework to test the suitability of building surveying and engineering professional services for an appropriate sourcing decision.

Objectives:

A. To frame the current context of public sector sourcing.
   A survey strategy was used to determine council's attitude to delivering alternatively sourced services, and to identify the underlying drivers.
B. To ascertain any effects of sourcing, both organisationally and upon the building surveying and engineering professional services (BSEPS) repair and maintenance regime.
C. To interpret the nature of sourcing within the local authority sector. The nature includes the collective arrangements that support sourcing a service or services. These include contract length, contract value, and the numbers of employees transferred.
D. To formulate and validate a practical framework to assist with the determination of an appropriate sourcing decision.

1.7 Research Methodology

The two-phase approach to the research employs a mixed methodology. Mixed methodologies can enhance the research by the weakness of each method being supported by the strength of the other (Amaratunga et al., 2002). The initial phase of the research utilised a survey instrument which separated the entities from the (social) actors, and hence from a position of objectivism. The second phase used a case study approach that sought to separate the natural sciences from the (social) actors; this is from an interpretivist position. However, the data from the case study phase was subsequently

analysed quantitatively, and this repositioned the methodology into the positivist domain before further qualitative analysis in the interpretivist position. This approach helped to make the 'tacit explicit' (Jankowicz, 2001).

1.8 Scope of the Research

The scope of the research was limited to the English public sector, and specifically the local government sector. However, the research benefits the wider public and private sector communities by providing an insight into the issues that arose. The initial phase of the research contextualises the sourcing position across all aspects of local government service delivery. The second phase examines only the BSEPS position.

1.9 Ethical Approval

In accordance with the University's code of ethics, a formal application was made for approval to progress the research. It is essential to obtain such approvals prior to progressing the research where any contact with humans is involved. Ethical approval may also be required where research does not involve direct contact with humans.
The University of Salford's ethical standards includes cognisance of the following:

- Informed consent. An introductory letter outlining the nature of the research was sent to each survey participant with the instrument. A similar letter was sent to participants introducing the case study interview phase. These introductory letters assured anonymity.
- Benefit not harm. The research will provide a wider benefit to the local government community, and care will be exercised to ensure that the community is not harmed by the research. Harm can be defined in this case as damage to reputation.

- Act justly to participants. All participants' contributions will be treated with respect regardless of their views. Participants will not be coerced into contributing to the data collection against their will.

For this research a two-phase approach to data collection was formulated. The first phase utilised a survey instrument to contextualise sourcing within the English local government sector. The survey instrument identified participants for the second phase. The second phase employed a case study strategy with interview tactics (Yin, 2009). The interviews were conducted using personal construct theory (PCT), and recorded on repertory grids.

Ethical approval was sought from the University's Research Ethics Panel on the basis of the two-phase approach. The application described how participants' anonymity would be maintained, and how data would be protected. The application set out the information that would be provided to applicants including their right to withdraw without question at any time.
The application was subsequently approved and included in appendix B.

1.10 Structure of the Thesis

The thesis is compiled of six chapters. The chapters are arranged in a way that will enable the reader to be able to follow the research coherently. Each chapter has an introduction and concludes with a summary of the main argument and the link to the chapter that follows. The introductions, summaries, and links are arranged to provide a coherent overview of the research. The structure of the thesis is as follows:

Chapter 1: Introduction

The background of the research is discussed in this chapter. The chapter provides the reader with an introduction to the subject, the research problem, and the research aims and objectives to be achieved from this body of research. The introduction provides a

brief overview of the key historical moments in the development of public sector sourcing. This overview assists the reader to contextualise public sector sourcing development. The chapter progresses to explore the structure of local government in England, and how policy affecting the built environment is formulated.

Chapter 2: Literature Review

This chapter presents the literature relevant to this subject. The literature explores work from varying timelines as well as seminal works related to the subject. The literature reviewed is not restricted to the public sector, but examines private sector initiatives and experiences. The chapter addresses, inter alia: CCT, best value, outsourcing and relationships, models, identification of core activities, drivers, and a discussion relating to the identification of the true cost of outsourcing to inform any decision made. Data from the literature review was used to inform the framework. The chapter concludes with a review of the aim and objectives.

Chapter 3: Research Methodology

This chapter presents the justification for the choice of the methodology employed. The chapter progresses to discuss the mixed methodology approach along with the research philosophical position, and the tensions that may influence research from utilising a mixed methods approach. The research is generally undertaken from an interpretivist philosophical position. The research progressed with a contextualisation survey collecting categorised data, and identifying participants for the case study phase. The case studies were conducted with 4 local councils from across England. A case consisted of 3 interviews. The interviews being with: the client, a service user, and the supplier. The chapter discusses the justification to use PCT as the data collection tool.

Chapter 4: Data Analysis and interpretation

The data obtained from survey and case study interviews is presented in this chapter. The chapter initially discusses the association of repertory grids with PCT. The data collected during the interviews was recorded using repertory grids and interpreted with the assistance of Rep 5 analytical software. The outputs are presented in four formats: construct statistics, principal component analysis, cluster diagrams, and interview narratives. The data is presented for each actor within a case, and for the four cases researched. The chapter examines any relationships observed by using cross case comparisons and analysis.

Chapter 5: Discussion and Findings

This chapter brings forward the key issues arising from the main data sources researched: the literature review, contextualisation survey, and case studies. The cross-case comparisons highlight any relevant similarities between the actors and their organisations. The chapter continues with the compilation of the aforementioned data and alignment with the framework elements to provide a framework to test the sourcing suitability of an English public sector BSEPS. The individual framework elements are discussed to assist the practical application of the framework. The chapter concludes with the framework validation process and results.

Chapter 6: Conclusion and Recommendations

Chapter 6 is the final chapter and presents the conclusions from the main data sources: the literature review, contextualisation survey, and case studies. The chapter progresses to discuss the achievement of the aim and objectives. This is followed by sections providing a general conclusion, recommendations, and areas identified for further research. The chapter provides an insight into the original contribution that this research provides to knowledge, theory, and the English local government sector. The chapter and

thesis concludes with a statement outlining the limitations of the research and a final reflection on this work.

1.11 Summary and Link

This chapter establishes the research background and the aim and objectives to be achieved. The central argument to the research concerns the perceived lack of consideration of hidden costs and other associated elements that inform the sourcing decision. Those elements include the general suitability of a service to outsource, understanding core and none core services, rigid contracts, failing to consult with employees, failing to identify hidden costs, no exit strategy, and failing to manage the project effectively. All of which are discussed in detail in following chapters. This chapter has established a chronological outline of the evolution of sourcing within the English public sector, and the diverse political influences brought to bear. The structure of local government, local councils, and how surveying and engineering professionals implement policy affecting the built environment is elucidated. The introduction has set out the key elements of the research problem and the methodology to be employed to achieve the aim and objectives. The following chapter will review the literature influencing the sourcing decision-making process.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature from the pivotal research areas identified from the aim and objectives. This chapter defines facilities management (FM), examines the legal grounds to facilitate alternative forms of sourcing within the English local government sector, and briefly examines the background to sourcing. The chapter advances to cover the intrinsic elements of sourcing such as the drivers, cost savings, sourcing options, alternatives, and the emerging relationships. It can be argued that consideration of the aforementioned issues and elements can support an informed decision when considering alternative sourcing solutions.

2.2 Facilities Management Defined

According to the International Facilities Management Association (2015), FM can be defined as ‘a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process, and technology’.

Amaratunga et al. (2000) cite Becker (1990) who suggests that: ‘FM is responsible for coordinating all efforts related to planning, designing, and managing buildings and their systems, equipment and furniture to enhance the organisation's ability to compete successfully in a rapidly changing world’.

Within Europe and the United Kingdom the international standard BS EN 15221 and its suite of associated documents provides a framework for FM. Maulidi and Danny (2015) suggest that the UK FM sector has reached a high level of industry maturity. Maturity is defined as the industry being known to all its stakeholders and becoming institutionalised. Organisations therefore must strive to maintain or improve

competitiveness to at least maintain the status quo, and BS EN 15221 provides the theme with a robust platform.

Mitchell (2010) identified four commonly occurring FM themes:

- The focus of FM is the workplace.
- FM applies to most organisations who occupy a workspace.
- FM supports organisations in augmenting their performance.
- FM requires an integrated approach.

Becker (1990) in his definition makes the important connection between FM and the competitiveness of the organisation occupying the built environment. It can be argued therefore, that if BSEPS are outsourced, the success or failure of that contract can have a direct effect on the market position of the client. Mitchell (2010) supports that view when identifying that FM improves organisational performance.

Barrett (2000) also identified a link between FM and the delivery of an organisation's core business hence, supporting Becker's view that the delivery of FM can impact directly on organisatonal performance. Barrett (2000) also acknowledges the importance of FM managers being aware of their organisation's strategic objectives. Tucker et al. (2014) cite that the FM strategy should complement the organisational objectives. Therefore, allowing the delivery of its core business mission. Part of that strategic objectivity is a move from a reactive approach to FM to one that engages with its organisation to adjust to future challenges, and interacts with core business elements. This is achieved by BSEPS scanning the external environment for innovations to enhance the core strategies of the business (Barrett, 2000). This is illustrated in figure 2-3.

This illustrates the importance of the sharing of strategic objectives with suppliers where services are outsourced, and that FM 'centres around resource management at both strategic and operational levels of support' (Mitchell, 2010). In the generic model illustrated in figure 2-3, link 6 balances the long and short-term objectives by elucidating

the secondary business objectives addressed by FM. Link 4 provides the communication channel for those objectives, and is augmented by link 2. General FM innovations are imported by links 1, 3, and 5. Failure to engage any alternative-sourcing supplier with the client's strategic objectives can at the other end of the continuum result in inefficient building defect repair processes. Inefficient defect rectification can influence the client organisation's business success (Salonen and Deleryd, 2011).

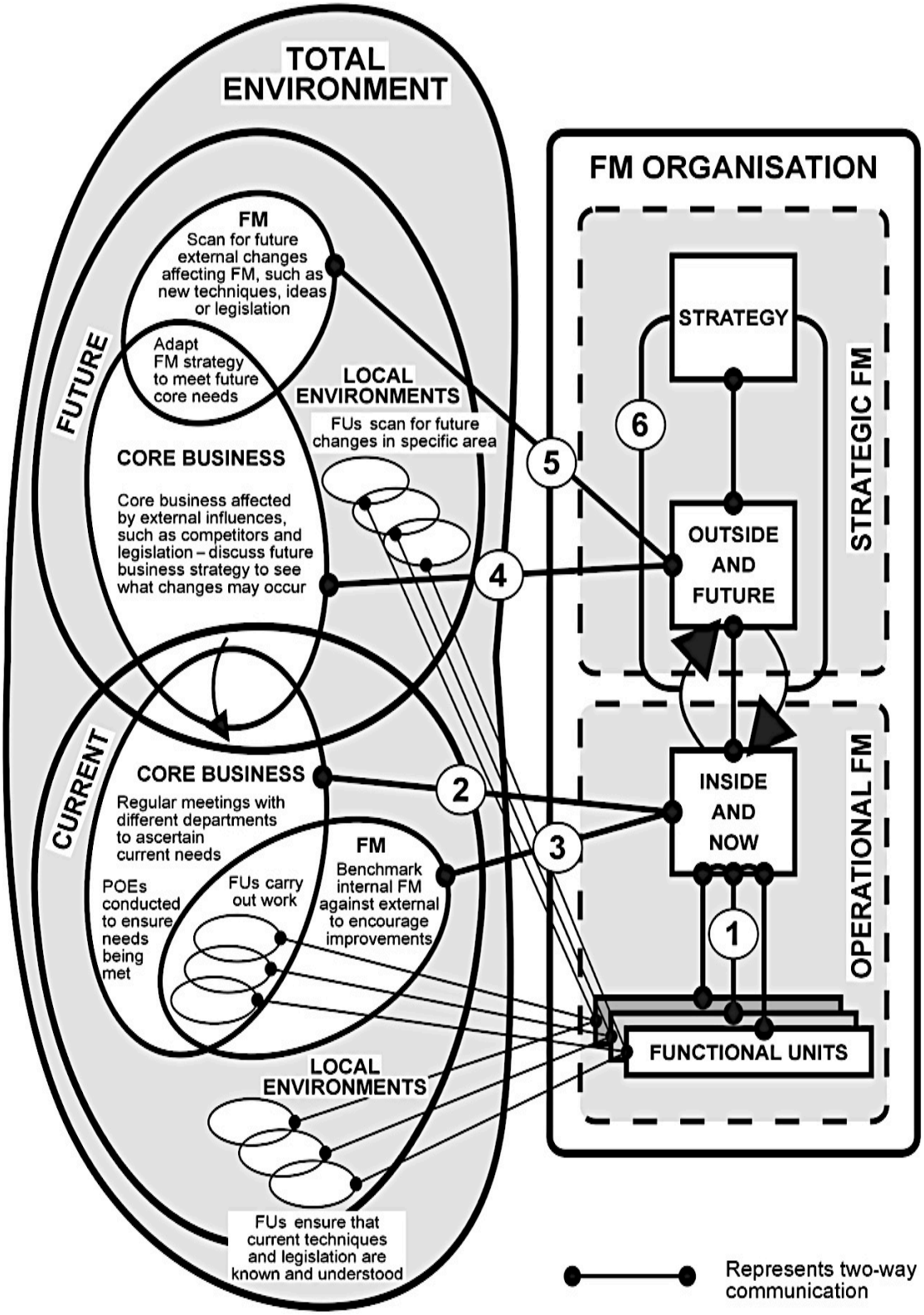


Figure 2-3: Generic FM Model (Barrett, 2000, p423)

2.3 The Legal Grounds for Public Sector Sourcing

Local authorities have been empowered to use alternative sourcing provisions of services under section 135 of the Local Government Act 1972. This was modified by the introduction of compulsory competitive tendering (Local Government Act 1988) and subsequently the Local Government Act 1999 (Sandford, 2014). Today, as long as value for money is obtained and quality is maintained, authorities may decide to outsource as many services as they deem to be appropriate. Sourcing can be undertaken in isolation or in partnership with another local authority (Plimmer, 2015).

By the same token, local authorities may choose to 'turnback' or bring back in-house (insource) functions that have been contracted out. This is usually in the event that the contractor's performance has not been acceptable, or as a strategic decision to restructure service provision.

2.4 Compulsory Competitive Tendering

The public choice theory suggested that town hall bureaucrat's selfish motives and desire to monopolise power resulted in a massive inefficiency within local government (Boyne, 1998). It was thought that the way to reduce those monopolies, though this could not change the motives of senior managers, was to introduce competition. It should be noted that the same author did recognise that competition and potential privatisation could, in itself, introduce a new level of bureaucracy.

Privatisation and contracting out were often confused by many commentators (Domberger and Jensen, 1997). Privatisation refers to the transfer of ownership of assets that have a physical presence such as buildings, vehicles, and other equipment. The same authors argue that those privatised organisations do not necessarily have to be exposed to competition. How much competition if any they would have faced would have been largely dependent on government policy (Vickers and Yarrow, 1988).

Conversely, contracting out exposed to competition those operations or economic activities such as blue, and later white collar functions but not tangible assets. The competition often resembled an auction with an *ex-ante* or 'for the market' approach as opposed to competition within it (Domberger and Jensen, 1997).

Competition within local government has been an essential part of proving the delivery of effective and cost-efficient services. In 1979 the Conservative party under Margaret Thatcher took power. One year later Compulsory Competitive Tendering (CCT) was introduced in construction, maintenance, and highways work by the Local Government Planning and Land Act (1980). Over the coming years, the scope of services included within the CCT basket was expanded to include white collar or 'professional' services. Ridley (1988) as environment secretary for the Conservative government published a pamphlet entitled 'The Local Right' and argued that councils should shift to an enabling role as CCT had driven down costs and introduced an innovative culture. The development of CCT to incorporate professional services heralded that transition towards the enabling function (Putt, 1994).

Enabling authorities would become largely residual organisations, coordinating, and monitoring contracts (Walsh and O'Flynn, 2000). Within the enabling organisation three distinct roles were established: client side manager, an in-house or external contractor, and corporate manager. The in-house contractor was known as the Direct Services Organisation (DSO). An area of concern was that if the contractor was in-house then potentially they are a part of the same organisation (Fenwick and Shaw, 1994). There then exists the potential for a more sympathetic approach to contractual enforcement. This is opposed to the contractor being external to the employing organisation. Domberger and Jenson (1997) support this view. However, it can be argued that the amount of scrutiny, inter alia, of such public contracts gives little opportunity for anything but a robust contractual evaluation and implementation. Tucker et al. (2014) reflected that an efficient DSO was typically more efficient, and provided better value for money than many significantly sized private contractors.

The manager of the client side would have a substantially reduced workforce to manage, the majority having migrated to the contracting side (Fenwick and Shaw, 1994). The same authors make the important point that the client side manager, despite having fewer staff to directly manage, is likely to have greater responsibilities in terms of budgetary control. The client side manager's role subsequently transformed into:

- Decreased man management role and hence;
- Little line management responsibility.
- Greater budgetary responsibilities.
- The need to engage more with service users, for example, the public.

It is worth noting that this was not a typical hierarchical local government line manager's role.

The DSO manager's role quickly moved towards a commercial bent. The typical responsibilities including:

- Monitoring accurately the time operatives were spending on tasks.
- Acting with commercial integrity.
- Aligning the performance to the specification.
- Ensuring transparency and accountability.
- Complying with the legislation of the era, for example, health and safety, financial, and regulatory.

The DSO by the very nature of competition began to operate 'lean' services as well as providing an efficient and effective service that had to make a profit. Again, this was alien to the public sector at that time.

The final, but crucial role is that of the corporate manager. Crucial because as Boyne (1998) states CCT enforces organisational fragmentation. The same author identifies the following as key skills of the corporate manager role:

- Strong communication.

- Problem solving skills.
- Political awareness.

It can be argued that these key skills are fundamental to combating organisation fragmentation.

Compulsory competitive tendering did impart huge decentralising forces in terms of management and organisational structures, and more importantly in employee relations. A great emphasis was placed on making the in-house bid as competitive as possible, with some suggesting that bids were manipulated to increase competitiveness (Domberger and Jensen, 1997). This competitive edge had the undesirable effect of eroding the working conditions at the expense of saving those jobs (Walsh and O'Flynn, 2000).

Domberger and Jenson (1997) argue that contracting out services has had little effect on overall employment levels which is contrary to the opinion of Boyne (1998). However, they do acknowledge that contracting out inevitably results in job losses. The same authors spend little time identifying where the contracting out savings come from, other than employee reductions, wage reductions, and other wealth transfers. Boyne (1998) establishes an important point; contracting out must result in employment reductions. This is attributable to salaries being the biggest cost within the public sector, and thus where immediate efficiency savings can be made.
The overall effect of CCT on local government was a dilution of strategic and corporate management, and fragmentation leading to 'small' local government as the shift to private sector management commenced (Boyne, 1998).

2.5 Best Value

Many local government officers will give differing definitions of 'best value'. Best value established a framework to plan, deliver, and to attempt to continuously improve services to meet the user's needs. The legislation driving this initiative was the Local Government Act, 1999. Under this act, local government had a duty to secure continuous

improvement ensuring its functions are 'exercised' with regard to economy, efficiency, and effectiveness with due regard to cost.

The significant features of the best value regime were:

- Annual performance plan.
- 5 year review programme.
- Annual performance publication.

The review applied what was known as the 4 Cs:

- Challenge why, how, and by whom a service was being provided.
- Compare their performance with others across a range of indicators including the private sector.
- Consult with stakeholders to in relation to experiences and aspirations.
- Compete using equitable and transparent means to deliver efficient and effective services.

The white paper, Strong local leadership: Quality public services (2001) changed that approach. Audit and inspection became integral to a Comprehensive Performance Assessment (CPA) of each council. Councils were assessed and if they met either a good or excellent rating, the requirement to produce a separate annual performance plan was removed. As can be seen from the 4 Cs above, there was expected to be an element of comparison with other service providers (both public and private sector), and an expectation to compete against those providers. Some commentators expressed the view that competition was a fundamental requirement of best value (Luck, 1998). However, it can be argued that if the compare phase illustrated that the public sector provider was indeed effective then exposure to further competition would be pointless.

Luck (1998) proposed that a performance measurement gap existed within local government, but later went on to say that local government had a lavish history of collecting data. Such contradictions were common due to the assumption that the private sector must be more effective and efficient than the public sector. The real issue may

have been that public sector managers were in fact aggressively engaged in performance measurement and management. However, they may not have been using that data to inform performance improvements (Jarrar and Schiuma, 2007).
It can be argued that competition may result in the production of additional costs that are absent from the typical local government genre of direct service provision (Boyne, 1998). Competition can also result in a 'hold up'. Hold up occurs where a new service provider escalates the costs of providing the service in subsequent contract renewals or where the contract has not been all encompassing, and extras or un-priced services are required. These issues result in the contractor charging substantially more for a service as a result of the client being unable to provide this service in-house. This may be due to the transfer of the infrastructure to the contractor.

Best value in construction was demonstrated as an effective project delivery tool when a performance-based specification was utilised (Kashiwagi and Savicky, 2003). This approach required a win-win benefit to exist between client and contractor. The client should receive best value, and the contractor should receive fair remuneration. This could be achieved by the delivery of a project that is fit for purpose. For example a roof replacement that is effective and has guaranteed longevity from careful design and selection of materials. For the contractor, the win is realised by simply maximising profit with the minimum outlook of call back due to lack of considered design and site supervision.

2.6 A Public / Private Sector Comparison

Harland et al. (2005) argue that outsourcing allows organisations to remove the 'silo' mentality, and that it can also be used as a business re-engineering tool. This facilitates less agile organisations such as the public sector to restructure more easily. They alternatively argue that outsourcing public sector assets may not be in the public interest because it is the public they serve as opposed to the private sector who are cost and profit driven. Burnes and Anastasiadis (2003) provide a similar argument in the public / private

sector comparison, focussing upon the fact that the public sector organisation often had to outsource. The private sector organisation chose to but did not have the regulatory and procurement constraints imposed upon it. The same authors argue that the benefits that the private sector can enjoy such as gain sharing are not available to the public sector. One of the key issues an organisation should consider is what services to source. Burnes and Anastasiadis (2003) maintain that careful consideration must be made of what areas to be sourced. Sourcing core activities can result in an organisation selling its competitive advantage.

Harland et al. (2005) discuss the public sector sourcing core activities (by compulsory competitive tendering) and provide some examples of the services in question, but this did tend to confuse what a core service actually is.
Harland et al. (2005) progress to offer a conceptual framework for sourcing whilst Burnes and Anastasiadis (2003) provide no comparison to theoretical models or frameworks that assist the reader in understanding the process.

2.7 Alternatives to Outsourcing

It is appropriate to briefly examine what alternatives are available to outsourcing. Alternatives include:

- Co-sourcing. Sharing services with other neighbouring councils.
- Status quo / in-sourcing. Maintaining an in-house provision using performance monitoring.
- A combination of in-house and outsourcing (Hassanain et al., 2015).
- Semi external vehicle. Establishing a controlled or semi controlled company.

The option of establishing a semi external vehicle can assist the council services in becoming more competitive, and enables the company to operate within the private sector. This is an area that is normally prohibited due to the restrictions imposed by the Local Government (Goods and Services) Act 1970. The aforementioned alternatives to

outsourcing will be brought forward for consideration within the framework. Outsourcing and the aforementioned alternatives are generically referred to within this document as 'sourcing'.

2.8 Outsourcing

Within the literature examined there is much debate on defining outsourcing. Definitions vary from the 'reliance on external sources for the manufacturing of components' (Lei and Hitt, 1995) to the explicit definition of 'another firms employees carrying out the tasks previously performed by one's own employees' (Perry, 1997). Sharpe (1997) makes reference to services or operations outside the organisation's core activities or competencies being the focus of outsourcing. A clearer definition suggests outsourcing to be 'something which originally involved procuring something which could have been sourced within an organisation notwithstanding the decision to go outside that organisation' (Gilley and Rasheed, 2000). Outsourcing has also been referred to as vertical disaggregation as opposed to vertical integration or in-sourcing (Harland et al., 2005).

After considering the definitions presented within this research, and the data collected during the contextualisation survey and case study phases, this research project can provide an alternative outsourcing definition. This definition relates to the English local government sector BSEPS: outsourcing is the delivery of professional services by a supplier that provides value, quality, and protects the condition of the built environment for the benefit of the users.

Outsourcing projects are often referred to by their physical location. Onshore or domestic outsourcing is obtaining services within the home country. Offshore or international outsourcing refers to obtaining services delivered from within another country.

Outsourcing in its current form has evolved over the last 20 years within the United Kingdom public sector. Government driven initiatives such as Compulsory Competitive Tendering (CCT), Best Value, and Private Finance Initiatives (PFI) all led to public services being exposed to competition, therefore proving efficiency, or being bypassed. PFI and Public Private Partnerships (PPP) allowed access to private finance to fund large infrastructure projects mortgaged over a number of years (McGregor-Smith, 2011). Ptak and Ptak (1988) cite that successful outsourcing depends on planning and process whilst others cite short duration contracts of 3 years or less (Lacity et al., 2009).

It is reported that a small number of companies or 'oligopolies' are having a large influence in the public sector markets (Social Enterprise UK, 2013). The same authors cite that the outsourcing market was worth an estimated £100 billion in 2012, rising to £140 billion by 2014. Staite (2014) cites that local government provides two thirds of the total public sector outsourcing contracts, and the value of contracts is likely to grow by £20 billion by 2020 (Sharman, 2015).

2.8.1 Outsourcing Drivers

This literature review on outsourcing drivers follows the convention established by Sanders et al. (2007) and cited in Ab Rahim (2012) in which the drivers are allocated under three main headings. The first examines cost savings, the second examines the resource-based expertise gap that can be addressed by outsourcing, and the third examines the strategic drivers necessary to achieve a competitive advantage.

2.8.1.1 Cost Savings

One of the key factors driving the outsourcing decision is likely to be the potential for cost savings (Lacity et al., 2009; Yang et al., 2007; Dibbern et al., 2012; Juras, 2008; Barthelemy and Geyer, 2000). Savings quoted range from 20% - 40% (Julius, 2008; Shapps, 2012; Namasivayam, 2004). How are such savings realised? Is the private sector

inherently more efficient, motivated, and cheaper? Webb (2010) advises caution. The private sector's sales pitch may seduce local government officials who are trying to implement austerity measures. The sales pitch will inevitably claim low cost, efficiency, and speed of delivery (Hart, 2011; Yunlong et al., 2011). Ruppel-Schell (2010) proposes that outsourcing service providers can provide such benefits. However, the supplier usually only manages to provide 2 of the 3 benefits at any one time. Gandhi et al. (2012) cite that it is increasingly more difficult to outsource a project that only delivers low cost and efficacy.

The actual cost savings in provision of outsourced services are often greatly exaggerated, and research shows that costs can actually be higher than prior to outsourcing (Tibor et al., 2006; Barthelemy, 2003). Sharman (2014) cites that many types of council are bringing services, in-house due to cost efficiencies. This supports the argument that outsourcing projects are based on headline cost savings alone. Councils are also seeking to restore service quality which was lost by outsourcing (Sharman, 2015), indicating that local authorities are more efficient now than when outsourcing was being introduced (Public Finance Opinion, 2012).

Accountants examining the potential costs or savings from outsourcing invariably overlook the hidden costs or understate the true costs (Overby, 2003). Hidden costs include: intellectual property, contract monitoring, contract preparation, procurement, transition costs, contract revisions, and transaction costs (Xu and Jiang, 2010; Dibbern et al., 2012; Amaratunga et al., 2000). These hidden albeit tangible costs are coupled to less quantifiable costs which Kippenberger (1997) refers to as an 'informal information processing system'. Informal information processing systems include issues such as disturbance of the culture, basic beliefs, assumptions, and instability of the organisation.

Any instability arises from employees becoming disconnected from the organisation and losing morale (Yang et al., 2007; Belcourt, 2006; Bryce and Useem, 1998). Also the commitment to deliver the corporate objectives diminishes as their pay and conditions are eroded (Butler, 2011; Motsomi, 2008). Cost savings are often realised by the supplier

disposing of the transferred employees, re-employing at reduced wages, reduced working hours, and reduced fringe benefits (Young, 2008; Butler, 2011; Mudambi and Tallman, 2010). Many organisations concentrate only on the cost saving (and this includes local government) aspect of outsourcing as opposed to challenging themselves to improve their structural performance (Gottfredson and Phillips, 2005). Where an organisation or council can take up that challenge, outsourcing can be a useful tool to improve performance. An analysis of the protagonists and antagonists viewpoints relating to cost is tabulated below.

Antagonists viewpoint	Protagonists response
FM is a strategic asset.	Not all FM is strategic. Outsource the non-strategic elements.
Vendors have the upper hand.	Create a level playing field through the contract requirements.
Loss of internal control.	Do not outsource core or business critical elements.
I will lose control if a crisis happens.	Provide for the unexpected within the contract documentation.
Failure to adapt to clients needs.	Provide the necessary communication and review channels.
Vendor may not understand the nature of the BSEPS or general business.	Regular communications between all parties and ensure the vendor is operating within their core competency, and that it is aligned with the clients.
Outsourcing decisions are difficult to reverse.	Clear contract language incorporating exit and turnback strategies.
The client may not be used to this type of contract language and is at a disadvantage to the vendor.	Use a short-term first contract that will provide exit options if the contract does not work as desired.

Table 2-3: Adapted from Ketler and Walstrom (1993)

The above table presents the arguments for and against outsourcing relating to cost issues. The arguments that Ketler and Walstrom (1993) present very quickly start to uncover issues relating to trust between the client and supplier. The protagonist reverts to underpinning the lack of trust issues with contractual obligations. Usher (2003) identified

a divergent model that emerged between the client's wants and the supplier's wants. The client desire is for 'more with the removal of risk' whist the supplier's want is to 'deliver the minimum whilst generating the maximum profit yet safeguarding the retention of the contract'.

2.8.1.2 Access to Expertise

Outsourcing leverages companies to access a supplier's expertise. Within the field of international outsourcing, America has utilised the skills of developing nations such as China, Ireland, and Russia through outsourced contracts (Kedia and Lahiri, 2007). However, Australia is facing labour market difficulties, and many Australian companies turn to outsourcing to support recruiting difficulties (Rebeiro, 2011). Organisations including the local government sector may not have the requisite skill set available in-house to deliver construction projects. Typically, organisations are cognisant of a skills gap between qualifications, performance, and expertise (Quélin and Duhamel, 2003). In those instances alternative forms of sourcing would be sought to augment the in-house team's levels of expertise. Often those skill sets are outside the client organisation's core competency (Peters, 2015). It can be argued that bringing in expertise from a supplier allows the client to focus on their core competencies (Harland et al., 2005, Yang et al., 2007, Quélin and Duhamel, 2003). Importing expertise from alternative sourcing solutions also has the distinct advantage of eliminating 'trial and error' by the up-skilling of internal resources (Anon., 2004).

2.8.1.3 Access to Investment / Competitive Advantage

Specialist outsourcing suppliers can provide a greater depth of knowledge to enable greater investment, releasing deeper efficiency savings, and opening up economies of scale (McIvor, 2008). Alexander and Young (1996a) make the assumption that outsourcing suppliers will have economies of scale, yet in-house providers will inherently have lower transaction costs.

Carefully planned and thought through outsourcing enables a client to pay predictable fees at pre-set periods. This eliminates large capital outlays (Anon., 2004). Outsourcing can assist organisations to access investment that they may not normally be able to finance. A typical significant cost for example may be associated with the upgrading of IT equipment, or the purchase of real estate. Belcourt (2006) cites that organisations can avoid capital expenditure by accessing the supplier's investment to provide new IT systems. The same author also identifies that suppliers can absorb costs and make investments in infrastructure due to having a wider customer base across which to spread the costs, yet still concentrate on their core competencies.

Capital expenditure reduction cannot be disconnected from core competencies (Quélin and Duhamel, 2003). The perception of core competencies was pioneered by Prahalad and Hamel (1996) who argued that the real sources of competitive advantage were not products, but management's ability to consolidate skills and technologies into competencies in order to adapt to changing circumstances. Competence is simply defined as the ability to undertake some task efficiently and successfully (Oxford Dictionary, 2015).

2.8.2 The Hidden Costs of Outsourcing

Overby (2003) suggests that the cost of outsourcing, and in particular offshoring (transferring operations to other countries) does not result in instant savings. The same author cites that savings may not be manifested for six months or considerably longer. It is also argued that outsourcing incurs most of the hidden costs at the preparation stage, and that within the private sector, profits are not always predictable. This indicates that outsourcing may not always be an appropriate vehicle to cost saving (Moon, 2010). Overby (2003) proposes a calculation model to determine the hidden costs of outsourcing based on a percentage weighting of the contract value. Identified within the model are six fundamental outsourcing elements that Overby maintains have a tangible cost. The model is illustrated in figure 2-4.

Juras (2008) cites that outsourcing is inherently risky, and that those risks represent the hidden costs of outsourcing. Alternatively, the same author suggests that outsourcing can provide financial flexibility by transforming fixed costs into variable costs. Denyer (2014) brings forward a hidden cost and outsourcing risk in the form of a court case. That case illustrated that the purchaser of the outsourced service remained responsible for acts or omissions of the outsourcing supplier.

Hidden Costs	Best Case Contract Value			Worst Case Contract Value		
Vendor Selection		*.002	£		*.2	£
Transitioning the Work		*.02	£		*.3	£
Redundancy and Retention		*.03	£		*.5	£
Lost Productivity / Culture		*.03	£		*.27	£
Improve development processes		*.01	£		*.10	£
Managing the Contract		*.06	£		*.10	£
Total Hidden Costs		15.2%=	£		57%=	£
Original Contract Value			£			£
Total Cost of Outsourcing (TCO)	Best Case		£	Worst Case		£

Figure 2-4: Adapted from Overby (2003)

2.8.3 The Outsourcing Decision

It is extremely important to understand the reason to outsource. A range of criteria for consideration as part of the decision making process may have been explored by the organisation seeking to outsource a service or services (Langfield-Smith and Smith, 2003). Those criteria include: the cost of providing the current service, identifying cost efficiency routes, whether there are human asset transfer issues, whether outsourcing will augment strategic planning, defining what outsourcing may add to core competencies, and clarifying how/who will administer the contract. Langfield-Smith and Smith (2003) cite motivational factors including, access to expertise, cost improvement, addition of

discipline and control to residual in-house functions, governmental policy orientation, and the creation of a new culture to override the existing one. Jakki et al. (2011) make the distinction that transformative outsourcing should only be considered where the function to be outsourced is mission critical, or the in-house provision does not have the necessary skills to deliver the service. Hollinghurst (2015) unjustly doubts that local government has those necessary skills.

However, the reasons to outsource often vary depending upon the economic cycle of the time (Edgell et al., 2008). All of the aforementioned issues were tested within the survey phase of this research. The importance of understanding the reason for the outsourcing decision cannot be overstated. For example, if the objective is a culture change, retaining some staff may not allow that embedded culture to be changed. Pratap (2014) cites that internal politics has been identified as a part of the decision making process. Those internal politics involve managers implementing outsourcing in an attempt to upstage rivals within an organisation.

The decision factors to outsource will inevitably include the desire for an organisation to achieve financial efficiency (Lacity et al., 2009; Warner and Hefetz, 2012; Kruse and Berry, 2004). Many private sector organisations will already be experiencing some financial metric difficulties (Yang et al., 2007; Kakabadse and Kakabadse, 2000). Yang et al. (2007) proposed 3 key decision determinants:

1. Expectation. The client will be expecting that the anticipated cost savings will be realised, and that the organisation will be able to focus upon its core competencies. The client will also be expecting that the outsourcing of none-core competencies will give its operation greater flexibility.
2. Risks. The client is likely to have concerns regarding its information security, particularly in terms of management control. However, it can be argued that for the supplier to perform their services effectively there has to be a level of trust so that information can be safely shared. If information is not shared then it is possible that the result will be a loss of management control over the supplier.

Yang et al. (2007) cite that those considering outsourcing will need to judge the effect on morale. The issue of morale may be exacerbated by any trade union influences. Poor morale can have a direct effect on productivity, outputs, and ultimately market position (Belcourt, 2006).

3. Environment perspective. The client has to determine the suitability of the supplier and its capability to deliver the required service. For example, it may not be appropriate to engage a supplier to deliver BSEPS who has only back-office experience. Where no suitable suppliers are available to deliver the specified service or product, then the client will need to review their strategy. If a suitable supplier is found then the client will be able to form a partnership. The partnership would convey the service or product, and subsequently concentrate on influencing the delivery of its core service or product.

Ketler and Walstrom (1993) identify in their work the key tensions in the form of an argument that faces those making the outsourcing decision. The argument addresses issues such as cost reduction, but is counter-argued by identifying that hidden costs can be the cause of increased costs. Other arguments consider the benefits of accessing expertise, yet the alternative position considers the potential for the loss of in-house talent. The tensions are shown in the table below in the form of the protagonists and antagonists viewpoints.

Protagonists viewpoint	**Antagonists response**
Cost Reduction is a positive outcome.	Cost reduction can be a result of downsizing and consolidation. Bills can be higher due to hidden cost ignorance or contract misunderstandings. Cost reduction can affect the built environment.
Economies of scale will be realised.	High financial depreciation of capital assets.
Costs budgeted are accurate.	Initial vendor bills are typically 20% higher than anticipated by the client. Hidden costs are ignored.
Personnel and associated costs are reduced.	Severance packages are expensive. The loss of in-house talent is likely. Finding

	new talent is difficult and expensive.
Increased knowledge and expertise from external vendor.	Loss of in-house expertise and talent recruiting surveyors/engineers can be challenging depending upon the economic cycle.
Alternative to staff increases for short-term projects (sub-contract or agency labour).	Additional difficulty with in-house portfolio knowledge after labour reduction / severance.
Access to experts.	Depends upon the quality of the supplier's team.
Risk sharing.	Loss of control over; • Quality of professional services. • Property information management. • Confidentiality / data protection.
Allows emphasis on strategic goals.	The risk associated with lack of quality control.
System integration.	Overlapping with outsourcing vendors can cause havoc.
Eliminate the weakness of a service area.	Strengthen the weakness with in-house solutions. Invest in undergraduate surveyors/engineers with a view to 5 years of university commitment.

Table 2-4: Adapted from Ketler and Walstrom (1993)

2.8.4 Outsourcing Success Roadmap

The formula to achieve success in outsourcing was synthesised by Rajabzadeh, Rostamy et al (2008) into five key points:

1. Identify the core services. Within the public sector it can be argued that the distinction between core and non-core services is not clear. The distinction becomes particularly blurred as managers identify core services underneath their control to avoid outsourcing (Rajabzadeh et al., 2008).
2. Assess all services for outsourcing suitability. In consideration of the previously mentioned issues, all services should be assessed. The same authors suggest that a

quality / price assessment will simplify the selection process. For example, a low quality / high cost service should be outsourced. By selecting the correct service for example, with those attributes mentioned above, plus small transaction volumes, success is then more likely to follow (Rahim et al., 2010).

3. Select the supplier with care. The selection of the supplier has to be made carefully in consideration of issues such as shared objectives, and the supplier operating within its core competence and understanding BSEPS. The contract should also allow for mutual benefits (Zhiwei et al., 2001).
4. Manage the transition process. This is a critical time in the process because issues such as communication and relationship development can affect the success of the contract (Zhiwei et al., 2001; Barthelemy, 2003).
5. Monitor performance. To gain the benefits of continual improvement and a mutually beneficial relationship, the monitoring of performance is essential (Vitasek and Manrodt, 2012). Dean and Kiu (2002) identify that performance monitoring falls into three areas: contract compliance monitoring, monitoring quality variations against cost factors, and checking client satisfaction with the delivered service. On the other hand, it can be argued that if cost cutting is the main driver for outsourcing, then quality and subsequently client satisfaction will suffer. The same effects can manifest themselves where over monitoring of performance takes place (Dean and Kiu, 2002).

Rajabzadeh, Rostamy et al (2008) did not consider within their report the preparation of an exit strategy. Many managers are reluctant to plan for the end of the contract that may either be through premature failure caused by poor analysis of the outsourcing decision, or by the contract running its course (Rahim et al., 2010). Managers were cited as insisting that the contract was ‘a long term relationship which must run its course’ (Barthelemy, 2003).

2.8.5 Identification of Core Activities

There is a great deal of discussion relating to the identification of core and none-core functions within the literature researched (Burdon and Bhalla, 2005; Gottschalk and Solli-Saether, 2005). The importance behind this discussion relates to an organisation retaining core activities and outsourcing none-core activities. Core activities can be defined as activities traditionally performed internally, activities critical to business success, activities that give a competitive advantage, and activities that will assist growth (Alexander and Young, 1996b; Belcourt, 2006).
Retaining and developing core activities allows an organisation to lower costs (Harland et al., 2005; Burdon and Bhalla, 2005), and release resources to concentrate on improving those areas (Harland et al., 2005; Yang et al., 2007). It can be argued that this approach can assist in breaking interdepartmental barriers. Identifying core activities can also assist an organisation developing a competitive advantage. Outsourcing core activities may lead to the loss of that competitive advantage (Burnes and Anastasiadis, 2003). However, others argue that outsourcing elements such as technical and human skills can lead to a loss of competitive advantage (Pucik, 1988; Rieple and Helm, 2008). This argument does not hold, particularly where the human asset does not have a unique skill set or a large financial investment is required.

Contrary to retaining core activities, leading companies have outsourced core activities or processes (McIvor, 2011; Burdon and Bhalla, 2005; Baden-Fuller et al., 2000). These companies have benefited from being able to access specialist processes and expertise. The contextualisation research undertaken to inform this research indicated that 80% of the councils surveyed had outsourced what they considered to be core activities (Taylor, 2012).

Another key reason for an organisation moving to outsource a non-core service or services is that it allows that organisation to focus on its core competency, and the organisation receiving the outsourced operation will already be operating within its core competency (Rajabzadeh and Rostamy, 2008). It can be argued that this is not always the

case as there are some outsourcing organisations that will predatorily seek outsourced services without necessarily having the in depth understanding of that operation.

Within the public sector the identification of core activities is not straightforward. It can be argued that at the operational level the core activities are social service functions, education, and refuse collection. Supporting those functions are: administration, payroll and pension, legal services, facilities management, planning and building control, council tax, etc. It could also be argued that all of the above functions are non-core and could be outsourced with little effect on the recognisable service provided to the public. It can be further argued that those services that are efficient and low cost may also be classed as core regardless of their public and operational importance.

The public sector could retain a limited number of key personnel as a part of the 'core' service management and become a virtual council. On the other hand, Becker (1990) puts forward the argument that FM has a direct effect on the competiveness of an organisation. Considering buildings are a significant part of council's assets it can be argued that the public will be directly affected by any policy to outsource BSEPS. However, Barrett (2000) suggests that FM managers need to reposition themselves from the current reactive position, and 'leverage themselves' into the strategic sentient of the core services that they support.

Within the local government sector, political drivers appear to overrule any strategic or planned business-derived approach towards policy making. Policymaking cannot be comprehensively informed without access either to research, or to managers with knowledge of the implications of outsourcing and the necessary skills to select the most appropriate model (Harland et al., 2005). This illustrates the value of this research and its contribution to the English and wider local government sector.

2.8.6 Model Selection

The common outsourcing models are described below. The most appropriate model to be implemented should be assessed by its intrinsic properties in correlation with the business outputs of the purchasing company (Executive-Brief, 2011). The appropriate model should also facilitate the objectives of both the client and suppliers organisations. Those models are:

- Staff augmentation. Where vendors are employed to expand the operational capabilities of the purchasing (client) organisation.
- Out tasking. Which is typically used where the purchaser (client) has skills gaps and requires task specific skills.
- Project based. Where entire projects are outsourced enabling the purchaser (client) to concentrate on strategic project delivery.
- Managed services. Longer-term strategic expansion with the supplier acting as consultant.
- Build, operate, and transfer. Where an off shore supplier operates the business for a specific period of time. This approach is usually built around call-centre operations.

There are numerous other variations of the above models including: in-house, a service is provided by a directly employed resource; outsourcing, a service previously delivered by an in-house team is passed to an external supplier; public / private partnership, that involves the sharing of delivery and responsibility as well as sharing any associated risks or benefits; total facilities management, a basket of services may be provided for an external supplier to deliver. (Atkin and Brooks, 2005).

The variants continue with: total outsourcing, that involves the transfer to an external supplier of a large percentage (≥80%) of in-house functions including initiatives such as the tri-borough shared outsourcing project (Plimmer, 2013); total in-sourcing, a large percentage (≥80%) of services are retained in-house; selective outsourcing, where some services are outsourced whilst typically ≈34% are retained in-house; de facto

outsourcing, where historically internally delivered services are preferred without further market consideration (Willcocks et al., 1997).

Each sourcing model allows the client to gain access to the supplier's technology, expertise, and resources. Each model also reflects the differences in the management of business risks, financial commitments, intellectual property, physical assets, and human resources (Outsourcing Law, 2015). These nuances are also identified within the Four Outsourcing Relationship Types framework (FORT) developed by Kishore et al. (2003). Outsourcing Law (2015) identifies a number of variables that affect the choice of sourcing model. The variables include: the allocation of risks and rewards; the identification and allocation of decision making; the allocation of control over personnel; the allocation of the service delivery infrastructure; the assumption of liability for specific risks; gain sharing from tangible/non-tangible assets; allocation of innovation development and perpetual use rights; change management dynamics; preparing sourcing life cycle dynamics (cancel and move supplier); supplier interchangeability (project-by-project basis); regulatory frameworks to control workforce and gained intellectual knowledge; and identifying customer retention responsibilities.

Regardless of the variant and model adopted, each has unique relationships between the client and the outsourcing supplier at both strategic and operational levels.

2.8.7 Outsourcing Relationships (Strategic)

Kishore et al (2003) developed the Four Outsourcing Relationship Types (FORT) framework which assists in identifying the client / supplier relationship. The framework consists of two dimensions relevant to the outsourced relationship, those being: one, substitution, which deals with the levels or extents of ownership or control of assets transferred to the new service provider; two, strategic impact, which shows strategy of the outsourcing organisation in terms of length and depth of relationships with the service

provider(s). The dimensions occupy the x-y axis of a grid that is divided into the relationship quadrants.
The four resulting relationship types are:

- Support relationship. There is limited use of outsourcing, and the use of the in-house services is more popular.
- Alignment relationship. The use of the outsourcing supplier tends to be on a project-by-project basis, possibly exploiting expertise not available in-house.
- Reliance relationship. Shows a high level of commitment from the supplier as a significant level of the clients operation is transferred.
- Alliance relationship. Allows clients and suppliers to work together to achieve common strategic and operational goals.

The FORT framework is illustrated in figure 2-5. The framework can be used to illuminate both the static and dynamic characteristics between the client and service provider correlation (Domberger and Jensen, 1997; Kishore et al., 2003). The effectiveness and ultimately the success of the outsourced service is highly dependent upon the relationship between the client and the service provider against a backdrop of 1 in 4 failures (Ishizaka and Blakiston, 2012). The success also relies upon developing shared value principals creating economic value for the stakeholders (Vitasek and Manrodt, 2012). It can be argued that for those clients seeking cost savings alone, the shared values and principles may be quickly compromised. The skills required to deliver a successful outcome are significantly different to traditional contracts (Harland et al., 2005).

The service provider can assume differing levels of responsibility. This can be from a simple defined service provision to large infrastructures with multi interdependencies and complexities (Kishore et al., 2003). Councils can gain valuable sourcing experience and skills augmentation by employing a simple ‘buy in’ or transactional approach. This would place the relationships in the support or alignment quadrants of the FORT framework. The benefit of this approach is that risk is minimised until the requisite knowledge and experience is gained. Once knowledge and experience have been gained

clients can move to strategic and transformative sourcing within the reliance and alliance quadrants with reduced risk (Jakki et al., 2011).

Phase one of this research not only contextualised sourcing within the English local government sector, but also established the nature of the relationship between the client and supplier. The survey instrument included several questions to determine where those relationships existed within a FORT framework. The questions established the levels of substitution and strategic impact. The framework results can be found in chapter 4.2.2.

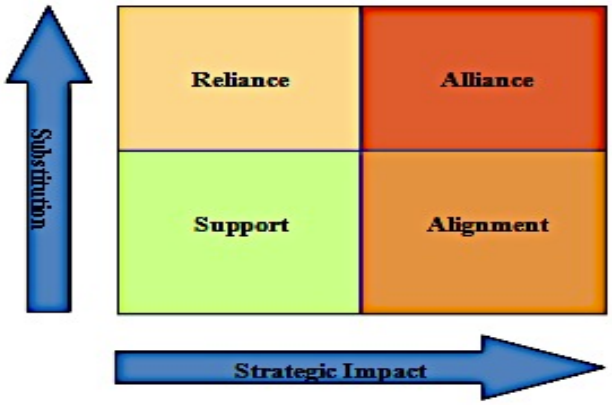


Figure 2-5: FORT framework. Adapted from Kishore (2003)

Variants of the FORT framework have been synthesised, including an amusing version by Pratap (2014). This relates the various weather conditions faced by Indian farmers to the outsourcing relationship types. The FORT framework quadrants are compared to the weather conditions proposed by Pratap (2014). The FORT support quadrant is described as 'uncertain drizzle' where the outsourced processes are not deeply entrenched within the client's organisation. The FORT reliance quadrant can be compared to 'bright sunshine' where local suppliers can improve on internal performance by utilising bolt on services. The FORT alliance quadrant can be related to 'thunderstorms' where the client's internal processes are connected, and any individual outsourcing could have a detrimental effect on organisational competitiveness. The FORT alignment quadrant is compared to 'monsoons' where the supplier's strategic values are correlated to those of

the client. The quadrants are set against and X-axis of 'intensity of process connectivity' and a Y-axis of differential in capability of 'improvement rate'. Although the framework proposed by Pratap (2014) is arguably simplistic in style it does illustrate the importance of understanding the nature of the relationship, and how moving between relationships can influence the resource needs of the arrangement. Failure to address strategic resource needs can impact upon operational relationships (Kakabadse and Kakabadse, 2005).

2.8.8 Outsourcing Relationships (Operational)

The value systems of the key social actors inter alios, clients, vendors, and users within this research all differ, as do their aspirations (Lau and Rowlinson, 2010). The social actors deportment is expressed as a 'stimulus response' undertaking such actions as blaming, punishing, attributing fault, and indicating those faults. Such behaviours can be destructive.

This is set against a background of differing client and supplier wants. A client wants more service for less money with no risk. A supplier wants to deliver less for more money with no risk (Usher, 2003). Alexander and Young (1996a) cite that not establishing a clear sourcing title context through the use of service level agreements (SLAs), or similar formal arrangement may compromise the client / supplier relationship. Such approaches and issues can lead to adversarial and confrontational relationships. Creating an atmosphere to provide a productive relationship requires the development of trust.

Trust has proven in recent times an elusive phenomenon to investigate (Qi and Chau, 2013; Gambetta, 1988). Trust has also been highlighted as an excellent predictor of satisfaction. Although satisfaction is only one dimension in the route to improving trust, strength, or commitment.

For an outsourcing supplier to deliver an effective service through productive relationships, strong relationship linkages have to be established. This will 'synergise' FM improvements to deliver core and strategic objectives (Barrett, 2000).

Typically, outsourcing relationships are exposed to longer time frames, and it has been argued that cost efficiencies are a significant motivating factor to outsource. Where the client and supplier are locked in an inflexible contract over a period of time it is not unusual for relationships to suffer. This gradually leads to an increase in management control, and performance disappointment on both sides follows (Hoecht and Trott, 2006). Despite this, many clients remain engaged with their supplier due to 'sunk costs' rather than terminate the contract (Barthelemy and Geyer, 2000).

2.8.9 Outsourcing Failure

According to Cowley (2010) many FM organisations turn to outsourcing when their existing teams fail by being unable to keep the facilities serviceable, or where embedded labour resources are influencing performance and/or culture. However, simply turning to outsourcing does not guarantee improvement, and if care is not taken, outsourcing itself can fail. The Outsourcing Centre (2013) presented seven reasons why outsourcing may fail:

1. No strategic objectives were set. Cost reduction is often cited as a legitimate goal. Cost saving is an end outcome but it should not be the only driving factor. Where cost reduction is the primary objective it is likely that the client will select the cheapest service provider regardless of its ability to deliver the specified service. This may ultimately impact upon the built environment.
2. Unclear requirements / expectations. Where an FM service is outsourced, both parties must be clear about the process, labour, timelines, and service level agreements (SLAs). The supplier should have knowledge in the client's area of expertise. For example, a client could not reasonably expect a midterm report from a property survey programme when it was not included as an original

requirement. This may result in a variation order to the original contract resulting in a claim for extra payments, and confrontation may follow.

3. Poor transition. Operations may be moved away from the original location. Often this can be offshore (to another country), so bridging the distance requires a comprehensive and thought through transition.
4. Rapidly changing needs of the client. It is not unusual for outsourcing contracts to gather pace and expand rapidly during the contract period. Suppliers sometimes find it difficult to react to changes within the contact environment with speed. This lack of reflexivity can contribute to outsourcing failure.
5. Poor communication. Operatives will be working for a different organisation. The client will not have any line management responsibilities for the operatives, so monitoring operations and performance metrics can be problematic. Regular communication with the supplier should be established early into the contract to avoid the misalignment of objectives that could lead to contract failure.
6. People factors. The service may experience difficulty in retaining 'talent' if terms and conditions are eroded (Butler, 2011; Motsomi, 2008). The supplier may not have the team available to deliver a project, creating a situation where operatives have no loyalty, resulting in lost focus and ultimately disengagement.
7. Over management. Over management by suppliers is not uncommon in outsourcing. This can lead to tension between the client – supplier relationship. That tension may quickly lead to outsourcing relationship failure.

The I&DeA (2008) provide several areas that should be addressed if outsourcing is to succeed. Those include, managing the transfer to the new provider with care, and linking to the overall council objectives. Improving the outcomes for service users, and valuing staff, but ensuring that they know the importance of change. Managing the contract with regular meetings, considering the impact on the workforce, and avoiding rigid contracts and commissioning vehicles. Consideration of the aforementioned areas can assist in avoiding outsourcing failure.

Failure is not inevitable where the overall approach to outsourcing is considered and not just cost driven. However, where a service is simply sourced to another supplier on a cost saving basis it is unlikely that success will follow. This is particularly true where economies of scale cannot be realised, and the original expertise would be utilised. Any potential savings could only be leveraged from eroded terms and conditions (Jakki et al., 2011). This correlates with the views of Butler (2011) and Motsomi (2008) discussed within item 6 of the seven failure reasons above. Those views are that the original 'talent' may have changed employment due to the eroded terms and conditions, and this may leave both the client and supplier with a skills gap.

Taking cognisance of the above seven failure reasons can assist in avoiding failure. Maelah et al. (2010) reflect on six stages to minimise risk exposure to outsourcing that include: one, the council considering outsourcing should assess the strategic risk and rationale for outsourcing (this correlates with 1 above); two, the council should ensure that the supplier is operating within their core competency; three, the supplier is financially stable and reliable or in other words fit for purpose (this correlates with 2 above); four, a formal contract and service level agreement should be in place (this correlates with 2 above); five, the client and vendor should plan for change as any risks increase; six, contract managers should undertake periodic reviews (this correlates with 7 above); seven, if all has failed and contract termination is the only option then an exit strategy (contingency planning) should be built in and followed.

If all options have failed, the client will have very few choices available at that stage. One of the main options is 'turnback'. Turnback is a process to bring back in-house an outsourced service either at the end of a contract or after determination. Elliot (1998) puts forward a six-point plan to facilitate an effective turnback. That plan includes: assessing the current outsourcing arrangement, deciding the way forward, preparing a turnback plan, transitioning to turnback, moving to turnback completion, and finally re-evaluating outsourcing or integration with in-house teams. It can be argued that turnback may not produce the desired seamless transition. Previous in-house 'talent' may have moved outside the contract, and this can leave the client with a skills gap.

2.9 The Effects of Sourcing FM on the Built Environment

A thorough review of the literature revealed very little information relating to the effects that sourcing FM or BSEPS can have on the built environment. However, Omara (1999) did make reference to the decentralisation (buy in) of many organisation's property portfolios during the property decline of the 1980's. Decentralisation was thought to have the benefit of reducing overheads. This approach ultimately had the detrimental effect of asset duplication and disengagement with company criteria (Kadefors and Bröchner, 2004). It can be argued that decentralisation increased costs as opposed to reducing them.

Tucker et al. (2014) makes reference to the potential for improved productivity of an organisation as a result of well-maintained and safe buildings. The same authors reflect upon the lack of consistency of repairs by suppliers regardless of the sourcing option employed, and the need for effective qualitative and quantitative performance monitoring by stakeholders.

2.10 Summary of References

Section / Topic Area	Subject	Author
2.2 FM definition.	FM defined and contextualised.	International Facilities Management Association (2015), Amaratunga et al. (2000), Mitchell (2010), Barrett (2000), Tucker et al. (2014).
2.3 The legal grounds for public sector sourcing.	Identification of the legal basis to compete.	Sandford (2014).
2.4 CCT.	Illustrates the challenges to the organisation and managers.	Boyne (1998), Domberger and Jensen (1997), Vickers and Yarrow (1988), Ridley (1988), Putt (1994), Walsh and O'Flynn (2000), Fenwick and Shaw (1994).
2.5 Best Value.	Establishes the challenges of Best Value.	Luck (1998), Jarrar and Schiuma (2007), Boyne (1998), Kashiwagi and Savicky (2003).
2.6 A public / private sector comparison.	Briefly compares the two sectors.	Harland et al. (2005), Burnes and Anastasiadis (2003).
2.7 Alternatives to	Examines the popular	Hassanain et al. (2015).

outsourcing.	alternatives.	
2.8 Outsourcing.	Defines and contextualises outsourcing.	Lei and Hitt (1995), Perry (1997), Sharpe (1997), Gilley and Rasheed (2000), Harland et al. (2005), McGregor-Smith (2011), Ptak and Ptak (1988), Lacity et al. (2008), Social Enterprise UK (2013), Staite (2014).
2.8.1 Outsourcing drivers.	Introduces the three main headings to the convention.	Sanders et al. (2007), Ab Rahim (2012).
2.8.1.1 Cost savings.	Examines the opportunity to gain cost savings and contrasts this with hidden costs.	Lacity et al. (2008), Yang et al. (2007), Dibbern et al. (2012), Juras (2008), Julius (2008), Shapps (2012), Namasivayam (2004), Webb (2010), Hart (2011), Ruppel-Schell (2010), Yunlong et al. (2011), Gandhi et al. (2012), Tibor et al. (2006), Barthelemy (2003), Sharman (2014), Sharman (2015) Public Finance Opinion (2012), Overby (2003), Xu and Jiang (2010), Dibbern et al. (2012), Amaratunga et al. (2000), Kippenberger (1997), Belcourt (2006), Bryce and Useem (1998), Butler (2011), Motsomi (2008), Young (2008), Mudambi and Tallman (2010), Ketler and Walstrom (1993), Usher (2003), Barthelemy and Geyer (2000).
2.8.1.2 Access to expertise.	Discusses access to supplier's expertise.	Kedia and Lahiri (2007), Peters (2015), Harland et al. (2005), Yang et al. (2007), Anon. (2004), Quélin and Duhamel (2003), Rebeiro (2011).
2.8.1.3 Access to investment / competitive advantage.	Examines how investment can be leveraged.	Belcourt (2006), Prahalad and Hamel (1996), Oxford Dictionary (2015) Anon. (2004).
2.8.2 The hidden costs of outsourcing.	Introduces a tool to calculate the hidden costs.	Overby (2003), Moon (2010), Juras (2008), Denyer (2014).
2.8.3 The outsourcing decision.	Examines the various decision determinants.	Langfield-Smith and Smith (2003), Edgell et al. (2008), Lacity et al. (2008), Warner and Hefetz (2012), Kruse and Berry (2004), Yang et al. (2007), Belcourt (2006), Ketler and Walstrom (1993), Kakabadse and Kakabadse (2000), Pratap (2014), Jakki et al. (2011), Hollinghurst (2015).
2.8.4 Outsourcing success roadmap.	Discusses five points to achieve success.	Rajabzadeh and Rostamy (2008), Rahim et al. (2010), Zhiwei et al. (2001), Barthelemy (2003), Vitasek and Manrodt (2012), Dean and Kiu (2002), Kashiwagi and Savicky (2003).
2.8.5 Identification of core activities.	Discusses the issues in identifying core services and the associated risks.	Burdon and Bhalla (2005), Gottschalk and Solli-Saether (2005), Alexander and Young (1996a), Belcourt (2006), Harland et al. (2005), Yang et al. (2007), Burnes and

		Anastasiadis (2003), Pucik (1988), Rieple and Helm (2008), McIvor (2011), Baden-Fuller et al. (2000), Taylor (2012), Rajabzadeh and Rostamy (2008), Becker (1990).
2.8.6 Model selection.	Presents the various sourcing models.	Executive-Brief (2011), Atkin and Brooks (2005), Willcocks et al., (1997), Plimmer (2013).
2.8.7 Outsourcing relationships (strategic).	Examines the principles of the FORT framework.	Kishore et al. (2003), Domberger and Jensen (1997), Ishizaka and Blakiston (2012), Vitasek and Manrodt (2012), Harland et al. (2005), Pratap (2014), Kakabadse and Kakabadse (2005).
2.8.8 Outsourcing relationships (operational).	Explores the value systems of the key actors in terms of 'wants'.	Lau and Rowlinson (2010), Usher (2003), Qi and Chau (2013), Gambetta (1988), Barrett (2000), Barthelemy and Geyer (2000), Hoecht and Trott (2006).
2.8.9 Outsourcing failure.	Discusses the main reasons for outsourcing failure.	Cowley (2010), The outsourcing centre (2013), Butler (2011), Motsomi (2008), IDeA (2008), Maelah et al. (2010), Elliot (1998).
2.9 The effects of sourcing on the built environment.	Initiates the discussion around the difficulties in identifying any residual effects.	Omara (1999), Kadefors and Bröchner (2004), Tucker et al. (2014).

Table 2-5: Summary of references

2.11 Refection upon the Aim and Objectives

According to Boote and Beile (2005) the literature review should achieve several important objectives that include: setting the broad context of the study, establishing the scope of the research, and synthesising the existing literature into a new perspective. At the conclusion of the literature review it is also beneficial to reflect on the aim and objectives to determine if any recalibration of the proposed methodology is necessary.

The research aim and objectives are reviewed below:

Review of aim:
The aim of the research is to contextualise sourcing within the English local government sector to inform the synthesis of a framework to test the suitability of surveying and engineering services for an appropriate sourcing decision.

- The literature has illustrated that, at the time of this research, there are no intrinsic sourcing contextualisation studies. The literature review also illustrates that there are very few, if any, practical frameworks to assist with the sourcing decision. Therefore the aim of the research remains valid, and the methodology to achieve the aim is discussed in chapter 3.

Review of objectives:

a) To frame the current context of public sector sourcing.

- The literature review identified that there is a gap in knowledge relating to the framing of the sourcing context. Therefore this objective remains valid and will be addressed within the methodology.

b) To ascertain any effects of sourcing, both organisationally and upon the building surveying and engineering professional services (BSEPS) repair and maintenance regime.

- The literature review did provide limited information relating to the effects of sourcing on the built environment. However, this indicated that further research would be of benefit to the English local government sector.

c) To interpret the nature of sourcing within the local authority sector. The nature includes the collective arrangements that support sourcing services. These include contract length, contract value, and the numbers of employees transferred.

- The literature review demonstrated that the application of the FORT framework to an outsourcing project provides significant benefits. The benefits include an understanding of the nature of the client /supplier relationship. Understanding the relationship provides important resource data for the client. Therefore, the FORT framework was embedded within the contextualisation survey (see chapter 3.6.1).

d) To formulate and validate a practical framework to assist with the determination of an appropriate sourcing decision.

- The literature review asserted that there were very few such frameworks for utilisation within the English local government sector. Therefore the objective remains valid, and the strategy to synthesise the framework from the research modes of investigation is discussed in the following chapters.

2.12 Summary and Link

The literature has provided evidence that areas selected for sourcing within the local government public sector are often based on perceived financial benefits. The literature illustrates that for sourcing to stand the best chance of succeeding, a holistic approach must be adopted. The sourcing decision has to be made in consideration of a range of financial, operational, and strategic facts. The contract duration, value, and number of transactions are inextricably linked with contract profitability and ultimately success.

If the decision is to source the service then it is important to understand the nature of the model to be followed and how the resulting relationship will influence the success of the venture. Understanding where the relationship sits within the FORT framework will provide an insight into the nature and depth of the relationship. Where the relationships sit within the lower quartiles of the framework, it can be argued that this suggests a tentative and risk conscious approach to sourcing. To achieve success, it is important to be aware of the influences that cause contract failure, and to understand the risks to both the client and the supplier. In order to reduce the sourcing risks it is essential to identify the hidden costs that represent those risks. Success must be measurable, and supplier performance monitoring must be effective. If ultimately sourcing is failing, an exit or turnback strategy will be required.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this section is to present the argument relating to the research methodology, philosophical position of the research, and to describe the supporting methodological framework that is the foundation of the research. The philosophical stance can be from an epistemological position, ontological position or from an axiological position. This section progresses to discuss the key assumptions, tensions, and philosophical influences on this research. The chapter finally presents the research phasing and the approach to data collection.

3.2 Research Methodology

There are numerous definitions of methodology including: 'methodology means the science of methods that contain the standards and principles employed to guide the choice, structure, process, and use of methods as directed by the underlying paradigm' (Sarantakos, 1997).

To a more succinct definition by Keraminiyage (2013): 'the process followed by a researcher to achieve the aims and objectives of a particular research'.

Saunders et al. (2000) proposed a 'research onion' to assist the researcher to view the holistic process involved in the research methodology. The 'research onion' also facilitates the researcher to make well reasoned progressive choices (Keraminiyage, 2013). The 'research onion' comprises of six elements:

- Research philosophy.
- Research approaches.
- Research strategies.

- Research choices.
- Time horizons.
- Research procedures.

There are various alternative research models. However, Kagioglou et al. (1998) proposed the 'nested model' as an alternative to the research onion. The 'nested model' is comprised of three elements:

- Research philosophy.
- Research approach.
- Research techniques.

The fundamental premise of the 'nested model' is that the research methodology consists of the aforementioned elements. However, this model depends upon the selection of the research techniques being based on the selected research approach, and the research approach is dependent on the philosophical stance of the research (Keraminiyage, 2013). The main difference between the models is that the 'research onion' provides a more structured almost procedural research methodology that takes account of the time element. The 'nested model' provides a more conceptual methodology basis.

The 'research onion' was chosen as the basis of the methodology for this research due to the procedural advantages its structure provides.
The two models are compared in figure 3-6. Both models require the researcher initially to consider which philosophical position they will undertake the research from. During the conceptual planning for this research, and at the earlier stage of project proposal an objective had been identified. That objective was to identify the 'reality behind the reality' or to explore what people really feel about sourcing behind the corporate mask. This objective identified that the research philosophy would be undertaken from an epistemological position. However, as the research plan was developed, the philosophical position became less clear.

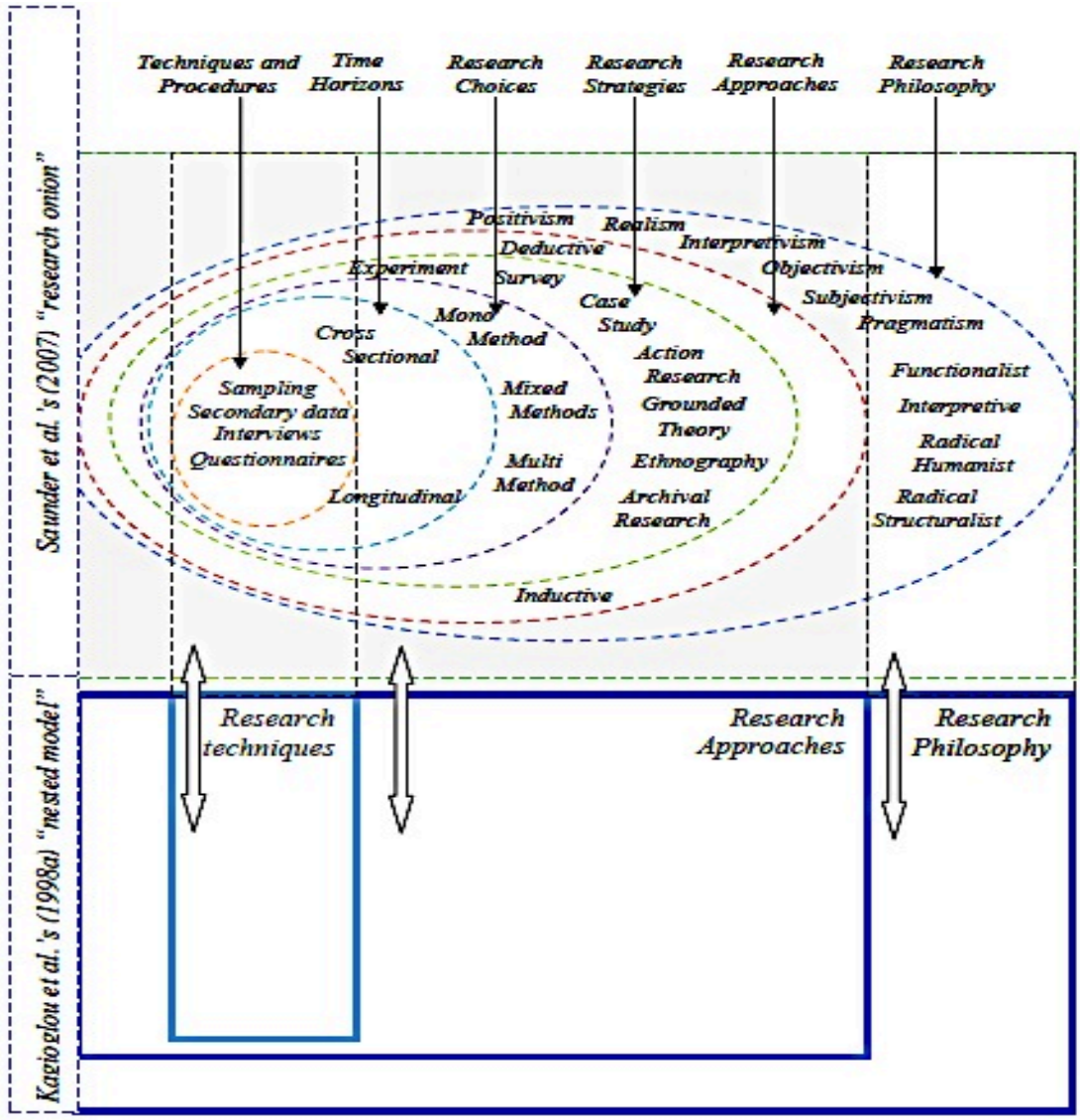


Figure 3-6: Research onion / nested model comparison (Keraminiyage, 2013)

3.3 Research Philosophy

The researcher must explore the philosophical perspectives to enable the most appropriate methodology to be utilised. The researcher should understand the issues relating to the philosophical position to assist the research design, and understand the data management challenges (Easterby-Smith et al., 2008). Adopting an ontological or

epistemological perspective will lead to differing research methodologies (Saunders et al., 2000).

Axiology is a philosophical position that addresses value judgements. The philosophical nature of axiology is either value-free and unbiased, or value-laden and biased. The philosophical nature of axiology is either positivist, or interpretivist. The positivist would claim that the researcher should have a value-free stance, and that the interpretivist would have a value-laden stance. The differing value judgements can lead to researchers arriving at differing conclusions (Saunders et al., 2007).

Ontology relates to the following facets: the nature of the world, what it consists of, what entities operate within it, and how they relate to each other. Ontology is generally associated with the natural sciences in an ordered world with a single set of principals that underpin empirical research. Petre and Rugg (2011) amusingly describe ontologists as neat's. The neats' focus on rituals, and the rituals provide symmetrical and ordered abstract descriptions of the research area. Keraminiyage (2013) expands this simplistic analogy by describing the ontologist as 'Mr Tangible' who can be defined as 'clear and definite'.

Epistemology is the study of the nature of knowledge: the things we can know, how we can know them, and why we know some things but not others. Epistemology is associated with the social sciences (Jones, 1975). Petre and Rugg (2011) continue with their analogy by describing epistemologists as scruffies whose cornerstone is to understand what is going on even if they cannot succinctly describe it. Keraminiyage (2013) labels epistemologists as 'Mr Feelings'. Feelings can be defined as beliefs even if they are vague or irrational ones.

The research was undertaken in two discrete phases. The initial phase of the research employed an ontological approach using a survey instrument to contextualise sourcing generally in the English local government sector. The main ontological positions are objectivism vs. constructivism. Objectivism argues that phenomena and meanings have

an existence that is separate from the (social) actors. Constructivism is an alternative position that postulates phenomena and meanings are continually accomplished by the (social) actors (Sutrisna, 2011). Young and Collin (2004) suggest that the (social) actors as individuals mentally construct their life experiences through perception and understanding of events. It is argued that the drawback of constructivism lies with an over reliance on an (social) actor to explain in isolation the social interactions they experience (Martin and Sugarman, 1999). It is this social isolation that initially undermined the constructivist argument. However, the shortcoming is being addressed as the position moves towards social explanations (Young and Collin, 2004, Brunner, 1990). Cronje (2006) argues that the fashionable approach towards these positions is that of divergence, or as Sutrisna (2011) cites 'the opposite ends of a continuum'.

The contrasting objectivism and constructivism positions are shown in table 3-6, and are compared to each other against a series of categories or questions that the researcher may ask in order to interpret each position. For example the first category is 'the real world'. On one hand, Objectivism identifies that the real world has entities that can be categorised. On the other hand, constructivism postulates that the real world is structured by our individual minds based on our interactions.

The survey approach identified the nature of entities operating within the local government sector. For example, which service areas had been outsourced, contract values, and duration. The entities are separate from the (social) actors and were recorded tactically by survey instrument. Hence, the survey was undertaken from a position of objectivism.

Category	Objectivism	Constructivism
The real world…	Has entities that can be categorized on the basis of their properties and relations.	Is structured by our individual minds on the basis of our interactions (limits what we can know about the real world).
Reality is…	Fully and explicitly structured in a way that is shared by all who perceive it. Because of this commonality, reality can be modelled and shared with others.	Local (personal) to ourselves in a universe of multiple realities. Our realities are modelled by the way in which we personally construct them.
Symbols are…	Representations of reality, and are only meaningful to the degree that they correspond to reality.	Products of culture that are used to construct reality.
The human mind…	Processes abstract symbols and fashions them so that they mirror nature.	Perceives and interprets the world by creating symbols.
Human thought is…	Symbol manipulation and is independent of the human organism.	is imaginative, and develops out of perception, sensory experiences, and social interaction.
Meaning…	Exists objectively and independently of the human mind— and is external to the knower.	Is a construction that is the result of an interpretive process that depends on the experience and understanding of the knower.

Table 3-6: Adapted from Cronjé (2006)

The strategy for the second phase of the research used a mixed methodology employing a case study strategy with interview tactics. The second phase examined, inter alia, the nature of the residual organisation and what effect sourcing BSEPS may have had on the repair and maintenance of buildings. The research was undertaken from an epistemological position.

The main epistemological positions are positivism versus interpretivism. Positivism postulates the application of the natural sciences, studying reality and beyond. Interpretivism separates the objects of natural science from the (social) actors with the researcher constructing their own truth for viewing the world. The underpinning theory for the second phase of the research is Personal Construct Theory (PCT) which is consistent with the interpretive paradigm (Marsden and Littler, 1998).

The contrasting positivism and interpretivism positions are shown in table 3-7. Initially, the second phase attempts to separate the natural science from the (social) actors. The research was undertaken, at this point, from an interpretivist position. Table 3-7 illustrates how the interpretivist seeks to understand how people interpret a phenomenon or event. This is opposed to the positivist position of trying to establish causality. The interpretivist would therefore seek to obtain the actors social constructs.

Positivism approach	Interpretivism approach
Causation – Seeks to understand the causal explanation or event.	Interpretation – seeks to understand how people interpret a phenomenon or event.
Objective reality – Presumes the existence of facts.	Subjective reality – recognises the construction of facts that are seen as interpreted and subjective.
Generality – Analysis seeks a law that extends beyond specific instances studied.	Sociology is a science where the causal explanation is undertaken with reference to the interpretive understanding of social action.
Replicability – Analyses can be tested and verified empirically against other cases.	It is concerned with how humans make sense of their world.
Scientific and normative statements are separated as the former is the domain of the scientist.	Its intellectual heritage includes, hermeneutics, symbolic interactionism and Webers notion of Verstehen.

Table 3-7: Adapted from Roth and Metha (2002)

3.3.1 Interpretivist Principles, Tensions, and Influences

According to Klein and Myers (1999) the focus of interpretivism is not to test hypothesis, but to gain a broad insight into the research area. Interpretivism is founded on the theory that reality is socially constructed and constantly changing (Cohen and Crabtree, 2006). According to Raddon (2012) the principal tensions that emerge from the researcher adopting the interpretivist position include issues arising around the fact that data collection can be time consuming, data analysis is complex, and the emergence of logical

patterns may not be forthcoming. The researcher must also be comfortable that non-academics may perceive the research findings as less credible.

Klein and Myers (1999) developed a set of principles to assist the interpretivist researcher to be aware of, and manage intrinsic / extrinsic influences. The principles are listed below and contextualised in relation to this research:

1. The Fundamental Principle of the Hermeneutic Circle. This principle suggests that all human understanding is achieved by considering the independent sum of the parts and the whole that they form. The framework that forms a fundamental objective of this research will be synthesized from the individual, and the sum of the research data.
2. The Principle of Contextualization**.** The literature review provides an overview of the evolution of sourcing within the English local government community, and illustrates the tensions that managers must consider to progress to a sourcing decision. This is contrary to progressing to that decision based on cost savings alone.
3. The Principle of Interaction Between the Researchers and the Subjects. The researcher must reflect upon how the survey data was socially constructed in the dialogue with the participant. This may lead to the researcher questioning any prior assumptions as the narrative or exegesis unfolds, and the hermeneutic circle grows.
4. The Principle of Abstraction and Generalization. The researcher will apply the first two principles to the idiographic data generated from the utilisation of PCT.
5. The Principle of Dialogical Reasoning. The researcher must remain aware of contradictions between theoretical and literature preconceptions guiding the research structure, and the actual results being observed driving subsequent revision cycles.
6. The Principle of Multiple Interpretations. The researcher may encounter multiple differences in the narratives provided by participants of the same events or

experiences. The use of PCT places the participants as incipient scientists. Hence multiple interpretations of the same event are to be expected.

7. The Principle of Suspicion. This principle requires the researcher to be aware of prejudices or dysmorphic narratives. This may be prevalent where tensions have been introduced to the participant who has been affected by the insource/outsource decision.

An additional philosophical tension arose after the data had been collected. The data was analysed statistically, and specifically using Rep 5 grid analytical software. At this point the philosophical position changed from interpretivism to positivism.

Various commentators cite that the two positions are not compatible, and that it is not possible to combine them in one piece of research (Nudzor, 2009, Sale et al., 2002). Weber (1946) a renowned German philosopher whose work '*Verstehen'* or 'to know' established an alternative position to positivism. Weber ultimately concluded that the two contrasting positions could be integrated.
Geertz (1994) believed that objective reality was not possible due to the constantly changing subjectivity of social reality. Contrary to this belief Roth and Metha (2002) provide a three component approach to assist the researcher to address compatibility issues. The components have been adapted within the context of this research.

1. Using a positivist approach to address the questions of causation.

Within this component the researcher may ask what led to councils alternatively sourcing the various sections or departments. Roth and Metha (2002) suggest that the researcher needs to uncover the factual precursors that influenced the sourcing decision. This was addressed as a part of the survey undertaken during the first phase of the research. The data indicated that the principle reasons for alternatively sourcing were (in order of importance), potential for financial savings, releasing operational capacity, access to skills/technology, and political direction.

2. Providing an interpretivist analysis.

The cross section of participants that includes actors from town, county, and borough council levels in the research will provide multiple truths or interpretations of the causal factors. Roth and Metha (2002) suggest that these accounts seldom represent random variation. Such accounts are more likely to expose the perspective differences of the actors that are influenced by their social and organisational position.

3. Using interpretive analysis and positivist analysis to inform one another.

Interpretive understanding of the participants' organisations is underpinned by a foundation of facts. Roth and Metha (2002) cite that these facts help the researcher make sense of the subjective responses. For example, the survey undertaken in the first phase of the research indicated that the service quality was rated as good by 45% of respondents. The second phase of the research by case study subjectively suggests that overall, the quality of service has improved. This clearly illustrates the benefits of combining the positions.

3.3.2 Inductive Versus Deductive Approaches

At the reasoning level, strategies belong to either an inductive or deductive approach. Although simply applying a strategy will not necessarily provide the desired quality of research the researcher must consider whether the strategy is appropriate for the research questions (Saunders et al., 2000). The emphasis of each approach is shown in table 3-8.

The initial phase of the research captured data through the survey instrument, and used a deductive approach. The survey instrument collected quantitative data using a structured approach, and the researcher was independent from the (social) actors. The second phase utilising a case study strategy with interview tactics initially adopted an inductive approach. The interviews will collect qualitative data to interpret the human meanings of the (social) actors.

Deduction	Induction
➢ Scientific approach.	➢ Understand human meanings.
➢ Move from theory to data.	➢ Collection of qualitative data.
➢ Collection of quantitative data.	➢ Flexible structure approach.
➢ Highly structured approach.	➢ Researcher is part of the process.
➢ Researcher is independent.	➢ Comfortable with generalisation.

Table 3-8: Adapted from Saunders, Lewis et al. (2000)

3.4 Research Approach

It can be argued that only one set of principles is necessary (Miles and Huberman, 1994; Eisenhardt, 1989). Karl Marx (1955) subscribed to the single set of principles theory. Jones (1975) cites that Freud also subscribed to that theory, but much later in his life conceded that mental events appeared immeasurable and that the social sciences paradigm would be an appropriate method of enquiry. Saunders et al. (2000) argues that the social world of business (and it can be argued further that this would apply to local government) is too complex for a single paradigm.

A 'mixed' methodology can be favourable to the research by providing a degree of triangulation. Each method's weakness being underpinned by the others strength (Amaratunga et al., 2002). When considering this research, differing philosophical approaches were used for each phase appropriate for the nature of enquiry.
Figure 3-7 shows the practical research approach incorporating the survey, literature review, case studies for this research, and how that data informs the framework.

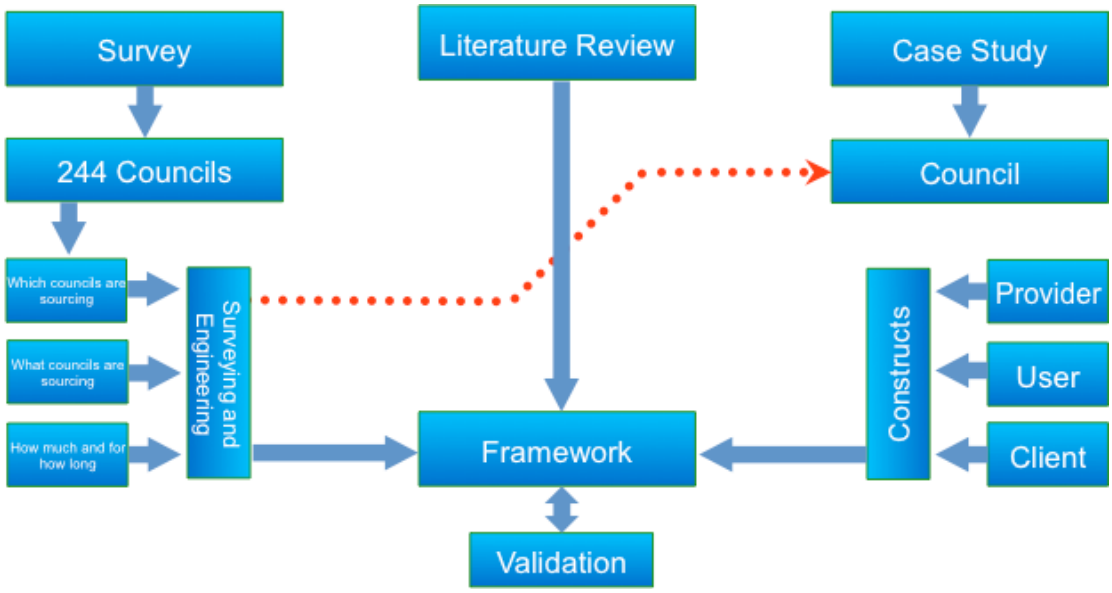


Figure 3-7: Research approach – Convergent parallel

The most common sequence when using a mixed approach is for the research to commence with a qualitative approach followed by a quantitative enquiry (Morgan, 1998). However, others argue that altering the sequence of the methodology can enhance the research (Kettles et al., 2011).

Kettles et al (2011) introduce four main mixed research designs which can by classified into sequential or concurrent formats:

Convergent parallel – Concurrent.

Embedded – Sequential or concurrent.

Explanatory – Sequential.

Exploratory – Sequential.

The same authors progress to cite variants within each of the above designs that include:

Convergent parallel (triangulation) design.

Embedded design (qualitative / quantitative).

Sequential explanatory design (qualitative / quantitative).

Sequential exploratory design (qualitative / quantitative).

The convergent parallel design has been integrated within this research (figure 3-7), and it is considered to be the uncomplicated design within the mixed methodology models that makes this an appropriate research pathway. The parallel modes of enquiry are: the literature review; the quantitative survey; and the qualitative case studies. All of the aforementioned modes of enquiry converge to inform the synthesis of the framework.

The rationale for the use of each mode of enquiry and the indicative research time apportioned to each phase is illustrated in table 3-9.

Research Phase	Data Collection Method	Rationale	Time Commitment
Concurrent literature review and writing.	Research of journals, research papers, libraries, internet etc.	To obtain a wide research view to capture relevant data.	57/60 months
Phase 1. Environment contextualisation.	Survey instrument issued to all English councils.	To establish the current sourcing position, client/supplier relationship, and to identify participants for phase 2.	6/60 months
Phase 2. Case study strategy incorporating interview tactics.	Initial Focus group.	Established to identify repertory grid and framework elements to control context and boundaries.	2/60 months
	Interviews using PCT and repertory grids.	To capture the 'reality behind the reality' without researcher influence or assumptions.	24/60 months
Framework Validation.	Focus group testing incorporating survey validation.	Provides the benefits of group discussion without open ended conclusions.	2/60 months

Table 3-9 Mode of enquiry rationale

3.5 Research Strategy

According to Saunders et al. (2000) the research strategy is the general approach utilised, and tactics are the detail of data collection and analysis.
The research commenced with a survey of councils within England to contextualise sourcing. The survey provided the added benefit of identifying potential participants for the empirical data collection phase using a case study approach. The resulting data which according to De Vries (2005) in Persson (2009) are also 'carriers of knowledge'. When coupled with the literature review, the data has informed the research aim which is to produce framework to test sourcing suitability.

For the second phase, the strategy used a case study approach to observe the underlying assumptions of the participants. PCT was the underpinning theory for data investigation. The data was collected using interview tactics. Many strategies belong to either an inductive or deductive approach (Saunders et al., 2000). However, simplistically applying a strategy will not necessarily provide the desired quality of research. The key factor for the researcher to consider is that the strategy is appropriate for the research questions.

When devising the strategy for this research, it was considered that more than one research approach would be required, as varying levels and complexity of information are required from the English local government community to contextualise the empirical research.

3.5.1 Pilot Study

A pilot study was undertaken to test the performance of the survey instrument, and to assist in refining the data collection plans and procedures (Yin, 2009). The issue of the questionnaires to 5 councils initiated the pilot study. Feedback was received from the participants and amendments were made to the survey instrument. The changes primarily

involved some of the range choices to the question categories. The pilot study subsequently improved the survey experience for the main survey participants and enhanced the data received from the recipients. 'Pilot studies are a crucial element of a good study design. Conducting a pilot study does not guarantee success in the main study, but does increase the likelihood' (van-Teijlingen and Hundley, 2001, p1).

The pilot study provided information relating to the following facets of the survey process:

- Reviewed the clarity of the instructions to participants, and provided a definition of 'core' services.
- Revised choice parameters to contract value ranges.
- Improved the data inputting arrangements for the administration team.
- Prepared data extraction for the FORT framework model.
- Tested this type of data's suitability with Chronbach's alpha.

The changes identified to the survey instrument and participant instructions were made prior to the full roll out of the survey to the English local government population. The data provided did not lend itself to Chronbach's alpha due to the categorised choice approach. However, Travakol and Dennick (2011) suggest applying alpha to each individual question. According to Fink (2006) for this type of data the most appropriate test of reliability would be the test-retest method. Validity and reliability are explored further in section 4.2.1.

3.6 Phase 1 - Contextualisation Survey

The initial phase of the research involved a survey of all councils within England. The survey instrument examines, inter alia, attitudes towards the sourcing decision, levels of management, and numbers of staff transferred. Although this initial phase is important, it would not allow anything other than a response constrained by the inherent survey inflexibility (Ab Rahim, 2012). It was considered that a survey instrument distributed to

the local government population within England would be an appropriate tool for that contextualisation process. Surveys are associated with the deductive approach (Saunders et al., 2000) and allow the acquisition of large amounts of data. Surveys are also described as a collection method to describe, compare, or explain individual and societal knowledge, feelings, values, preferences, and behaviours (Fink, 2006). A multi-choice type survey collecting categorised data was the chosen instrument due to its simplicity for the respondent. Such surveys lend themselves to an automatic high degree of reliability and validity (Fink, 2006).
A copy of the survey instrument sent to participants can be found in appendix A.

3.6.1 FORT Framework

The literature review discusses the importance of the nature of the strategic outsourcing relationship, and how the FORT framework developed by Kishore et al. (2003) can help identify that relationship. The extent of substitution and strategic impact are the two main dimensions that are pertinent to any outsourcing relationship (Kishore et al., 2003). To determine where those councils who participated within the research sat within the FORT framework, questions were embedded within the survey instrument to determine the extent of substitution and strategic impact.

The extent of substitution relates to the degree of control that would be passed to the service provider. This was determined from particular questions within the survey instrument used within the first phase of this research. The extent of substitution was related to how many service areas were outsourced, the greater the number of services the higher the level of substitution. The same approach was taken for the number of employees transferred to the service provider; the greater the number of staff transferred, the greater the extent of substitution.

Question 3: How many service areas have you outsourced?				
1	**2-3**	**4-5**	**>5**	**Other**
2	3	4	5	1
Question 14: What is the number of employees transferred…?				
1 – 100	**101 – 200**	**201 – 400**	**401 -500**	**>500**
1	2	3	4	5

Table 3-10: FORT substitution survey questions

For strategic impact the same approach was taken except this dimension examines areas that affect the position of the organisation within the market place. The data used from the survey was related to the value of the contracts, and also the length of contracts outsourced.

To aid the scoring of the completed surveys, the multiple-choice response was given a numerical value on a scale of 1 to 5 in order of importance for strategic impact and the extent of substitution. This enabled the results to be overlaid on the framework in figure 3-8 to give an indication of the predominant outsourcing relationship amongst all survey respondents. Identifying such relationships would subsequently be used to inform the development of the outsourcing framework later in the substantive research.

Question 6: What was/is the value of the contract?				
£0 – £5m	**£5 - £10m**	**£10 - £15m**	**£15 - £20m**	**>£20m**
1	2	3	4	5
Question 7: What contract periods applied? (years)				
0 - 2	**3 - 5**	**6 - 7**	**8 - 9**	**10+**
1	2	3	4	5

Table 3-11: FORT strategic impact survey questions

Tables 3-10 and 3-11 illustrate the survey questions, the survey answer options, and the score awarded for each answer. For example, fictitious council X responded to the survey as follows:

It had outsourced 4 service areas it would be awarded 4.

It had transferred 250 employees it would be awarded 2.

The substitution score would be 6.

And similarly:

The contract value range was £12m it would be awarded 3,

The contract period (duration) was 8 years it would be awarded 4.

The strategic impact score would be 7.

The FORT relationship position for those scores is shown in figure 3-8.

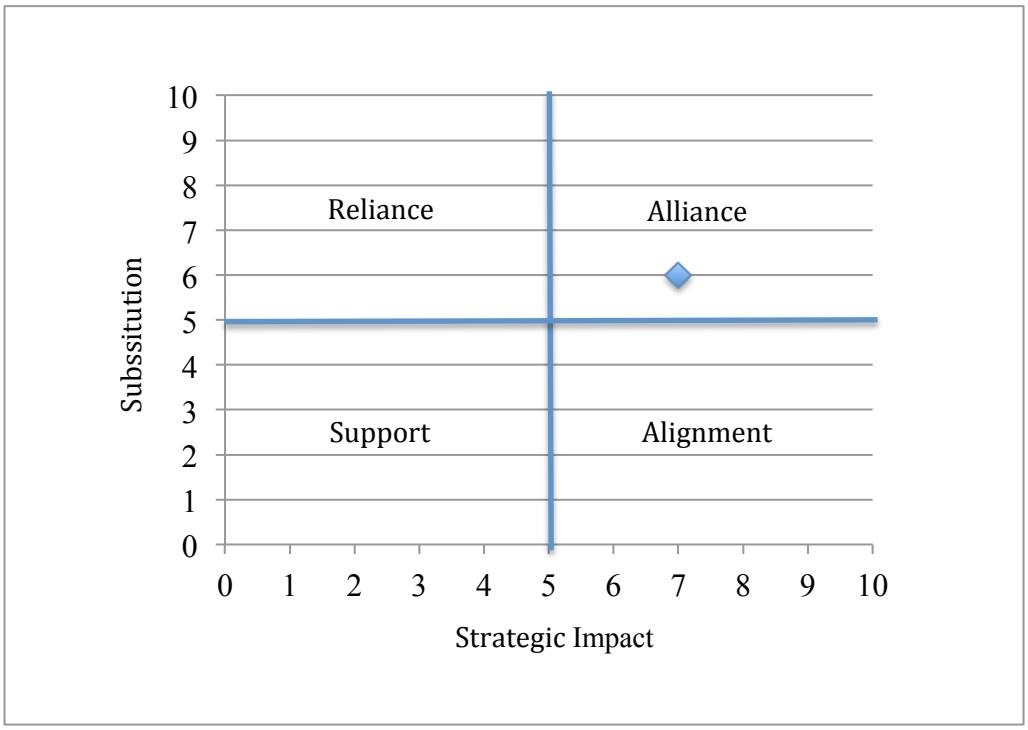


Figure 3-8: FORT framework

For fictional council X the relationship type is ‘alliance’. This suggests that clients and service providers are working together and should achieve common strategic and operational goals.

3.6.2 Data Reliability

The reliability function is enhanced due to the uniform data that surveys provide. Practical measurement of the reliability was undertaken by the test – retest method. The test – retest method provides advantages over the use of Chronbach's alpha, and in particular the test re-test approach includes a time element that enhances the reliability of the test (Brown, 2002). A retest coefficient of > 0.76 is an acceptable indication of reliability (Fink, 2006).

3.6.3 Data Validity

The validity of categorised data used within the survey instrument is high due to the responses always being within pre-determined parameters. However, within this survey there are opportunities for alternative responses. Such ad hoc responses were nonetheless controlled by the question context and an independent review of the data.

The independent testing of the data validity was checked using a focus group approach. The focus group examined all completed surveys for anomalies outside the range of choice options. Further information can be found in 4.2.1.

3.7 Phase 2 – Case Studies

The objective of the second phase of the research is to discover the reality behind the reality. This involved the use of a case study strategy with interview tactics. This approach would allow the participants to fully express their views and experiences without inhibition or influence from the researcher. The strategy to enable such an uninhibited flow of data from the participant involves the researcher using Personal Construct Theory (PCT) see chapter 3.8. PCT allows the researcher to elicit constructs from the participant, in this case relating to the effectiveness of sourcing facilities management services on the building maintenance regime.

Case studies are defined according to Robson (1993) as the development of intensive knowledge relating to a single or small number of cases. Others define case study research as a mode of empirical enquiry investigating a contemporary phenomenon within the scenario's real life context (Alvesson and Karreman, 2011; Yin, 2009). This makes a case study a particularly useful tool for observing and recording any natural phenomena arising from the data when supported by a protocol.

3.7.1 Case Study Protocol

Yin (2009) defines a case study protocol as a structured procedure to control a research project that employs case studies. The same author cites that the use of a protocol can assist the researcher to build in consistency to aid replicability. Other authors have suggested similar approaches including Stake (1995). However, Stake (1995) places more emphasis on the philosophical foundation of the case study approach. The case study protocol employed for this research is shown in table 3-12 below. The protocol establishes the section, contents, and purpose in accordance with Yin (2009) and Ab Rahim (2012), but within the context of this research.

Case studies according to Yin (2009) can utilise six evidence sources: interviews, direct observation, physical artefacts, archival records, documentation, and participant observation. Although this approach can provide the researcher with a rich vein of information, there are concerns that this technique can have an unscientific feel (Saunders et al., 2000). However, when supported by a sound research strategy the case study can assist the researcher to challenge existing theory and provide new hypotheses.

Section	Contents	Purpose
Preamble.	Introduction. Confidentiality. Documentation. Protocol structure.	Establishes the rationale behind the protocol, and follows the framework set out in the ethical approval procedure.
General.	Overview of the research. Phase 1: Survey introduction. Phase 2: Case interview method.	Sets out the research aim and objectives. Describes the need for the research. Provides instructions and key term definitions to use the survey. Phase 2 participants were identified from the survey return.
Procedures.	Phase 1: Survey instructions. Phase 2: PCT interview outline.	Phase 1, survey data extraction and confidentiality procedures. Phase 2, PCT interview procedure.
Research instrument.	Phase 1 – Questionnaire collecting normative data (quantitative). Phase 2 – Interview using PCT and recording data on repertory grid.	The questionnaires will contextualise the current sourcing position within the English local government sector. The interviews will explore in detail individual outsourced service cases.
Data analysis guideline.	Overview of data analysis process. Survey data analysis. Reliability and validity testing. Interview construct elicitation. In-interview data inputting and principal component naming convention.	Based on Fink (2006) for surveys and Jankowics (2006) for PCT interviews. Analysis of grids using Rep 5 software.
Appendices.	Various supporting documents.	Compiles the supporting documents.

Table 3-12: Research protocol adapted from Yin (2009): Ab Rahim (2012)

For this research, a case or unit of analysis is defined as a single local authority. The research undertook four case studies to capture the diversity of local authorities across the county, borough, and town council profiles. Each case is compiled of a triad of actors: the client, the service provider, and the user, all of which have individual organisational and cultural issues.

Shein (1992) describes organisational culture operating at three levels: the first being visible symbols such as open plan offices; the second is espoused values such as mission and vision statements; the third level, and most important to this research is: the discovery of the underlying assumptions of which group members are often unaware, but which usually influence strongly how they perceive, think and feel about issues (Schein, 1992).

The underlying assumptions, meaning interpretations, views (or constructs), and revisions of the subject area establish the research participants as 'incipient scientists' (Neimeyer, 2012). Plank and Greene (1996) reflected that to access those complicated abstract cognitive renditions, personal construct theory (PCT) would be an effective theory and tool. PCT is discussed in more detail in section 3.8.

3.7.2 Selection of Case Study Participants

Kohn (1977) argues that the method of choosing which cases are examined raises issues with validity; reflecting that on one hand greater heterogeneity among the cases may enhance generalisability. Heterogeneity may be useful when combining the case study information with a larger data set. On the other hand, homogeneity enhances internal validity and facilitates replication.

Yin (2009) argued that attempting to attain statistically relevant sample sizes would not complement the case study method and the accepted generalisability of the epistemology. Eisenhardt (1989) added that:

> 'The cases may be chosen to replicate previous cases or extend emergent theory, or they may be chosen to fill theoretical categories and provide examples of polar types. While the cases may be chosen randomly, random selection is neither necessary, nor even preferable'.
>
> Eisenhardt (1989, p537)

Various authors have presented opinions relating to what sample size is appropriate. Emmel (2010) collated a compendium of author's opinions on sample size, and is shown in table 3-13. This research followed Kuzel's (1992) opinion that a sample size of 12 – 20 for a heterogeneous (diverse in council type and size) sample would be suitable. Any issues relating to saturation are reported within chapter 4.

Author	Sample size	Notes
Bertaux (1981)	15 - 30	Dependent on the number of structural experiences.
Kuzel (1992)	6 - 8	Homogenous sample.
	12 - 20	Heterogeneous sample, when looking for disconfirming evidence (maximum variation).
Morse (1994)	6	Phenomenological studies.
	35	Ethnographic, grounded theory, ethno-science.
	100 - 200	Qualitative ethology.
Cresswell (1998)	5 - 25	Phenomenological studies.
Bernard (2000)	36	Most ethnographic studies seem based on this number.
Guest et al. (2006)	6 - 12	'the codebook was stable after 12 interviews'.
Corbin and Strauss (2008)	>5 - 6	'…it is doubtful that six one hour interviews can lead to saturation'.

Table 3-13: Sample size compendium (Emmel, 2010)

The first phase of the research using a survey instrument gave respondents the opportunity to register their willingness to participate within the second phase. The second phase employed a case study strategy with interview tactics. From the 19 councils that had indicated a willingness to participate only 9 were subsequently in a position to

contribute. Four councils were chosen as a representative sample (12 interviews). This was due to their heterogeneous profiles in line with Kuzel (1992). Pettigrew (1990) reflected that participants for research projects can be difficult to find, and that cases which are 'extreme situations or polar types' are sensible selections.

Those councils selected to participate in the case studies represent the extremities of the available participants in terms of size, geographical location, and sourcing commitment. Information in the form of a letter to introduce the second phase of the research was sent to the prospective participants. The letters were followed up with emails and telephone calls to arrange the case study interviews. A single point of contact from each council assisted in the identification of each participant within the case.
The council types selected are shown below in table 3-14.

Case 1	Northern Town Council
Case 2	Northern County Council
Case 3	North Eastern County Council
Case 4	Metropolitan Borough Council

Table 3-14: Council types selected for interview

3.7.3 Semi Structured Interview Strategy

The interview participants were comprised of three actors (participants) for each of the four participating councils: the first being the client representing the council management team; the second actor was a user representing the council, having experienced first hand the alternatively sourced service provision; the third actor was an sourcing service provider responsible for the contract delivery. A total of 12 interviews were undertaken.

The participant chose the interview location. All interviews were face to face. No interviews were recorded. However the researcher took copious notes during the interview. The interview ethics and procedure were explained to the participant along with their right to stop the interview at any time without question.

3.8 Personal Construct Theory (PCT)

George Kelly (1955) evolved a theory of personality that became known as personal construct theory (PCT). PCT does not focus upon mathematical models of comportment in the way that so many other theories do (Murray-Prior, 1998), but allows the researcher to understand how the participant sees the world. PCT was chosen as the underpinning theory for this research as it allows the researcher to collect and view the data in an organic way. Fisher and Savage (1992) contrast this organic theory to general psychological theories in which the researcher influences the data by placing their own interpretation upon it. It was this author's objective to view the 'reality behind the reality', and it was considered that PCT facilitated that objective.

PCT according to Bannister and Fransella (1989) has four elements which make newcomers to the theory a little perplexed.

1. Presentation. PCT is a complete and formal theory. This is thought to be unusual in psychology where theories are generated in a stalactitic fashion (Bannister and Fransella, 1989).
2. Reflexivity. PCT places scientists as persons, and persons as scientists. People operate in the world based on experiential learning, belief structures, and being cognisant of the environment in which they exist. This allows them to develop and test hypotheses forming new beliefs or constructs. The benefit of such an approach is to make the typical person examined by personal construct psychology look like any other person.
3. Level of abstraction. PCT has been put forward in abstract terms deliberately to 'avoid the limitations of a particular time and culture' (Bannister and Fransella, 1989). It remains a psychology of persons with the user supplying the content.
4. The philosophical position. The position to which Kelly (1955) aligned the theory is *constructive alternativism* where the events and experiences we face are subject to an immeasurable range of constructions. The alternative epistemological position is accumulative fragmentation where the truth is collected piece by piece.

Constructions or constructs can be defined as 'the way that things or people are alike yet different from other things or people' (Gibson, 2010). This theory would be utilized to interpret the perceived meanings of the case study interviews and to observe the truth of reality. As Birdi (2011, p227) reflected: '…is that our perceived meaning, or interpretation, of these experiences is the influential aspect, and not the event itself'.

George Kelly produced a two-volume publication in 1955, which proved to be a seminal piece of research. This augmented his original research into PCT and its development during the 1930s. PCT is a tool to bridge a range of techniques' to analyse large numbers of people as well as focusing in depth on individuals. PCT it is claimed, goes beyond any distinction between cognition, emotion, and conation (purpose or desire) as found in other studies (Kelly, 1955). Kelly's work established a fundamental postulate and a series of corollaries, but more simply identifies the way we construe (phenomenology) our personal worlds. Construing is defined by Sheer (2006) as understanding, interpreting, and even actively designing our constructs.

Kelly (1955), as mentioned above, established a fundamental postulate and eleven corollaries. The fundamental postulate is the foundation of the theory. The eleven corollaries are clarifying statements (Fisher and Savage, 1992). The postulate and corollaries are listed below and adapted to this research project with scenarios for the client, supplier, and user:

- The fundamental postulate. 'A person's processes are psychologically channelled by the ways in which they anticipate events'. This can be construed to suggest that the case study participant's predictions dictate their choice of action.
- The construction corollary. 'A person anticipates events by construing their replication'. Client's past sourcing experiences may influence their future decisions.
- The experience corollary. 'A person's construct system varies as they successively construe the replication of events'. The client, user, and supplier's constructs are changing constantly as they experience different things.

- The individuality corollary. 'People differ from each other in their construction of events'. The client, user, and supplier may see the same event in differing ways.
- The choice corollary. 'People choose for themselves that alternative in a dichotomised construct through which they anticipate the greater possibility for the elaboration of their system'. The client, user, and supplier will choose the option that extends or confirms their own constructs (Fisher and Savage, 1992).
- The sociality corollary. 'To the extent that one person construes the construction process of another, they may play a role in a social process involving the other person'. To understand another persons position allows for a worthwhile interaction, and this may encourage the development of trust.
- The commonality corollary. 'To the extent that one person employs a construction of experience which is similar to that employed by another, their processes are psychologically similar to that of another person'. The client, user, and supplier may all be thinking the same thing.
- The organisational corollary. 'Each person characteristically evolves, for their convenience in anticipating events, a construction system embracing ordinal relationships between constructs'. The constructs that the interviewees hold are ordered.
- The dichotomy corollary. 'A person's construction system is composed of a finite number of constructs'. The interviewees can only be certain about the things they have experienced.
- The range corollary. 'A construct is convenient for the anticipation of a finite range of events only'. Some constructs are different to others. A buildings envelope may be well maintained, but its services may not be.
- The modulation corollary. 'The variation in a person's construction system is limited by the permeability of the constructs within whose range of convenience the variants lie'. Our constructs are open to influence if we allow them to be. The use of repertory grids with provided elements minimises the researcher influences.

- The Fragmentation corollary. 'A person may successively employ a variety of construction systems which are inferentially incompatible with each other'. The researcher must be prepared to accept that interviewees can hold conflicting constructs.

The constructs of the participants in the case studies would be examined to determine 'what sense' (constructs) they made of sourcing building surveying and engineering professional services, and how those constructs may have changed with time and experience.

The constructs of participants would undoubtedly be different due to the range of experiences and encounters they have within their world. Murray-Prior (1998) makes the distinction that two people may have a similar reaction to a situation. This may be for differing reasons. On the other hand, people with the same experiences may also place a differing construction on the situation that has unfolded. Fisher and Savage (1992) cite that one significant drawback of PCT (unfairly in their view) is that emotion is not an integral part of the theory. However, Fransella et al. (2004) addresses the question of emotion adequately by identifying the differing terms that Kelly used to deal with emotions. For example, Kelly defined fear as 'an incidental change in one's core constructs.' Happiness and joy are identified as 'support to peripheral and core constructs'.

Reflecting on the research undertaken, it must be accepted then that events, experiences, and 'things' have a multitude of meanings or 'constructions'. This is referred to by Kelly (1955) as 'constructive alternativism'. Constructs are bipolar. Constructs always have an opposite end, for example 'good quality maintenance' as opposed to 'poor repairs'. The research tactics then changed to adopt an epistemological positivist position to quantitatively analyse the data. Constructs can be recorded, scored, and analysed using repertory grids to make the 'tacit explicit' (Jankowicz, 2001). Repertory grids were developed within personal construct theory as a technique for investigating individualised systems of meaning (Neimeyer, 2012).

3.9 Repertory Grids or Reptest

The repertory grid is a tool to help converge qualitative and quantitative research, and its use is most commonly associated with PCT (Easterby-Smith et al., 1996). However, Fisher and Savage (1992) suggest that an alternative tool of 'self characterisation' can be successfully used with PCT. The repertory grid provides a 'hard measure' or quantifiable data, and therefore would be employed within this research. This is opposed to the 'touchy feely' descriptive approach of self-characterisation.

The name Repertory grid is derived from the French word 'repertoire' meaning a stock of plays, dances, or items that a company or a performer knows or is prepared to perform (Oxford Dictionary, 2015). For this research the stock relates to an individuals constructs. The completed repertory grids from this research are included in appendix D. The grids illustrate: the provided elements utilisation; the constructs elicited from the participant; and ratings subsequently provided by the participant.

According to Neimeyer (2012) repertory grids provide an unusual feature insofar as they combine idiographic assessment and nomothetic research. Idiographic research attempts to give a respondent's outlook some dimension. Nomothetic research seeks to find patterns across people. The nature of the repgrid guides the respondents to develop their own questionnaire, which is achieved by the respondents eliciting their own constructs. Constructs are elicited from the elements, and subsequently rated by the respondent. This permits comparisons across different people or groups (Neimeyer et al., 2005).
Given that George Kelly attained degrees in physics and mathematics, it can be argued that it is only expected that numerical measurement would figure within the process at some point. The ratings grid that has been employed within this research uses a simple Likert scale approach (Centre for PCP, 2009). The Likert scale ratings identify the respondent's position between the implicit and explicit poles of the construct for each element. This rating starts to transcend the gap between the epistemology and ontological continuum, or to make tacit knowledge more explicit.

Repertory grids can therefore assist in making the tacit knowledge explicit (Persson, 2009). Tacit knowledge is described as knowledge that is difficult for a subject to express verbally (Tofan et al., 2011). Champika and Charles (2005) define tacit knowledge simply as 'non-verbalised, intuitive, and unarticulated knowledge'. The grid technique provides richer data than a structured or semi structured interview using alternative data recording and evaluation methods such as content analysis (Jankowicz, 2004).

Content analysis has also been used in association with PCT. However, Green (2004) in the use of content analysis during his research identified areas of weakness. Those areas that are associated with the fundamental approach to content analysis are:

- Word frequency count. The main output from the PCT interview is a construct typically consisting of a two bipolar words or short phrases.
- Co-occurrence of words. Whilst the interview itself maybe quite conversational, the output from the conversation is a series of constructs that will most likely be different due to differing elements and subjects being chosen by the participant.
- Coding of text units. Due to the very small quantity of words being recorded, the identifying of units of sentences and paragraphs would be problematic.

Kelly (1955) also identified within his work that constructs could not be linked to word labels with any degree of certainty.

Therefore, in order to obtain the most credible data it was decided to employ repertory grids in this research. This also provides the opportunity to obtain a level of statistical reassurance due to the participants using a simple rating scale to score their constructs against the elements. The repertory grid data was analysed using Rep 5 grid analysis software. The outputs from Rep 5 are discussed in more detail in chapter's 3.9.6 and 4.3.

3.9.1 Assumptions Underlying the Grid Technique

Kelly (1955) elucidates four basic assumptions which are of fundamental importance to the grid:

1. A person's processes are psychologically channelled by the way they anticipate events. This makes reference to people being more aligned to the future, as opposed to the past (fundamental postulate).
2. Persons differ from each other in their events constructs. Two people in the same situation would perceive the event in differing ways (individuality corollary).
3. One person employs a construct of an experience, which is similar to that of another. People can construe the world in similar ways, and researchers must not assume individuality or communality (communality corollary).
4. A persons construct system varies as they successfully re-experience the events. People learn and develop from events, not just by inflating existing experiences but also by changing the approach to those experiences (experience corollary).

3.9.2 The Value of the Repertory Grid.

The repertory grid describes the ways in which individuals place meanings upon their own experiences or constructs. Obtaining those constructs is referred to as elicitation (Jankowicz, 2004; Marsden and Littler, 1998).
The use of the repertory grid provides the following benefits:

- An individual who is not a trained psychologist can document perceptions of indistinct relationships.
- Analysis is focussed by a visible representation of perceptions making the communication of those perceptions easier.
- The researcher may achieve a clearer understanding of how the subject is dealing with their experiences.

- The participant's lack of awareness of a subject or area may be explored, and can produce enlightening insights.
- Providing a portrayal of the participant's own world with less influence from the researcher.

The process of eliciting constructs from the interviewee requires the selection of a topic, and a series of up to nine elements. Whilst the interviewer can assist with the selection of the topics, Jankowicz (2004) suggests that ideally the interviewee should not be prompted in the selection of the elements. This poses a problem for the interviewer in keeping a focus upon the subject matter without influencing the data being obtained. Alternatively, Fransella, Bell et al. (2004) propose that 'provided elements' can be helpful in maintaining focus and direction. Maintaining direction in this research was important to ensure the proposed interviews of a client, user, and sourcing provider can be correlated. For this research 'provided elements' were used to ensure consistency across the interview participants.

3.9.3 Design of the Grids

It should be stressed that the grid is a recording device. The grid records the interview and the elicited constructs and facilitates the participant to articulate their views. This is in conversation with the researcher exploring, summarising, and listening intently.
The stages in preparing a grid are well documented (Jankowicz, 2004). An overview of the procedure is shown below, and discussed in more detail in chapter 3.9.5.

1. Determine the specific focus of the grid. For example 'how I view the benefits of alternatively sourced services'.
2. Select the appropriate elements. For example, employees, client, users, public, and me.
3. Elicit constructs from those elements.

The generation of the constructs requires the most care, and a modicum of skill (Easterby-Smith et al., 1996). There are two options to elicit the constructs. The first is

for the researcher to formulate the constructs for the participant. This method was considered because it would introduce a level of consistency across all interviews. This was rejected because there is a danger of the researcher's own constructs being imposed upon the participant. On the other hand Jankowicz (2004) alludes to there being value in observing how the interviewee places 'meaning' on the researchers constructs.
The second option of providing elements was employed due to the width of the subject spectrum, and the need for the elements to remain relative to the subject area (Easterby-Smith et al., 1996). Providing elements also makes grid analysis simpler (Jankowicz, 2004).

3.9.4 Provided Elements Selection

A series of elements that are 'within the range of convenience of the constructs' were required to maintain the research focus and direction (Fransella and Bannister, 1977). To obtain the elements, a focus group of four outsourcing managers was established. Chapter 5.8 discusses focus group sizes further. The group were given the objective of providing a series of words that would reflect the experiences of the client, user, and provider. The words according to Jankowicz (2004) should ideally be nouns, and preferably concrete nouns. The group were asked to avoid words that had an obvious opposite.
To assist in keeping the elements relevant to the research, the subjects within the questionnaire from phase 1 were used as reference points. The elements provided by the focus group are shown in relation to questionnaire subjects in table 3-15.

Questionnaire Subject	**Provided Elements**	
Outsourcing driver.	*VFM*	*Expectation*
Contract value range.	*Relationship Sustainability*	*Demands*
Number of employees transferred.	*Resilience*	*Morale*

Number of service areas outsourced.	*Change*	*Communication*
Which service areas outsourced?	*Sustainability*	*Consistency*
Core or non-core.	*Clarity*	*Reputation*
Contract periods applied.	*Repair Quality*	*Contractor Performance*
Level of officer managing the contract.	*Extras*	*Responsibility*
Is further outsourcing being considered?	*Culture*	*Trust*
What benefits have been achieved?	*Cost*	*Speed*
Quality of service provided.	*Feedback*	*Measurement*
Political make up.	*Empathy*	*Sustainability*

Table 3-15: Provided elements

The focus group were also asked to provide a list of sequential phases that would be 'typical' of the process followed during any sourcing exploration. Those provided were:

1 Organisational challenge. Where the service inwardly challenges its operation and effectiveness.
2 Strategic planning. Where the service examines the available sourcing vehicles.
3 Cost Analysis. Where a business case is developed with all cost aspects considered.
4 Sourcing Decision. Compilation of all the relevant data to make an informed decision.
5 Relationship determination. Provides the basis for a rewarding relationship that will underpin the contract.
6 Supplier Selection. Not all suppliers may have the ability to deliver the services, expertise, and investment required.
7 Delivery. Understanding the reasons for sourcing failure can provide valuable knowledge to aid success.
8 Performance monitoring. A vital part of any contract or service level agreement is the monitoring of performance against key performance indicators (KPIs) or other benchmarks.

These phases were used to allocate the survey data, interview respondents constructs, and literature review data to form the basis of the theoretical framework.

3.9.5 Construct Elicitation Procedure

The elicitation procedure utilised followed the 10-point basic procedure as laid down in Jankowicz (2004) and includes the additional step of the interviewee naming the principal components. It should be noted that stage 4 of this elicitation procedure uses triading to elicit the construct.
There are alternative approaches to construct elicitation and they are discussed below:

- Monadic procedure. This approach uses one element that the interviewee has selected. The interviewee is asked simply to provide an opposite word or phrase.
- Dyadic procedure. This method requires the interviewee to select pairs of elements. The interviewee is asked to explain whether they consider the elements to be the same or dissimilar. If they are dissimilar the interviewee is asked to say why. If they are similar the interviewee is asked to choose a third element that is different from the other two, and to explain the dissimilarity.
- Triadic Procedure. The aforementioned dyadic procedure is synthesised into the triadic approach. However, using the triadic approach the three elements would normally be randomly selected.

Jankowicz (2004) ten-point elicitation procedure was employed within this research and is described below, and includes the aforementioned additional step of naming the principal components.

1. Agree a topic.
2. Show the provided elements to the participant.
3. Explain that you wish to find out how they think about the elements.
4. Ask the participant to select three elements, and ask which two are the same but different from the third (triading).

5. Ask the participant what the two have in common as opposed to the third.
6. Ask the participant to explain the contrast (this is the construct).
7. Apply the construct as a rating scale.
8. Rate each of the three elements against that scale.
9. Rate each of the remaining elements on that scale.
10. Continue to elicit as many constructs from the elements as possible.
11. With the interviewee discuss the principal components and associated grouping for a meaning or relationship, in order to provide an overarching construct for the grouping.

Steps 7, 8, and 9 allow the data to be enhanced further. By prompting the respondent to rate or rank each element on the grid, a more comprehensive analysis can be undertaken. During the empirical data collection phase it was noted that the length of time it took to elicit a grid was an issue for the participants. The typical time period that elapsed during the interviews was between forty-five minutes and one hour. Jankowicz (2004) compares the hour spent obtaining the core constructs against other epistemological approaches that never attain the depth of insight of grid work. Those alternatives are a 10-minute conversation, a semi structured interview lasting 30 to 60 minutes, or a psychometric test typically lasting an hour, which by its very nature imposes the researchers own constructs dynamically. The base repertory grids from the interviews are included in appendix D.

Another area of concern experienced during the elicitation phase was the difficulties the participant experienced in understanding the triading process. Some participants were unable to provide a response when asked to consider how two of the elements were similar yet different from the third. This is an issue that has been identified by other researchers (Neimeyer et al., 2005). The same authors suggest that this problem can be overcome by using a simple ‘opposite’ approach. This involves asking the participant to say what the opposite of the two similar elements is. This approach was occasionally utilised in this research, but had the effect of providing simplistic constructs. Those

simplistic constructs are apparent in other research such as Toossi (2011) which illustrates the difficulty participants have in understanding the elicitation concept. For example, constructs such as *specialist knowledge – general knowledge* and *good response time – poor response,* inter-alia were reported.

3.9.6 Repertory Grid Data Analysis

The data from the repertory grids was inputted into Rep 5 grid analytical software. There are several grid analysis programs available. However, this was considered to provide the most comprehensive outputs, which includes cluster analysis, statistical data, principal component analysis, and grid comparisons.
The overview and basic procedure for grid entry to Rep 5 is adapted from Gaines and Shaw (2010) and shown using actual interview data and is presented below.

3.9.7 Interview Grid Entry and Editing – Rep 5

The RepGrid tool in Rep 5 provides the capability to enter, edit, and elicit repertory grid data, and to reflect back the underlying conceptual representations in graphic form. It includes scripts for conversational elicitation (Shaw, 1980), and for the entry of grids that have been elicited through interviews (Fransella et al., 2004; Jankowicz, 2004). The analyses present grids in a way that reflects their meaning to promote discussion, understanding, decision-making, conflict mediation, and further elicitation.
The RepGrid tool is shown in operation with an interview file from this research, and illustrates how data can be entered or elicited through conversational interaction using RepGrid. Clicking on the 'open grid' button in the Rep 5 manager window opens up the dialogue for opening a file, if a file is selected RepGrid will attempt to open it as a grid, reporting an error if it cannot.
The basic grid information was entered in advance of the site visit to interview the participant.

3.9.8 RepGrid Window

Illustrated below in figure 3-9 is the RepGrid window that appears when the grid is selected. The example shown below is the case study with a town council (northern), and the interview was with the supplier of the outsourced service with that council. The tab ribbon along the top allows the selection of any one of the panes: options elements, constructs, items, and scripts. The button/popup menu at the lower screen provides full access to the analysis tools, for example: statistics, pringrid focus, and display that are discussed later in this section.

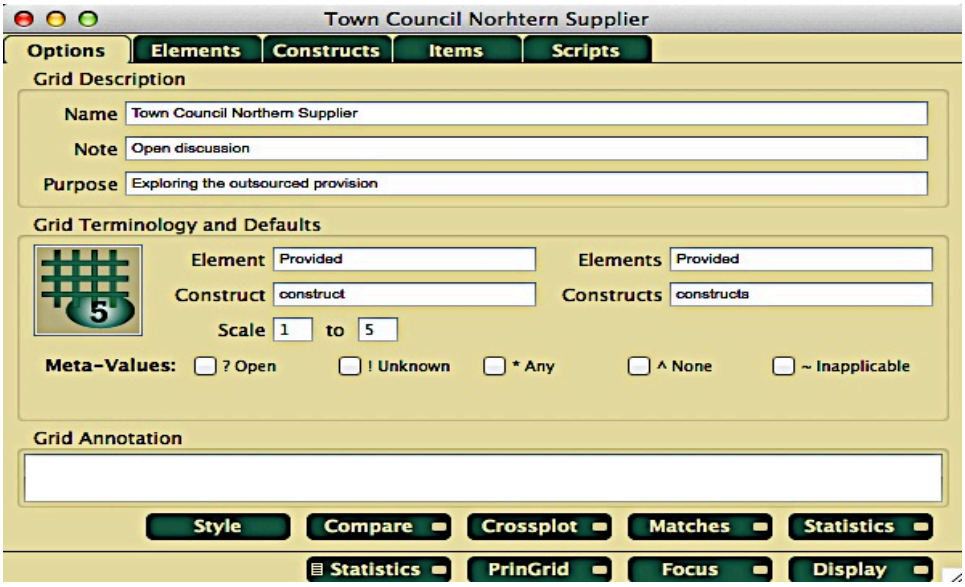


Figure 3-9: RepGrid window

When the data in a RepGrid window is changed, the 'save' item in the 'file' menu becomes active as does the 'undo' item in the 'edit' menu.

The RepGrid window opens with the 'options' pane showing, and clicking on one of the other tabs brings its pane into view. The following sections describe the functions of each pane.

3.9.9 Elements Pane

Clicking on the 'elements' tab brings up the pane shown below. During the interview, the participant was provided with all of the individual elements on cards. The participant was asked to select a subject for discussion, and to select three elements at random. The three elements were then triaded. As each triad was produced, the elements were recorded on the screen illustrated below in figure 3-10.These were also recorded on a paper grid for validation purposes. This lists the numerical order of the elements in the grid in the column on the left, and their names in the next column. The 'add' button at the bottom right adds an additional element row as the elicitation process continues.

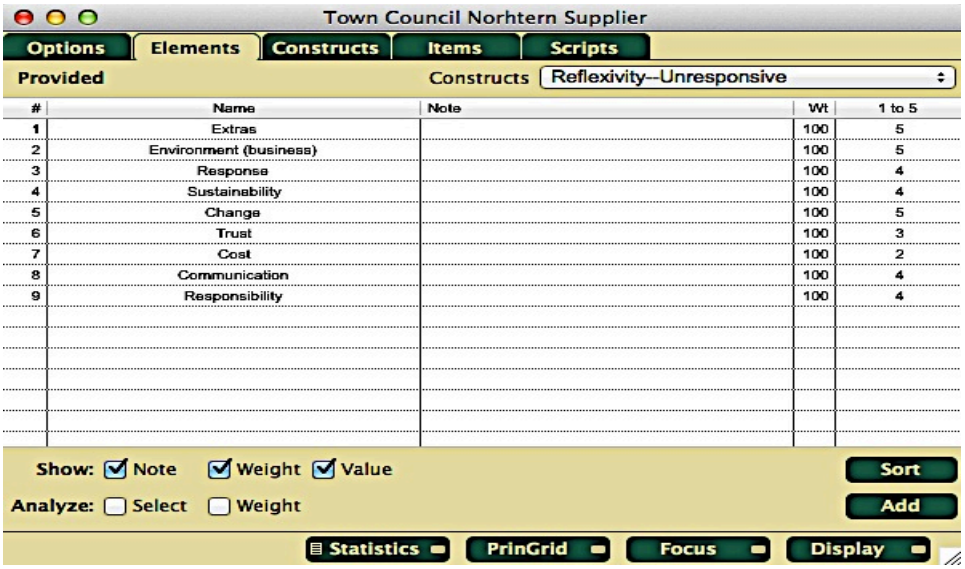


Figure 3-10: Elements entry pane

The element names are always shown, and the associated note, weight, and value fields may also be shown depending on which boxes are checked in the row on the left under the data.

3.9.10 Constructs Pane

Clicking on the 'constructs' tab in the 'RepGrid' window brings up the pane shown below in figure 3-11. This lists the numerical order of the constructs in the grid in the column on the left, their left hand pole (LHP) names in the next column, and their right hand pole (RHP) names in the next column. The participants would select a triad of elements as described in the section above, and were asked to say which two were alike, but different from the third. They were then asked to say why the two were alike, and this would provide the first pole of the construct. Simplistically, the diametric position to that pole would provide the bipolar construct. This approach was repeated with the remaining elements until six constructs were obtained. Each element was given a rating between 1 and 5 to reflect where they sat between the constructs. A rating of 5 would sit close to the left hand pole. A rating of 1 would sit close to the right hand pole whilst a rating of 3 would be central etc.

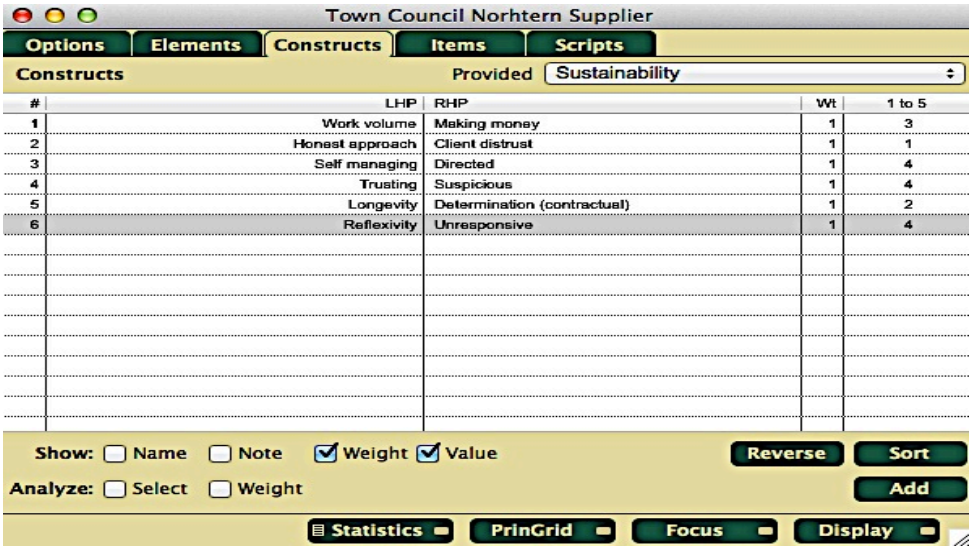


Figure 3-11: Constructs pane

3.9.11 Displaying the Grid

Clicking on 'display' in the analysis button brings up the dialogue box shown below.

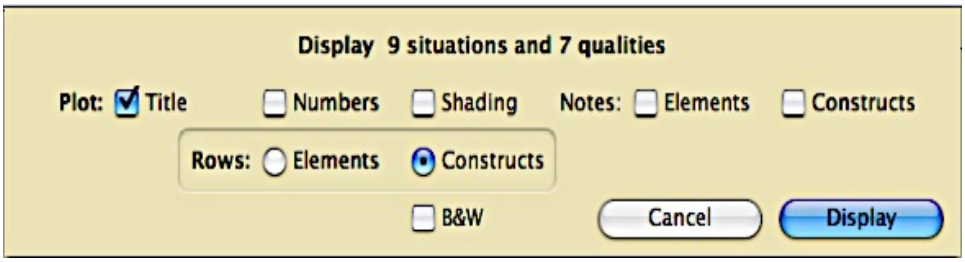


Figure 3-12: Elements pane

The row of check boxes at the top determines whether the plot is titled, whether the elements and constructs are numbered, whether the ratings are shaded (to indicate the top third of high values and bottom third of low values), and whether the notes attached to elements and/or constructs are shown.

The 'rows' sub-panel determines whether the matrix of grid data is displayed with elements or constructs as rows.

Figure 3-13 illustrates the plot produced when the display button is pressed with the settings above. The title, constructs, elements, and ratings are shown.

Figure 3-13: Completed and unsorted grid

3.9.12 Focus Sorting and Hierarchical Clustering

Clicking on 'focus' in the analysis button brings up the dialog box shown in figure 3-14.

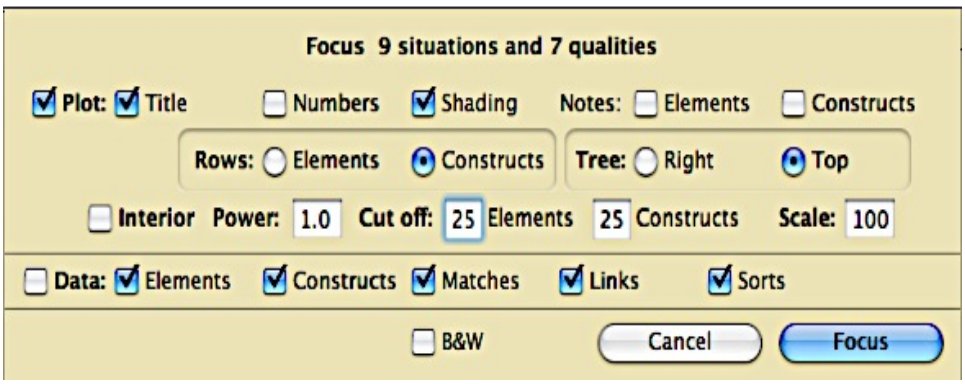


Figure 3-14: Focus sorting pane

The row of check boxes at the top determines whether a graphic plot is produced, whether it is titled, whether the elements and constructs are numbered, whether the ratings are shaded (to indicate the top third of high values and bottom third of low values), and whether the notes attached to elements and/or constructs are shown. The 'rows' sub-panel determines whether the matrix of grid data is displayed with elements or constructs as rows. The 'tree' sub-panel determines whether the focus cluster tree for the columns is shown at the top of the grid or at the lower right.

The 'interior' check box controls the focus-matching strategy. Leaving it unchecked specifies the standard focus algorithm in which items are matched only against the items at the edges of existing clusters. This sometimes leads to items with a high match to interior items being shown as having a lower match to an edge item. Checking the 'interior' check box allows focus to match against interior items in an existing cluster. It then displays the interior match and places the item at the edge of that cluster that has the highest match to the item.

The ‘power’ value determines the exponent used in the Minkowski metric used to compute matching scores (Shaw, 1980, p.160). The default (and generally recommended) power of 1.0 defines the standard city block metric normally used in the focus algorithm. A power of 2.0 would define the Euclidean metric. Fractional powers in the range 0.1 to 10.0 may be used. A higher power weights larger differences more than smaller ones, and vice versa. However for this research the standard power of 1 was used.

The ‘cut off’ values determine the level of match below which an element or construct cluster will not be shown. The ‘scale’ value determines how much space will be allocated to the trees showing the cluster hierarchies.
The row of check boxes near the bottom of the pane determines whether a textual analysis is produced, whether the element and construct data are output, whether match matrices, cluster links, and sorts are output.
Figure 3-15 illustrates the plot produced when the ‘focus’ button is pressed with the settings above.

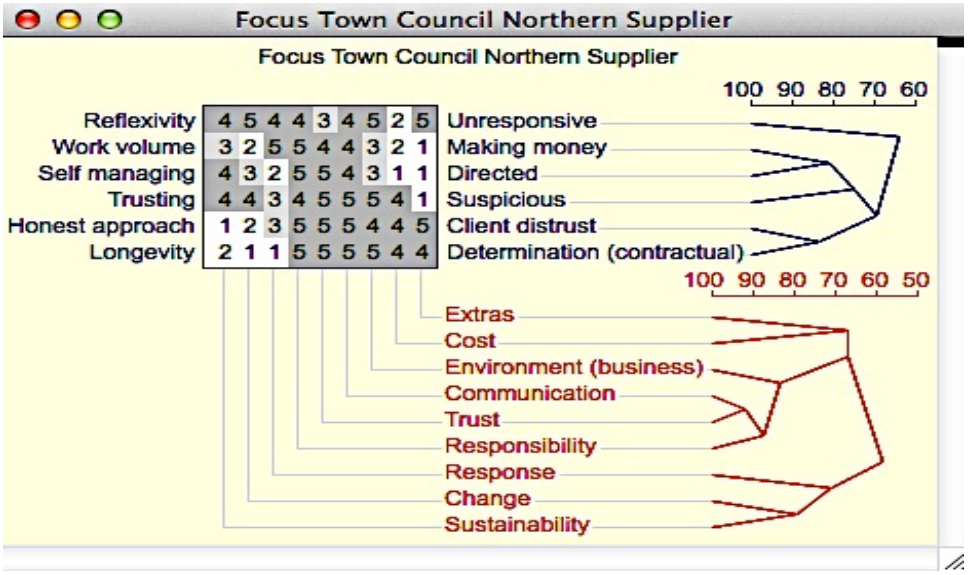


Figure 3-15: Focus plot

3.10 Principal Components

According to Swarbrick (2012) Principal Component Analysis (PCA) is the 'search for truth' in a data set. A more technical definition is offered by Davies and Fearn (2014) that PCA is a mathematical tool for reorganising information within a data set. PCA can be used where there is more than one variable that is being measured within numerous samples. PCA discovers new variables within the data and these are referred to as principal components. The principal components account for the majority of the data variability. The mathematics behind the calculation of the principal components is complicated, and for this research the 'PrinGrid' produced by Rep 5 was used as graphical representation of the case study participant's constructs. Figure 3-16 below illustrates a typical 'PrinGrid' output from Rep 5. Principal components are discussed further in chapter 4.3.3.

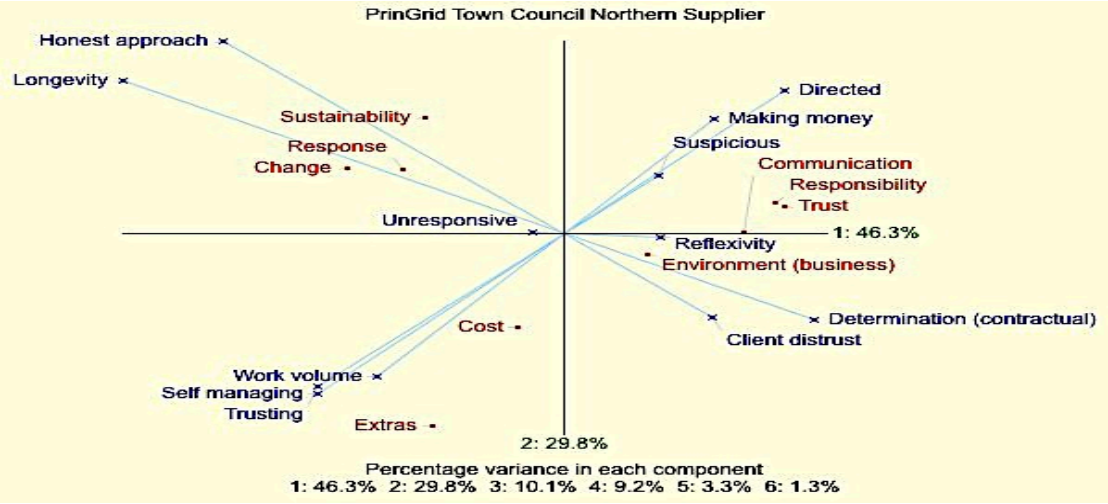


Figure 3-16: PrinGrid output from Rep 5

3.11 Credibility and Dependability

Guba and Lincoln (1989) proposed four criteria as an alternative to the traditional qualitative criteria and it is illustrated in table 3-16. The internal validity of qualitative data according to Guba and Lincoln (1989) is alternatively referred to as credibility.

Credibility requires that the research participant's data is credible or believable. The reliability element of qualitative data is referred to as dependability. Dependability requires that a clear process is established, documented, and followed, so that the entire process is replicable (Guba and Lincoln, 1989). Guba and Lincoln (1989) however, cite that there can be no credibility (validity) without dependability (reliability). They continue the argument further by surmising that if validity is established then reliability naturally follows.

Qualitative traditional criteria	Qualitative alternative criteria
Internal validity	Credibility
External validity	Transferability
Reliability	Dependability
Objectivity	Confirmability

Table 3-16: Adapted from Guba and Lincoln (1989)

The strategy for achieving credibility and dependability within this research is shown in table 3-17.

	Method	Actions specific to this research
Credibility	Triangulation	Interviewing of client, user, and service provider across three levels of local government Use of 'mixed' methodology
	Cross analysis of data	Using Repgrid IV cross analysing repertory grids
	Boundary control	Use of Repgrid provided elements
Dependability	Formal protocol	A documented procedure will be published and followed

Table 3-17: Credibility and Dependability strategy

According to Amaratunga et al. (2002) triangulation efficacy centres on the hypothesis that the disadvantages of one particular method will be countered by the advantages of the other. This research attempts to coalesce the disadvantages and advantages of mixed methodologies to provide the best possible outcome of both. Eisenhardt (1989) suggested that the combination of methods can be synergistic to the research data.

Kelly (1955) described reliability as 'the characteristic of a test which makes it insensitive to change'. Social scientists refer to reliability as the potential for a test to produce the same results for the same subject at differing times (Fransella and Bannister, 1977). The same authors reflect that there are specific problems relating reliability concepts to grids. This is because the grid does not exist.

3.12 Reflection on the Survey Instrument and Case Study Techniques

The research incorporated two phases to collect the data. Although for each phase the data collection method was appropriate in relation to the nature of the data required. It may assist the reader to critically reflect on the merits, or otherwise, of each approach. Interviews have many benefits over other data collection tools (Sarantakos, 1997; Grix, 2001; Ab Rahim, 2012). Those benefits are listed below and contrasted with the survey approach used in the first phase of this research:

1. Flexibility. Interviews are flexible, and can follow any new lines of enquiry that may arise. Surveys do not allow any researcher input at the time of data collection and valuable data may not emerge.
2. High response rate. Grix (2001) maintains that interviews can attract a relatively high response rate. This may be attributable to the interviews being pre arranged. The surveys in this research attracted a higher response rate than the case study interviews (26%). This may be attributable to the simple, short, and uncomplicated survey instrument design.

3. Easy administration. Interviews do not require the participants to read, handle complex documents, or long questionnaires. However, the interviews using PCT did challenge participants cognitively. For this research, the piloting of the survey and practice data inputting provided easy administration of the survey data.
4. Opportunity to observe non-verbal behaviours. Non-verbal behaviours were observed during the interviews. These behaviours acted as triggers for advancing the lines on enquiry. It is conceded that surveys did not provide that benefit.
5. Less tedium. Less patience and motivation are required by the participant to provide data during the interview. Ab Rahim (2012) suggests that the interview process is a cooperative process, and in eliciting the constructs for this research that was certainly true. However, the careful design of the survey instrument can cut through the 'interview malaise'.
6. Control over the environment. For this research a comfortable environment was always the objective due to the cognitive requirements of the interviews. However, the interviews were generally held at the participant's workplace. This meant that the environment was beyond the control of the researcher. The researcher could not control the environment that the survey instrument was completed in.
7. Capacity for correcting misunderstanding by the respondent. Remote data collection does not afford the opportunity for the respondent to clarify issues in the same way that interviews do. Again, careful development of a survey instrument coupled with robust pilot testing can assist the instrument clarity. It must be added that most, if not all, interviews involved some form of clarification. This may have been due to the complexities of the grid elicitation process.
8. Control over the order of the questions. The order of the questions can be important, and interviews provide the mechanism to prevent the respondent from knowing what question is coming next (Ab Rahim, 2012). It can be argued that a survey respondent may read all of the questions prior to completing the instrument. This may lead to a greater understanding of the overall objective of the survey and provide richer data.

9. Opportunities to record spontaneous answers. Respondents do not have as much time available to answer questionnaires (Grix, 2001). This lack of time prevents spontaneity. The survey instrument used categorised data and this in itself limited any spontaneity. However, this position was always accepted and the case study interviews would provide that element to the data.
10. Control over identity of the respondent**.** The identity of the respondent is generally always known when an interview is performed. The survey instrument did provide the opportunity for the respondent or other appointed person to participate in the case study phase. They then provided their contact details to arrange a follow-up interview. Grix (2001) cites that surveys do not provide that information.
11. Completeness of the interview is guaranteed. The interviewer presents the questions; therefore it is more probable to be guaranteed that all questions are more likely to be answered. The reliability of the survey instrument can be further assured by careful pilot testing. For this research very few survey instruments were returned incomplete.

3.13 Summary and Link

The research commenced with a contextualisation survey of the English local government sector. The survey was undertaken from an objectivist's position. The research progressed to using a mixed methodology utilising a case study strategy and interview tactics. The philosophical aspect of the case studies was initially undertaken from an interpretivist position. The case studies were undertaken using personal construct theory as the underpinning theory. Rep 5 software provided the basis for statistical analysis at which point the philosophical position changed to positivism.

PCT was chosen over other theories and approaches because it provides quantification of qualitative data, or making the tacit explicit. PCT allows the researcher to gather data that are the constructs of the research participants'. Those constructs are relative to the world

and experience that the participants' encounter. The constructs are constantly being adjusted. The participants' become incipient scientists testing, confirming, or falsifying those experiences. This research approach provides the researcher with unique high quality almost organic data. That data has had little if any researcher influence exerted upon it despite the researcher being actively involved within the personal construct elicitation process.

The repertory grid was the tool used for the recording of personal constructs during the elicitation process. The grid allows participants to explain the 'coherent picture they have of the subject in mathematical terms' (Bannister and Fransella, 1989). Participants translate their construct into a value using a simple rating scale. Repertory grids have four components: elements, constructs, ratings, and of course the grid itself.
Elements are a key component of the repertory grid. Elements are examples of a specific topic, for example if the repertory grid was being employed to choose a car, then the elements would be the different makes of car. In this case the elements are key areas that arose from the survey phase of this research. Providing elements to the participants allows the researcher to maintain a focus on the research.

Each of the research tools used had benefits and drawbacks. The survey provided categorised data using a simple yet effective instrument. The case study interviews provided flexibility within the constraints of the provided elements.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The research commenced with a survey instrument contextualising sourcing within the English local government sector. The survey instrument collected categorised data. The surveys were sent to all chief executives from all English local authorities, and the results are reported within this chapter. The survey provided the added benefit of identifying participants for the second phase of the research that used a case study strategy with interview tactics.

The interviews were undertaken with a northern town council, a north eastern county council, a northern county council, and a metropolitan borough council. The interview narrative overviews are presented in this chapter. The preparation was undertaken through a single point of contact that was able to identify the client, supplier, and user within a council. This approach aided credibility. The data was initially recorded manually prior to being imported into Rep 5. This technique had to be modified because the principal component outputs needed to be discussed further with the interviewee to 'construe the construing'. A second series of interviews had to be undertaken with the first two councils to address the principal component issue. The statistical analysis, cluster analysis, and principal component grids are illustrated from the cases investigated with an abridged narrative from each interview in chapter 4.3.

4.2 Phase 1 – Survey of Local Authorities

At the time of the research the sample frame utilised was the direct government website database (GOV.UK, 2013), and the population consisted of 354 English local councils. The calculations to determine the sampling size are widely published (Fink, 2006). However, given the relatively small population, all English councils were sent the survey

instrument. A total of 91 councils returned a completed survey. As described previously, the surveys were addressed to council Chief Executives. It was considered this would facilitate the survey being signposted to the most appropriate member of staff with the knowledge to provide the data. The response rate achieved was 26%. With a desired confidence level of 95%, the confidence interval was calculated to be plus or minus 4.57%. Hence, the range for the true population proportion is 21.43% to 30.57%. Typical response rates are in the region of 20% to 30% although every effort should be made to increase this to above 50% to avoid biased results (Rumsey, 2011). The survey results are presented in table 4-18.

Question 1: Have you outsourced any of your services?				
Yes	**No**			
86%	14%			
Question 2: If you have not outsourced any services go to question 15.				
Question 3: How many service areas have you outsourced?				
1	**2-3**	**4-5**	**>5**	**Other**
8%	24%	16%	6%	24%
Question 4: Which service areas did you outsource?				
IT	**Grounds**	**Facilities**	**Payroll**	**Other**
Reported in Table 4-19: Survey Question 4 – Service areas outsourced.				
Question 5: Do you consider the service areas outsourced to be core or non-core?				
Core	**Non-Core**			
80%	20%			

Question 6: What was / is the value of the contract?				
£0 – £5m	**£5 - £10m**	**£10 - £15m**	**£15 - £20m**	**>£20m**
29%	15%	6%	6%	31%
Question 7: What contract periods have you applied? (Years)				
0 - 2	**3 - 5**	**6 - 7**	**8 - 9**	**10+**
1%	31%	25%	7%	36%
Question 8: What level of officer manages the contract on a daily basis?				
Administrative	**Senior**	**Principal**	**Head of Service**	**Other**
2%	17%	47%	34%	0%
Question 9: Are you considering further outsourcing?				
Yes	**No**			
57%	41%			
Question 10: What benefits have been achieved? (Respondents were allowed to select multiple answers).				
Financial	**Increased Employment**	**Access to Expertise**	**Access to investment**	**Other**
86%	13%	59%	50%	0%
Question 11: Rate the quality of service provided against the previous arrangement				
Poor	**Fair**	**Good**	**Very Good**	**Don't Know**
1%	20%	45%	31%	3%
Question 12: What is the main outsourcing driver? (Respondents were allowed to select multiple answers).				
Cost Saving	**Political Directive**	**Operational Capacity**	**Skills and Technology**	**Other**

71%	16%	48%	32%	2%
Question 13: What is the political make up of your council?				
Labour	**Conservative**	**Lib-Dem**	**Hung**	**Other**
19%	55%	10%	15%	1%
Question 14: What is number of employees transferred to the new service provider?				
1 – 100	**101 – 200**	**201 – 400**	**401 -500**	**>500**
41%	20%	13%	4%	8%
Question 15: What are the reasons for not outsourcing any services?				
Cost	**Political Direction**	**Motivation**	**Staff Resources**	**Other**
65%	35%			

Table 4-18: Survey Results

The results illustrated that the main driver to outsource was cost savings. This is supported by the findings within the literature in section 2.8.1.1. This data correlates with the length of time applied to contracts, and the numbers of staff transferred to the new provider that suggests the development of strategic relationships.
On the other hand, the results also illustrated a shorter term and lower value approach to achieve access to operational capacity improvements. This suggests that in-house teams are augmenting their capacity on a project-by-project basis or it can be argued, testing outsourcing on a smaller low risk scale.

Within the survey instrument, question 4 ascertained the service areas outsourced. These are shown in table 4-19. Service areas are defined as individual sections within a directorate of an English local authority.

Service Area Outsourced	Response
Grounds Maintenance	46%
Waste Collection	41%
IT Services	36%
Leisure Management	31%
Facilities Management	29%
Street Cleansing	15%
Revenues	12%
Customer Services	12%
Housing Repairs	9%
Housing Management	8%
Home Care	6%
Human Resources	6%
Highways	6%
Back Office	3%

Table 4-19: Survey Question 4 – Service areas outsourced

The use of categorised survey questions can limit the extent of data analysis that can be undertaken (Fink, 2006). However, despite the limited analysis the survey contributed to achieving the objectives of the research, and identified participants for the case study phase. The councils who responded to the survey have been plotted approximately on the map in figure 4-17 over page to maintain anonymity. Anonymity was a requisite part of the ethical approval process, and was included within the survey and case study protocol. Anonymity was also a condition of the agreement between the researcher and the participant.

The darker shaded areas were councils who outsourced services, and the lighter shaded areas were those who had not outsourced any prescribed services. However, it is likely

that they will have outsourced some areas such as photocopier supply and maintenance etc.

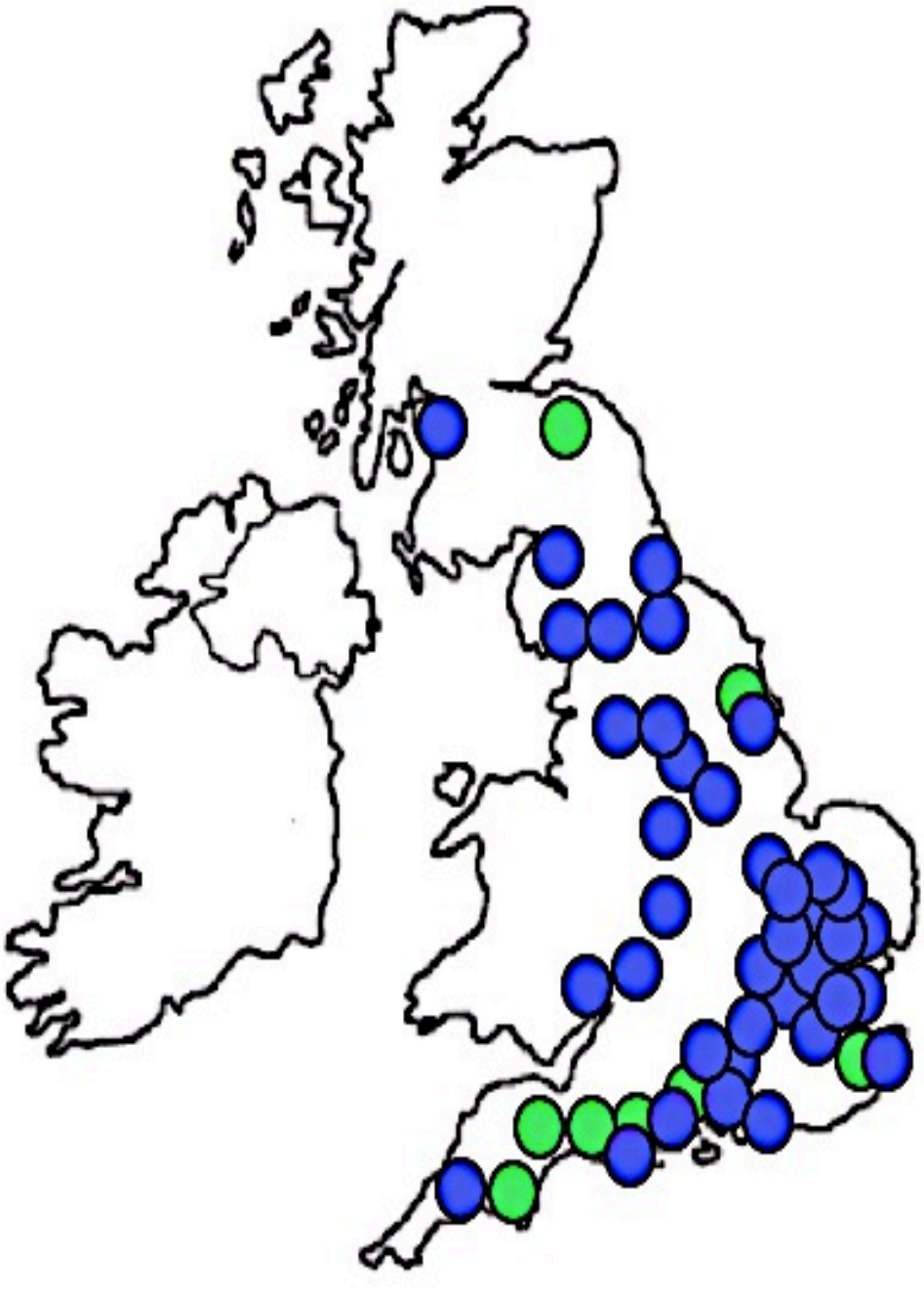


Figure 4-17: Geographical areas of outsourcing

4.2.1 Validity and Reliability

The survey instrument collected categorised data. The testing of the validity of this type of data is most suited to the test-retest method (Fink, 2006). Of 20 retest surveys that were administered, 9 were returned. Validity was tested using the formula:

$$r = \sqrt{\frac{\Sigma xy - \frac{\Sigma x\, \Sigma y}{n}}{\left(\Sigma x^2 - \frac{(\Sigma x)2}{n}\right)\left(\Sigma y^2 - \frac{(\Sigma y)2}{n}\right)}}$$

Equation 1: Test – retest calculation

Where x is test 1, y is test 2, n is the number of retests, and r is the retest coefficient. A retest coefficient of 0.87 was obtained which supports the level of reliability to be acceptable (Fink, 2006).

A panel of outsourcing managers tested the validity of the completed surveys for any anomalies clearly outside the range of the categorised choice parameters, no such returns were observed.

4.2.2 FORT Relationship

The four outsourcing relationship types (FORT) were described within chapter 2.8. Four questions were used within the survey instrument to determine the extent of substitution and the strategic impact. Two questions were used for each of the subjects. The participants were provided with categorised data choices, and these were scored in ascending numerical values according to the extent of either substitution or strategic impact. The methodology for this is discussed in detail in chapter 3.6.1. Figure 4-18 illustrates the FORT positions for all councils that completed a survey. Within the data, those councils who had outsourced BSEPS are indicated with the lighter shading.

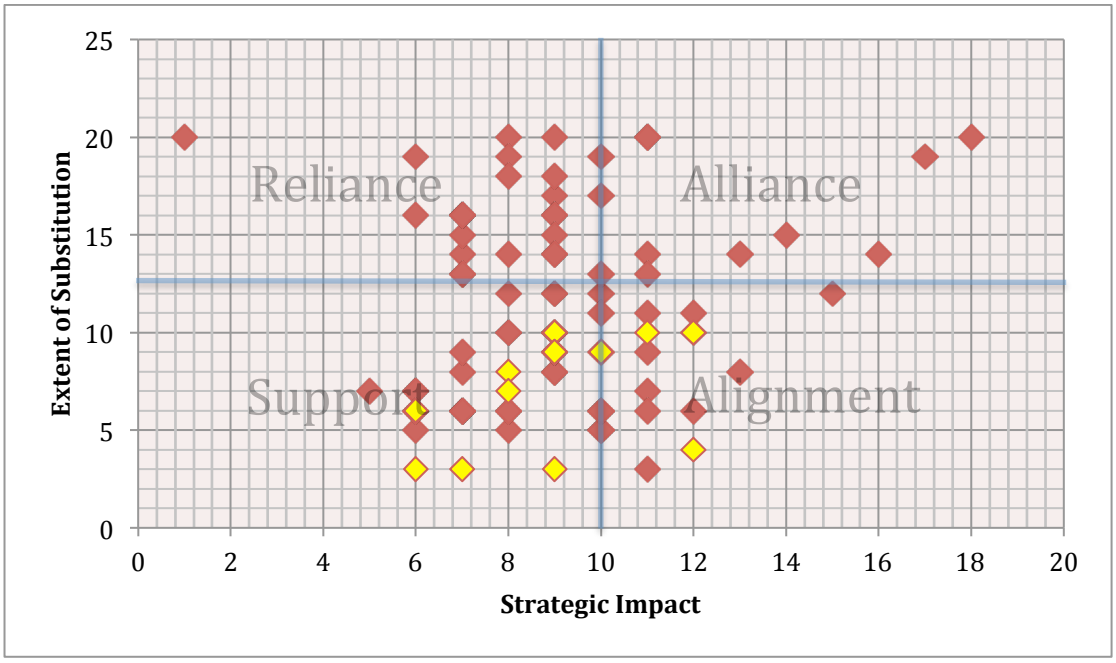


Figure 4-18: FORT framework applied to the survey data

Figure 4-18 illustrates the position within the FORT framework grid of all English councils who responded to the survey.
The grid consists of four quadrants, each representing a relationship type:

1. Support relationship. There is limited use of outsourcing, and the use of the in-house services is more popular.
2. Alignment relationship. Where the use of the outsourcing vendor tends to be on a project-by-project basis, possibly exploiting expertise not available in-house.
3. Reliance relationship. This shows a high level of commitment from the vendor as a significant level of the client's operation is transferred.
4. Alliance relationship. Which allows clients and vendors to work together to achieve common strategic and operational goals.

Figure 4-18 illustrates that most councils were operating in the support or reliance quadrant of the framework. This suggests that councils were taking either a tentative

approach to outsourcing favouring the use of in-house services or transferring significant levels of the organisation. Interestingly, there are a number of councils operating within the alliance quadrant. This indicates that those councils will have entered into long-term strategic partnerships. It is this area that the literature suggests outsourcing is at most risk of failure. Longer-term contracts were shown to be intolerant of financial, legislative and other business environment changes. Included within the data illustrated above with lighter shading are those councils whose outsourced services included BSEPS. A significant number of councils are shown to be operating within the support quadrant, with others being within the alignment quadrant. The alignment relationship suggests that those responding to the survey have accessed the outsourced service provider on a project-by-project basis. This provides the advantage of accessing expertise that may not be normally available in house, or alternatively augmenting the in-house capacity during a workload peak.

Within the English local government BSEPS area, workload volume peaks between April and October. Typically, budgets are allocated during or just before April, and planned maintenance programmes quickly follow. Planned maintenance programmes are derived from asset management plans (AMPS). The type of work will generally dictate the most appropriate time to undertake the project. For example, renewing roof coverings, window replacements, and external decoration would ideally need to be completed prior to October. School project work is targeted for commencement at the end of the summer term in July, and completion prior to the start of the autumn term in September.

4.3 Phase 2 – Case Studies

The case study phase of the research comprised semi-structured interviews with four councils who had alternatively sourced activities that included BSEPS. A case consisted of an interview with three main actors within the sourcing process: the client, supplier, and user. The data from each interview is presented as follows; a narrative of the

interview that describes the background to each construct follows the graphical outputs from Rep 5. The graphical outputs include the construct statistics, a cluster analysis, and a grid showing the principal components.

4.3.1 Construct Statistics

The construct statistics derived from Rep 5 are presented for each interview within a case. The statistics show the numerical range of each construct. For this research the range was 1 to 5. The statistics show the minimum and maximum construct values, the calculated mean, and the standard deviation. The standard deviation or 'data spread' is shown within the interview narrative for each construct elicited. A lower standard deviation means that the values in a set of data are close to the mean of that data. A higher standard deviation indicates that the values in the data are further away from the mean. The standard deviation therefore measures the concentration of data around the mean. The more concentrated, the smaller the number.

4.3.2 Cluster Analysis

Figure 4-19 below shows a grid that has been focussed by cluster analysis. The columns show the most similar ratings set side by side. The rows are shown similarly. The cluster analysis shows the percentage similarity scores for the adjacent elements and constructs. These are presented in the form of a tree structure or dendogram. The analysis of the tree diagrams is included within the interview narratives for each actor within a case.

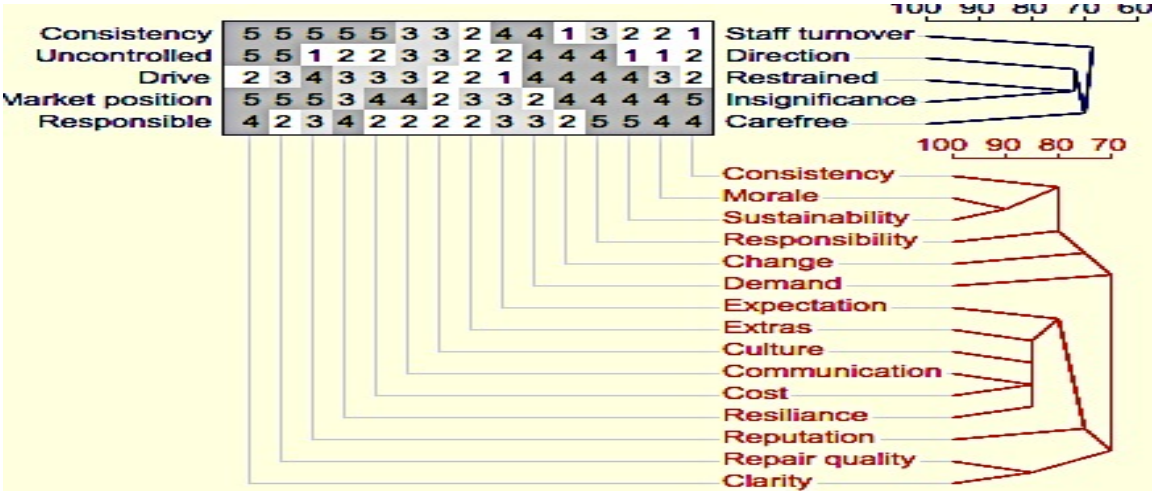


Figure 4-19: Grid cluster analysis

4.3.3 Principal Components

Principal components analysis (PCA) examines the variability in tabulated data, and identifies distinct patterns of variability or 'variance' (Jankowicz, 2004). Principal component analysis is a complicated mathematical process. The Rep 5 software used for this research to analyse the elicited repertory grids undertakes that mathematical process. The output from the Rep 5 software is a principal component analysis graph that is referred to as a PrinGrid. The mathematical process follows two procedures: one, to calculate the extent to which ratings within a row of a grid are similar to each other and to identify any distinct patterns; two, using as few a patterns as possible it attributes as much as possible of the total variability to those patterns.

According to Dallas (2013) it can be advantageous to measure data as principal components as opposed to the traditional approach of an x-y axis. The principal components are intrinsic data with orientations that have the largest variance or spread. Figures 4-20 and 4-21 provide a simple visualisation of the concept of principal components.

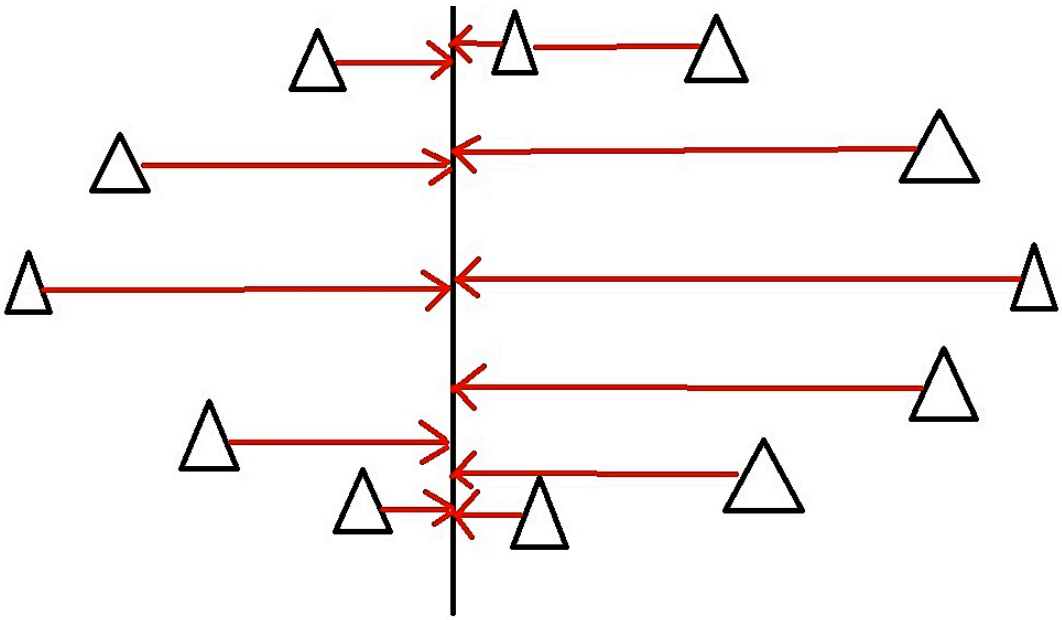


Figure 4-20: Principal component representation 1 (Dallas, 2013)

The triangles shown in the illustration above represent, in simple form, data points. These data points can be dismantled into eigenvectors and eigenvalues. Eigenvectors and eigenvalues always exist in pairs. An eigenvector is a direction. An eigenvalue is a number describing how much variance, or how far spread out the data is for that direction. The eigenvector that has the highest eigenvalue represents the principal component.

Figure 4-20 illustrates how when a vertical line is projected through the data, it is relatively compressed in the absence of a scale. The variance is not large; therefore, it is unlikely that this is the principal component.

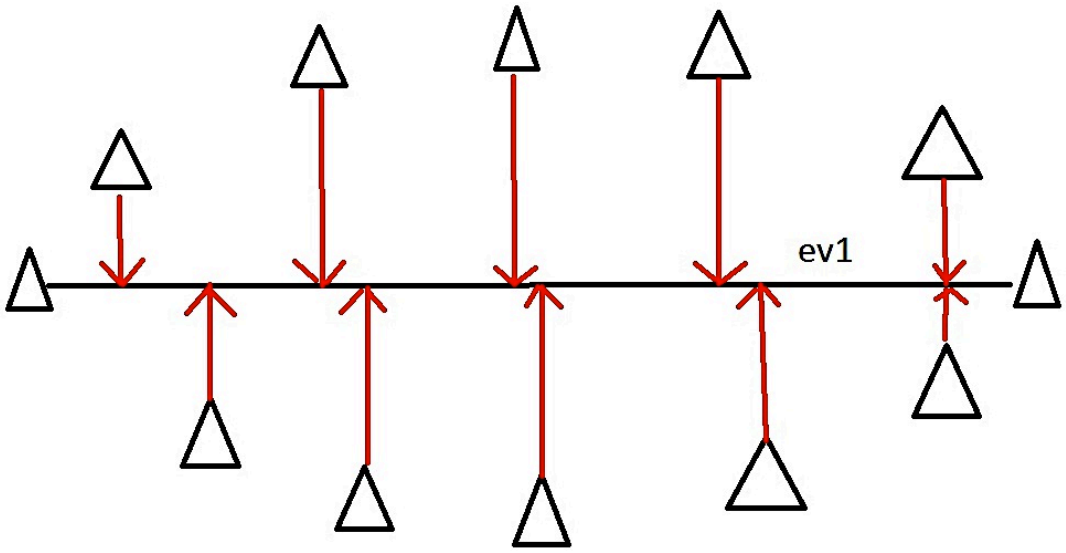


Figure 4-21: Principal component representation 2 (Dallas, 2013)

In figure 4-21 with the horizontal line projected through the triangles, it can be seen that the data is relatively extended when compared with figure 4-20. The variance is much larger, so it is more likely that in this case the horizontal line is the principal component.

The PrinGrid produced by the Rep 5 software is a visual representation of the statistical positions of the constructs and elements after PCA has been applied. The interviewees after the elicitation of the constructs were shown the PrinGrid. The interviewees were asked to examine the PrinGrid, and where the constructs were closely aligned to each principal component the interviewee asked to name each. The name would be derived from combining the themes from each construct into an over arching construct to be carried forward into the framework. Where the interviewee could not name the principal components due to the fanning or spread of the constructs, they were shown the cluster analysis to determine any overarching features.

The interviewee was then asked to associate each of the constructs and principal components with a predetermined framework outline that relates to each phase of the sourcing process. These phases were determined during the identification of the selected elements that were described in chapter 3.9.4. (Provided Elements Selection).

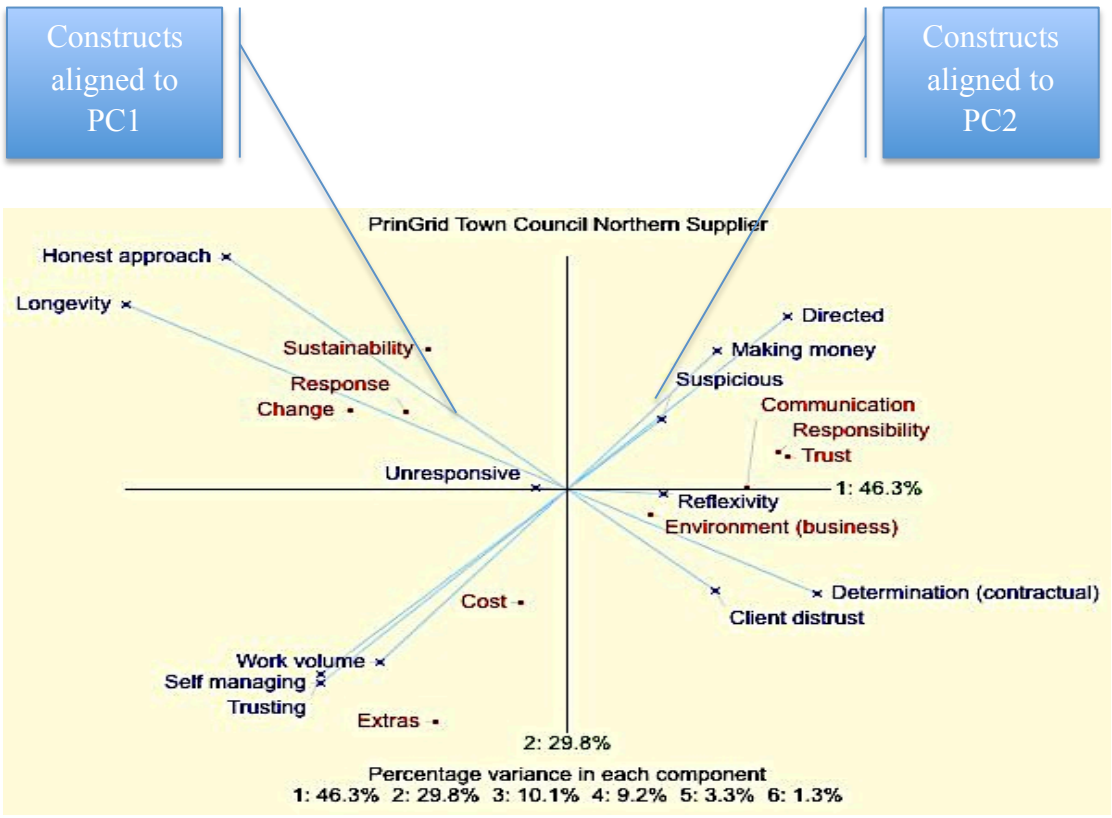


Figure 4-22: Principal component naming convention

The sheaves or construct groupings that may lie close to one principal component axis are independent of any other groups that lie near the other principal component axis. The angle between any two construct lines reflects the extent to which the ratings of the elements on those constructs are correlated. The smaller the angle, the greater the similarity of the ratings (Jankowicz, 2004). Similarly, the closer the angle between groups of constructs lines and the lines that represent the components indicates a greater correlation with that group. The distance between elements reflects the degree of rating similarity. The closer any two elements are reflects that similar ratings were obtained. Figure 4-22 illustrates how the grouping of constructs adjacent to each principal component is named. For this example the interviewee named the first principal component as *communicative* and the second principal component as *engaged.*

Within the narrative, each construct that was elicited has been allocated a construct reference identifier after the standard deviation value. For example *work volume – making money* (SD 1.3 – CR1). Work volume – making money is the construct. SD1.3 is the standard deviation result, and CR1 is the construct reference number. The same approach will be used for the principal components. For example, communicative is PC1.

The construct / principal component reference number, along with survey data, and literature review key areas are utilised in chapter 5.5 to inform the synthesis of the framework.

The case study interview results and analysis are shown over page. The results and analyses are structured using the following convention for each case: Rep 5 outputs consisting of construct statistics, focus or cluster analysis, and PrinGrid or principal component graphical representation. These are followed with an abridged narrative from each interview that illustrates the derivation of each construct. Each case is compiled of an interview with three actors: the client, supplier, and user. There were four cases investigated resulting in twelve interviews being undertaken.

4.4 Case Study 1 – Results and Analysis

4.4.1 Client (Case study 1)

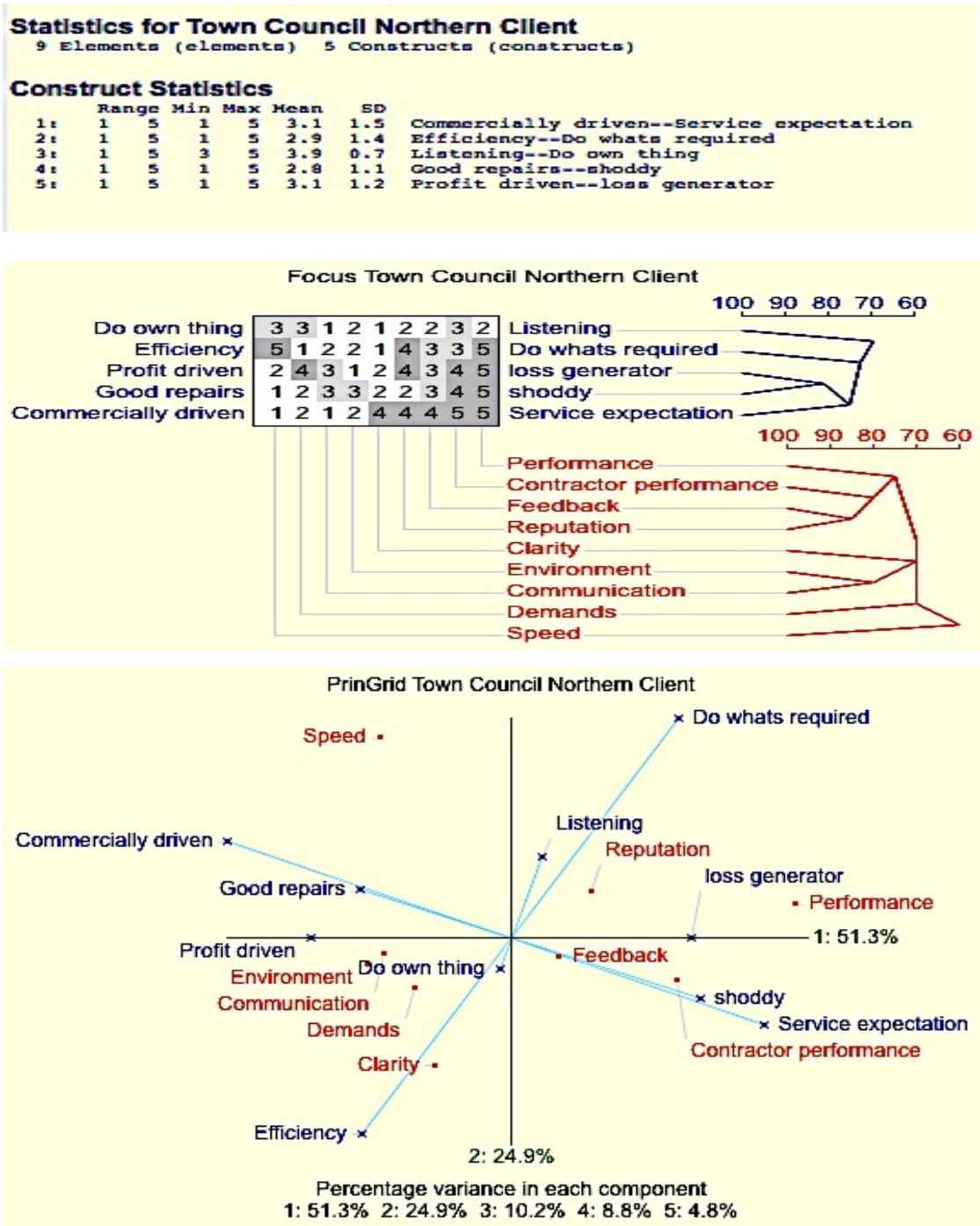


Figure 4-23: Case study 1 - Client

Client - Case study 1.

The client spent some time prior to starting the elicitation procedure discussing his experience of the outsourcing arrangement. This proved helpful in becoming focussed on the subject. Introductory preambles were introduced into subsequent interviews. The client discussed the financial arrangement behind the contract. They were aware of the basic financial information from the staff pre contract consultations. Significant savings over the 'old way' were publicised extensively. It would appear that this was presented to staff as the primary reason to outsource. Employees became concerned as the enormity of the situation unfolded when the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations were discussed. The client considered the service provider to be 'profit focussed'. The client offered two constructs which were linked in the dendogram at approximately 80% those are *profit driven – loss generator* (SD 1.1 – CR9) and *good repairs – shoddy* (SD 1.2 – CR10).

The second construct was related to the client's view that the quality of the repair was variable. It was considered by the client that the variability was attributed to the use of multi skilled tradespeople. Multi skilled tradespeople are defined as those who are able to undertake a minimum of two differing roles (Haas et al., 2001). Again, the client's opinion of that situation was that the resource allocation process is much simpler. The rates of pay may be lower too.

The aforementioned constructs link commerciality with the quality of work being delivered by the supplier. Those constructs are connected within the dendogram by *commercially driven – service expectation* (SD 1.5 – CR11) at 80% correlation. This illustrates the client's previous concerns that commercial drivers have an impact upon the repair quality. The literature review identified that the primary commercial driver to outsource is cost savings. However there are several other drivers that include value for money, service quality improvements, access to new technologies, and business transformation.

The client was quite vociferous in the lead up to the elicitation of the *listening – do own thing* (SD 0.7 – CR12) construct. Interestingly, the client considered that service supplier was keen to register issues for clarification that may lie outside the contract, and that 'extras' may be claimed. This may be due to the absence of risk sharing and the contract being more aligned to a 'cost plus' arrangement (Campbell, 1995). An example of this was where asbestos was encountered that was not detected within the sites management survey. Another reason for 'hunting for extras' is that outsourcing suppliers habitually buy in at a low cost. Contingencies of at least 10% of the contract value needs to be built in due to client being unable to produce specifications or SLA's to 'catch all' (Gareiss, 2002).

The participant construed the first principal component to be *commercially astute (PC3)* and the second to be *compliant (PC4)*.

4.4.2 Supplier (Case study 1)

Statistics for Town Council Northern Supplier

9 Elements (elements) 6 Constructs (constructs)

Construct Statistics

	Range	Min	Max	Mean	SD	
1:	1	5	1	5	3.2	1.3	Work volume--Making money
2:	1	5	1	5	3.8	1.4	Honest approach--Client distrust
3:	1	5	1	5	3.1	1.4	Self managing--Directed
4:	1	5	1	5	3.9	1.2	Trusting--Suspicious
5:	1	5	1	5	3.6	1.6	Longevity--Determination (contractual)
6:	1	5	2	5	4.0	0.9	Reflexivity--Unresponsive

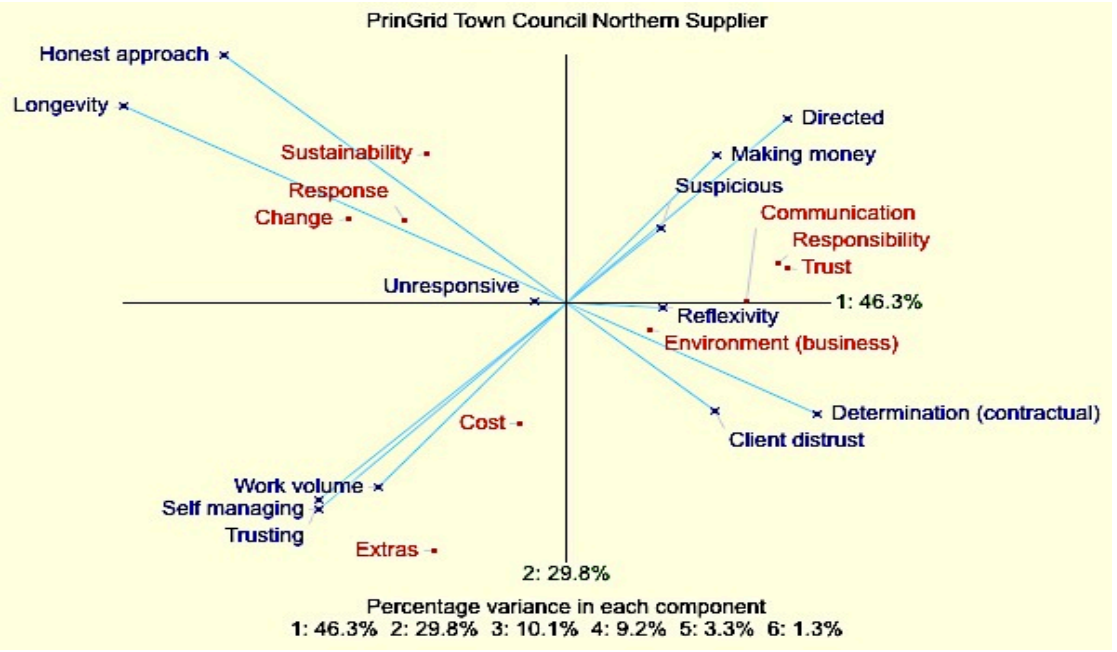


Figure 4-24: Case study 1 - Supplier

Supplier - Case study 1

The supplier focussed upon the relationship between himself and the client and reflected how trust, or the lack of it, impacted upon the relationship. Randeree et al. (2007) cites that successful transactional relationships are based on trust, and any risk within relationships is mitigated by trust.
The same authors provide a related definition of trust:

'a willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party'.

Randeree et al. (2007, p4)

This is illustrated in the constructs of *work volume – making money* (SD 1.3 – CR1), *honest approach – client distrust* (SD 1.4 – CR2), and *self-managing – directed* (SD 1.4 – CR3). The construct *work volume – making money* suggests that the supplier has to balance sufficient work volumes with the need to make a profit. Guarantee of work volumes are established within sourcing contracts and SLA's by using a minimum commitment clause. Minimum commitments include revenue levels, work volumes, and staffing level requirements. The minimum commitments clause restricts client flexibility, yet assists the supplier with the recoup of upfront costs and help to identify profit levels over a specific period of time (Overby, 2009). It can be argued that the client should apply reasonable levels of minimum commitments to encourage risk sharing.

The supplier was more direct in his concerns with a *trusting – suspicious* (SD 1.2 – CR4) construct that implied the relationship status was poor. Interestingly, the supplier provided construct *longevity – determination* (SD 1.6 – CR5) that indicates that he may consider the life of the contract to be threatened. The literature confirms that the strength of the relationship is directly affected by the degree of trust or distrust between the outsourcing provider and client (Ndubisi, 2011). The dendogram supported this by linking the constructs *honest approach – client distrust* with *longevity and determination*

at approximately 85% correlation. The element correlation of *communication* and *trust* was again in the 85% region. This provides a direct link between trust and contract length.

Alternatively, distrust can be defined as: 'negative beliefs with respect to the other party's reliability and integrity which are generated from the experiences gained through actual interaction' (Lee and Choi, 2011, p98).

This suggests that any distrust is experiential rather than perceptive although this was not categorically stated during the interview. Lee and Choi (2011) cite that for the service user, early perceptions are important in setting the tone of the relationship. The participant was asked to name each principal component. The first principal component provided was *communicative (PC1),* and the second was *engaged (PC2).*

4.4.3 User (Case study 1)

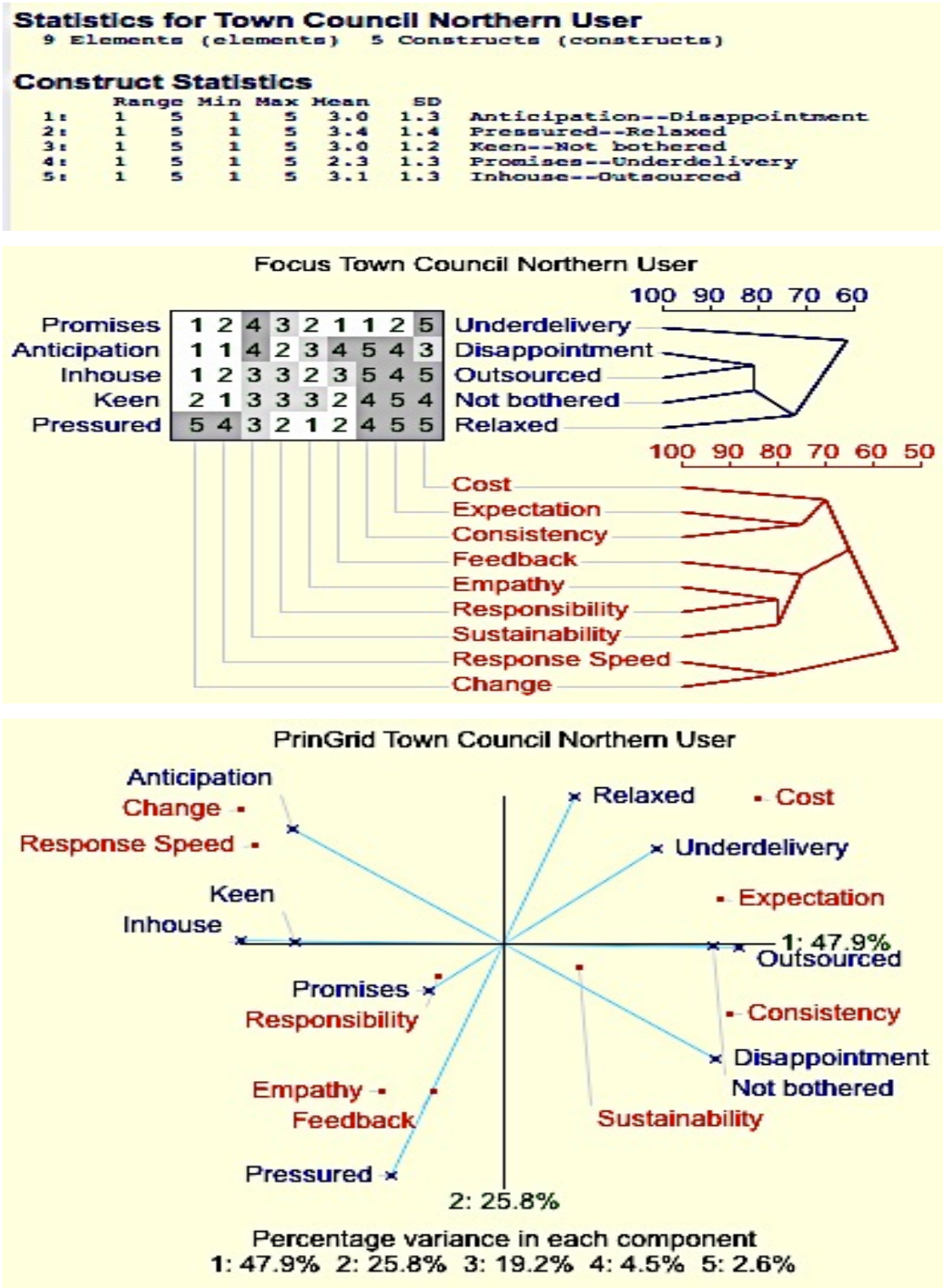


Figure 4-25: Case study 1 - User

User – Case study 1.

The user reflected on the difference between the previous in–house arrangement and the outsourced approach. The dendogram provides a correlation of 85% between the constructs *anticipation – disappointment* (SD 1.3 – CR6) and *in-house – outsourced* (SD 1.3 – CR7) suggesting that the outsourced arrangement did not provide the expected benefits. The user had read staff information and publicity material leading up to and during the contract. They felt that the benefits had been possibly overstated. Drezner (2004) cites that many of the financial predictions are either vague, or overstated often resulting in turnback once the hidden costs are manifested. The same author also suggests that many predictions are derived from management consultants with a vested interest in any new management innovations.

The constructs were correlated (85%) with the *keen – not bothered* (SD 1.2 – CR8) construct in which the user described an attitude change in the vendor as the contract progressed. Bryce and Useem (1998) identified a difficulty that vendors have in providing staff:

> 'Some managers come to regret that the vendor's employees – often working full time inside the user organisation do not display the same enthusiasm or commitment shown by the inside staff'.
>
> (Bryce and Useem, 1998, p639)

The elements *response speed* and *change* were closely correlated at approximately 80% and were linked to the pressured pole of the *pressured – relaxed* (SD 1.4 – CR6a) construct. This illustrates that the user considered that the service provided was experiencing difficulties despite the contract being at its mid term point. Mid term issues and risks are typically associated with the longer-term contracts. These issues are often attributable to the original contract not detailing the client's prerequisites. Such lack of detail can often lead to an absence of mutual appreciation (Whetstone, 2011). House (2010) suggests that several actions are required to remediate mid term issues. Those actions include 'fix' any existing service quality issues, commercially renegotiate the

contract to reflect business environment changes, and undertake a review of the performance framework. It can be argued that all of the aforementioned actions, referred to by House (2010) as ‘remediation and realignment’, have direct and hidden costs that affect the commercial validity of the original outsourcing decision.

The fanning of the constructs on the PrinGrid output did not allow the interview participant to name the principal components.

4.5 Case Study 2 Results and Analysis

4.5.1 Client (Case study 2)

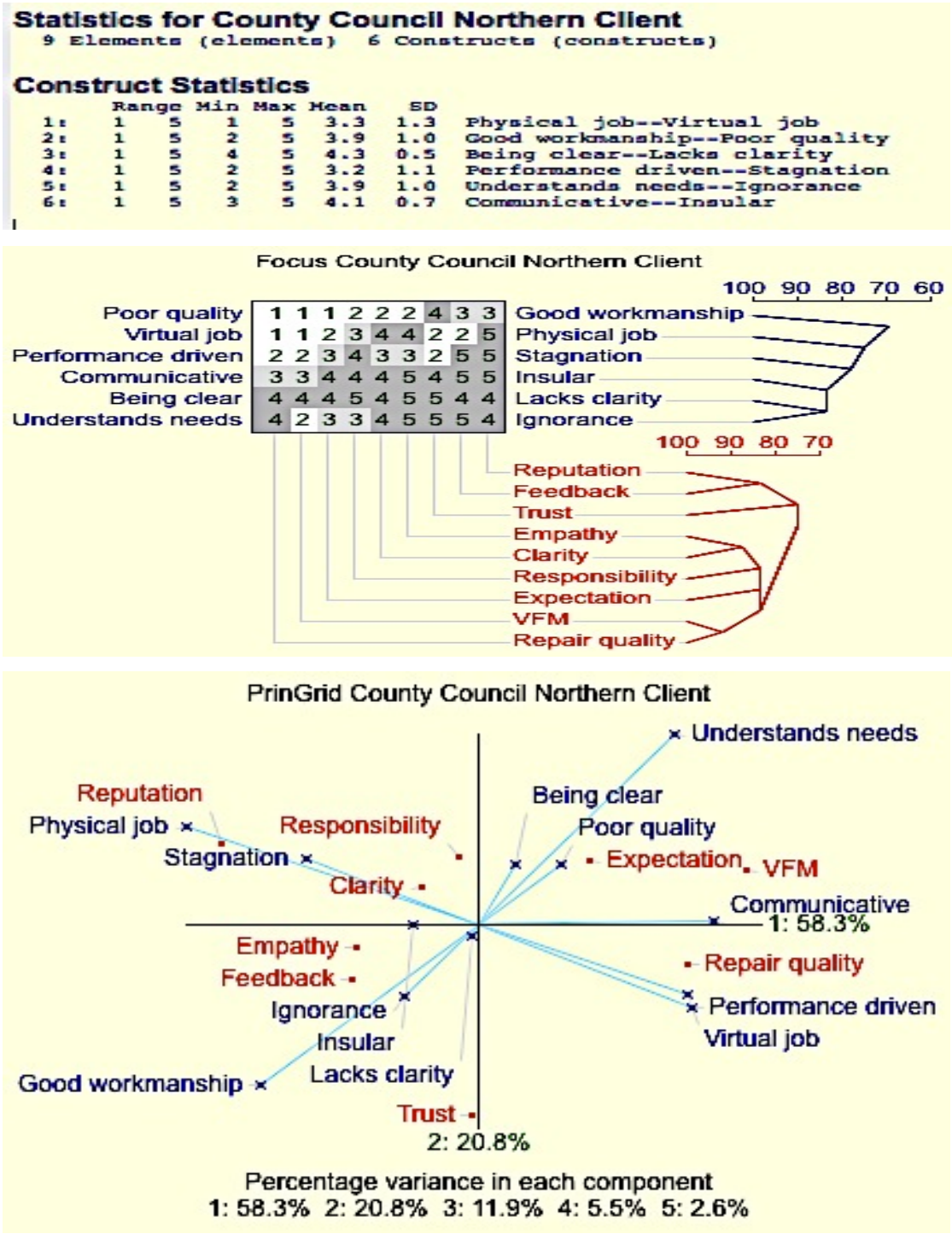


Figure 4-26: Case study 2 - Client

Client - Case study 2.

The client was keen to discuss and reflect upon the performance of subcontractors or the supplier. The client considered that communication faltered where changes to the supplier's team, through talent migration, had been made. The new actors found it difficult to engage which resulted in lost focus. Talent is present within organisations at all levels. Talent can simply be defined as 'well trained people'. Where terms and conditions are eroded by outsourcing, talent within an organization is likely to migrate to employers offering more favourable terms and conditions (Stern, 2013). Carbone (2009) suggested that the formula to success is: retention = function (Supply of skills + opportunity + incentive). Where supply of skills involves training new employees, up skilling displaced employees, and using new productivity tools. Opportunity involves supporting innovation, investment, and seeking new customers. Incentives provide the opportunity for wealth that enhances the quality of living. The retention of talent is more likely to follow when the supplier provides the previously mentioned functions.

The dendogram illustrates a close relationship (85%) between *communicative – insular* (SD 0.7 – CR13) and *being clear – lacks clarity* (SD 0.5 – CR14). These constructs are linked to the literature as Reger (2007) suggests, pre contractual engagement assists clarity. Those constructs also correlate (80%) to *understands needs – ignorance* (SD 1.0 – CR15).

The principal components grid shows the elements *clarity, responsibility, reputation, feedback,* and *empathy* closely associated with the first principal component. This is confirmed by the dendogram with a correlation of 80 – 90%. In particular, the elements *feedback* and *trust* were closely associated with the poles of two particular constructs. Those poles being, lacks clarity and ignorance of the constructs *being clear – lacks clarity* and *understands needs – ignorance*. The client was asked to name the first and second components. Those were *on message (PC5)* and *mixed objectives* (PC6) respectively.

4.5.2 Supplier (Case study 2)

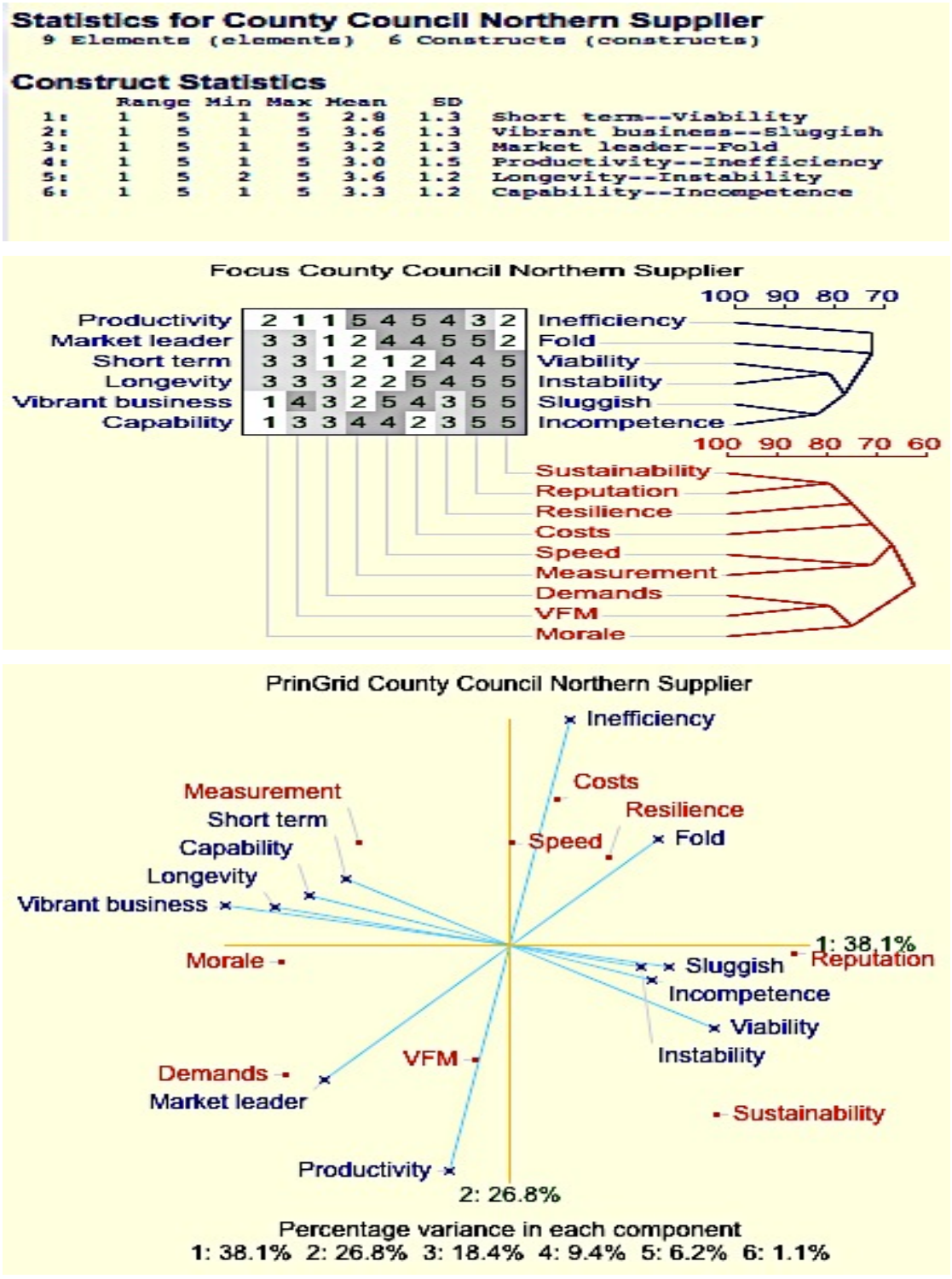


Figure 4-27: Case study 2 - Supplier

Supplier - Case study 2.

The focus of the interview was the reflexivity of the contractual arrangement. The constructs *short-term – viability* (SD 1.3 - CR16) and *longevity – instability* (SD 1.2 – CR17) correlated at approximately 82%. These constructs were elicited following a discussion relating to the business approach to providing an outsourced service. The supplier had taken a longer-term view on contract viability and was keen to be awarded the available contract extension(s). Commercially, this is understandable but Wilcox et al. (2006) identify that short term financial savings are outweighed by a long term loss of management control because hidden costs are manifested.

The supplier cited that the 'long game' encouraged contract stability. The constructs *vibrant business – sluggish* (SD 1.3 – CR18) *capability – incompetence* (SD 1.2 – CR19) related to the energy that the supplier injects into the contract, and to being seen as capable and professional. The supplier explained that the approach to the contract should have been from a 'make it work position' but this would only happen if the financial rewards were forthcoming. Clients often turn to other suppliers when the cost savings originally identified are not sustained (Jouni et al., 2010). The second principal component was named as *competence (PC8)* where the supplier suggested that those operating outside their competence would fail. For example, a professional surveying organisation, and not a general building company should undertake a professional services contract. This view is supported within the literature (Rajabzadeh and Rostamy, 2008).

The principal components were named as 'financially rewarding' (PC7) and 'competence' (PC8).

4.5.3 User (Case study 2)

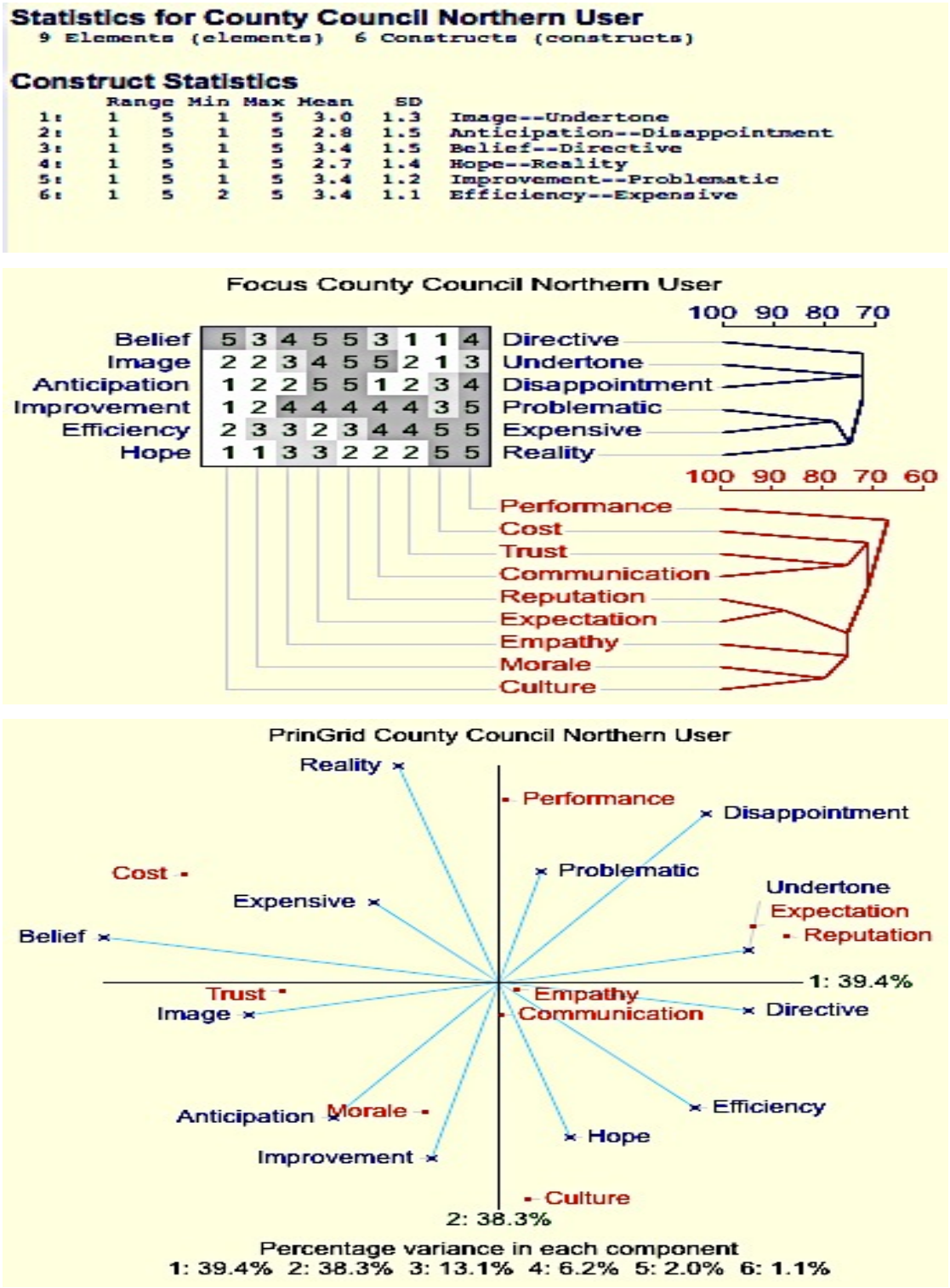


Figure 4-28: Case study 2 - User

User - Case study 2.

The user wished to discuss the 'rhetoric' that was provided during the initiation phase of the outsourcing project. The elements that were closely associated were *reputation* and *expectation* at approximately 88%. Kharytonov (2010) identifies four main sources that inform a customer's expectation. The four sources are: personal needs that involve the effective communication of information; previous experience informs the user's constructs; references from others confirm or falsify the users constructs; supplier promises inform the client and users expectations.

This illustrates that the pre contract communication was effective in raising expectations and that this was connected to the contractor's reputation. *Morale* and *culture* were linked at approximately 80% correlation. This was associated with the user's view of the attitude of the supplier's staff. The constructs provided by the user generally had a low level of correlation (75%). The morale of employees was often affected through the perception that job security would diminish through outsourcing (Louis, 2003).

The constructs with the greatest correlations are *improvement – problematic* (SD 1.2 – CR20) and *efficiency and expensive* (SD 1.1 – CR21). Those constructs were linked in the dendogram with *hope – reality* (SD 1.4 – CR22). The discussion with the user indicated that the quality of the service provided had deteriorated when compared to the previous regime, and that it was perceived to be more expensive. This perception was made even though employees of the council delivered the service previously. It is interesting to note the association of the *hope – reality* construct with the aforementioned constructs. The user had some difficulty naming the principal components due to the 'fanning' of the constructs, but provided the phrase *image culture* (PC9) for the first principal component and *service expectation* (PC10) for the second. The users derivation of the principal components correlates with the views of Brennan and Johnson (2004) that an outsourcing suppliers self image and corporate image is often driven by the expectations of the customer.

4.6 Case Study 3 – Results and Analysis

4.6.1 Client (Case study 3)

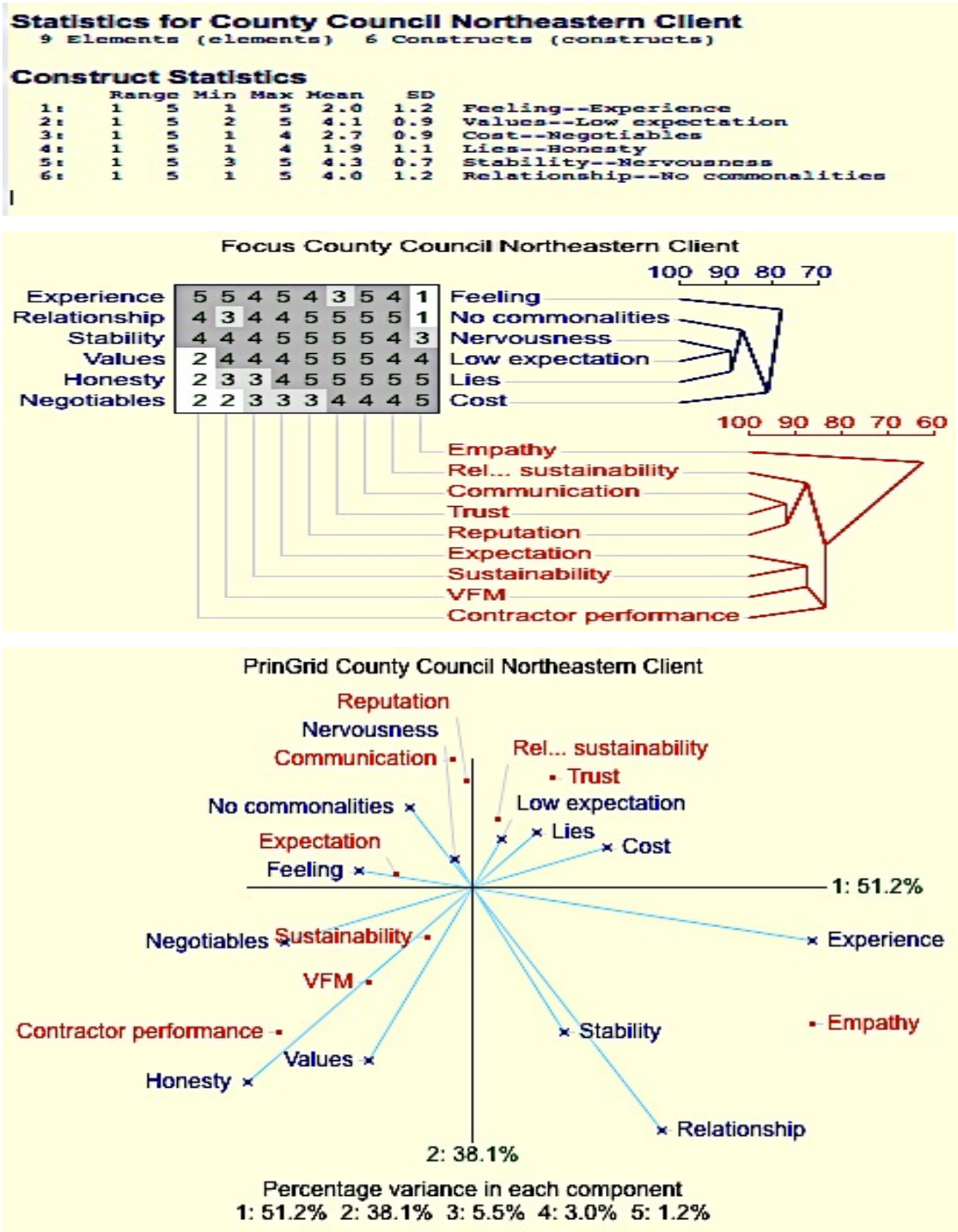


Figure 4-29: Case study 3 - Client

Client - Case study 3.

The client reflected that they had little input into the outsourcing decision or subsequent contract award process. The client had sight of some of the employee information that had been provided to the professional services areas that were included within the outsourced basket. That information included accessing the preferred bidder's website for information about their business. The client provided the construct *feeling – experience* (SD 1.2 – CR23) that was related to the client's previous observations and knowledge of outsourced services. The client, following on from their own research around the supplier, had the tacit anticipation that the standard of service would be good. However, this would be set against the client's experience that an outsourced service provision can be problematic.

The second construct to be elicited related to the client's perceived views of the supplier's core values. The construct provided was *values – low expectations* (SD 0.9 – CR24). The interviewee reflected that they had relatively low expectations that the supplier's core values would be translated into reality. The core values in question related to the providers commitment to motivated and well-trained employees delivering high quality services.
The interviewee reflected that the first two constructs related trust. The elements most closely related were trust, communication, and reputation at approximately 92%.

The interviewee went on to provide the construct *cost – negotiables* (SD 0.9 – CR25). This related to the client's perception that very little 'give and take' was occurring within the relationship. The client was asked to consider the possibility that the contract was so inflexible that it prevented any 'room for manoeuvre'. The interviewee accepted this might have been the case, but went on to provide the construct *lies – honesty* (SD 1.1 – CR26). This is a construct theme that has recurred throughout the research. This was defined in the earlier case study 1 (chapter 4.4.2) by Lee and Choi (2011). In this particular interview the construct was associated with the issues around the *cost – negotiables* (SD 0.9) construct with the inflexible contract inhibiting the relationship

development. This further generated the constructs *relationship – no commonalities* (SD 1.2 – CR27) and *stability – nervousness* (SD 0.7 – CR28) illustrating the general low relationship tone. The client was unable to identify the principal components from the PrinGrid, but provided the phrase *competence* (PC11) for the first principal component, and *integrity* (PC12) for the second. These were obtained after the client examined the cluster analysis.

4.6.2 Supplier (Case study 3)

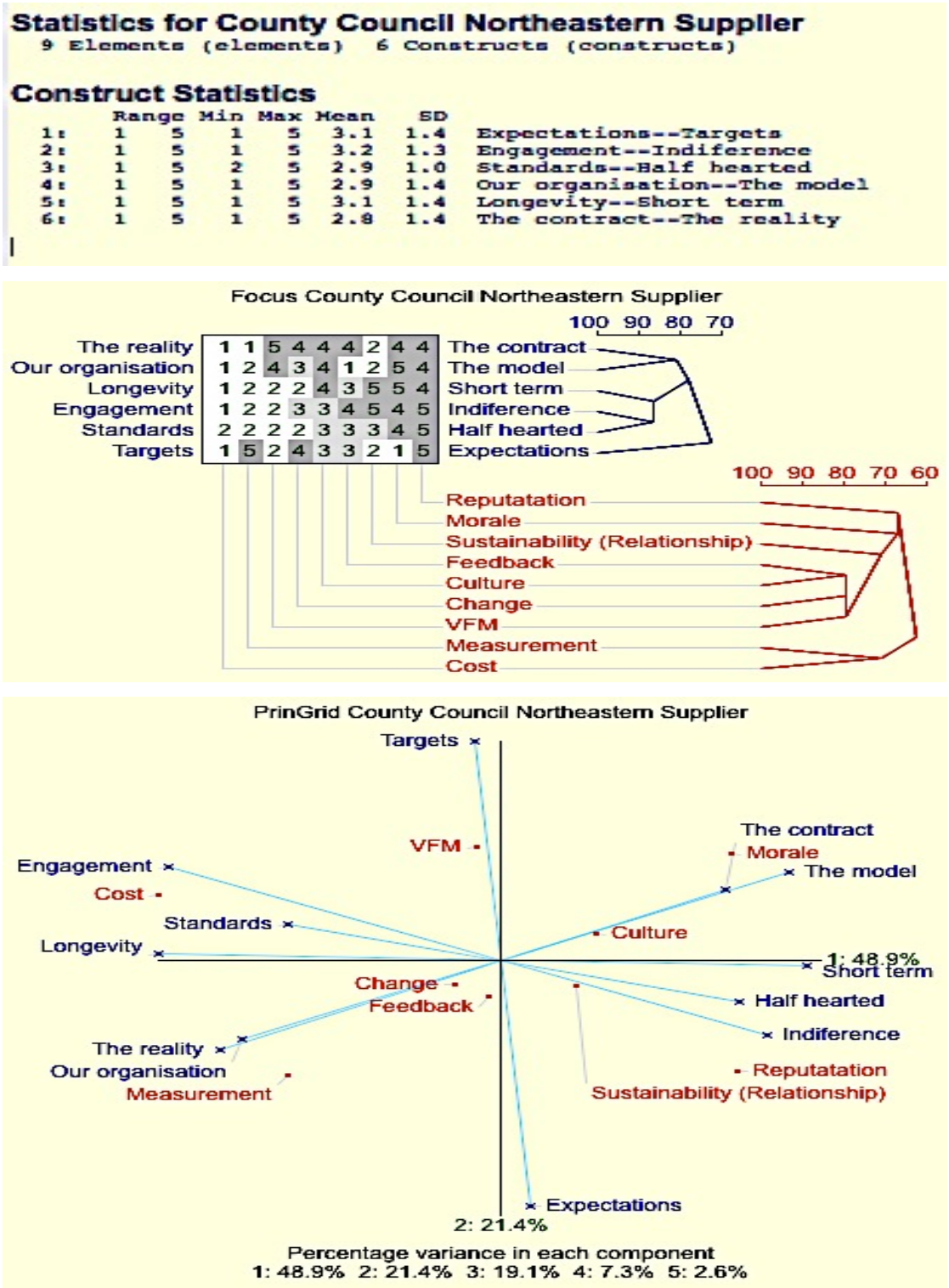


Figure 4-30: Case study 3 - Supplier

Supplier - Case study 3.

The supplier felt that the level of service provided was of a high standard and that it reflected the values of the organisation. The client had requested various building surveys to aid the client's strategic property planning. However, although the timescales within the contract were challenging they were achieved. The construct *expectations – targets* (SD 1.4 – CR29) was elicited. This construct had a low correlation with all other constructs. Further elaboration on this subject led to the construct *the contract – the reality* (SD 1.4 – CR30) reflecting the restrictive contract and the client's expectations. This was closely correlated with *our organisation – the model* (SD 1.4 – CR31) at 80%. The supplier thought that the 'sourcing model' in the client's eyes was different to his organisation.

The supplier reflected that they had demonstrated that the upkeep of the client's buildings was a priority, but the client appeared to lack any cohesive approach to maintaining that building stock.
Three constructs were closely correlated at approximately 87% those being: *longevity – short-term* (SD 1.4 – CR32), *engagement – indifference* (SD 1.3 – CR33), and *standards – half hearted* (SD 1.9 – CR34). The aforementioned constructs related to a discussion around the difficulties in the relationship, and the supplier's perception that the client considered the standard of service to be lower than expected (*standards – half hearted).*

Feedback, culture, change, and value for money are elements that are all closely correlated at approximately 82 %. The remainder of the elements were loosely correlated.

The supplier was asked to name the principal components when shown the pringrid. The supplier could not name the principal components due to 'fanning'. The supplier was shown the cluster analysis and was able to provide the following word for the first principal component *business confidence* (PC13) *and KPI failure* (PC14) for the second.

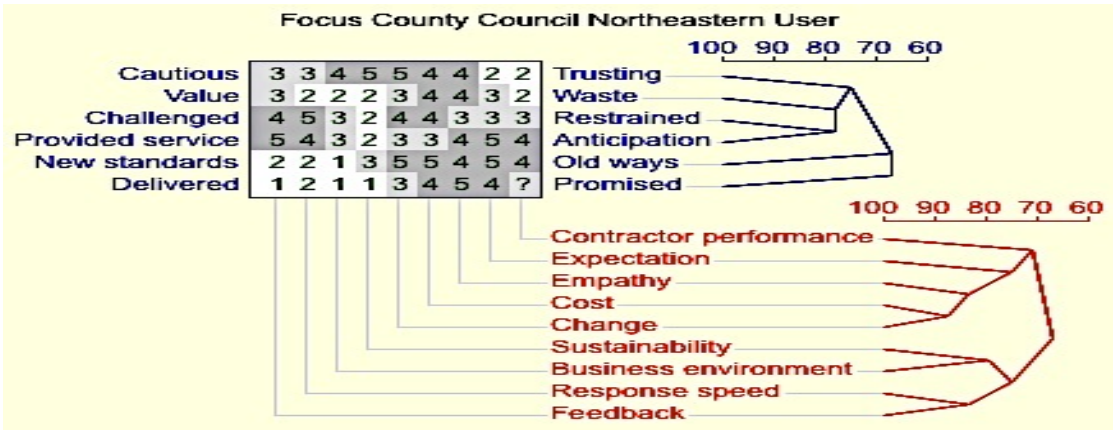
4.6.3 User (Case study 3)

Statistics for County Council Northeastern User

9 Elements (elements) 6 Constructs (constructs)

Construct Statistics

	Range	Min	Max	Mean	SD	
1:	1	5	1	5	3.4	1.4	New standards--Old ways
2:	1	5	1	4	2.3	0.9	Anticipation--Provided service
3:	1	5	2	5	3.4	0.8	Challenged--Restrained
4:	1	5	1	5	3.4	1.5	Promised--Delivered
5:	1	5	1	4	2.4	1.1	Trusting--Cautious
6:	1	5	2	4	2.8	0.8	Value--Waste



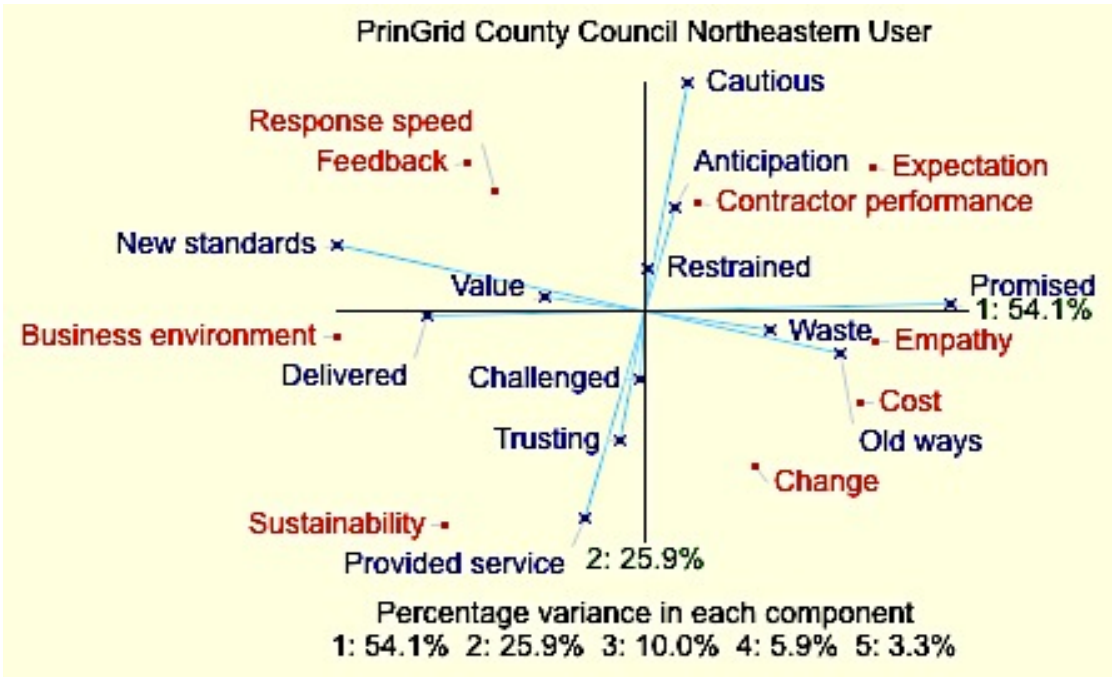


Figure 4-31: Case study 3 - User

User - Case study 3.

The user was a manager from a department that regularly received a service from the previous in-house team, and at the time of the interview received a service from the supplier. It was noted during the interview preliminaries that some but not all of the old team had left the vendor's employment. The user considered that the supplier's service was fundamentally the same as the previous in-house arrangement, with the exception that help desk numbers and some staff had changed. The user provided the construct *new standards – old ways* (1.4 SD – CR35) to reflect that they though that the service more reflected the old ways as opposed to a 'sparkly new service'. The user reflected that there had been a level of 'anticipation' that the service would be improved noticeably. Upon reflection, the user thought that given the current level of service that the old one may have been quite reasonable. The construct *anticipation – provided* service (SD 0.9 – CR36) was elicited.

The user discussed the perception that that the new service was rather restrained in its delivery. They were asked if they thought that the contract was restricting their performance or approach. They provided the construct *challenged – restrained* (SD 0.8 – CR37). The user felt that the restrained approach was impeding progress. The user considered that everyone was trying hard to deliver a service. The user felt that they had not been under any great promise of improved service but were expecting notable improvements. The user provided the construct *promised – delivered* (SD 1.5 – CR38).

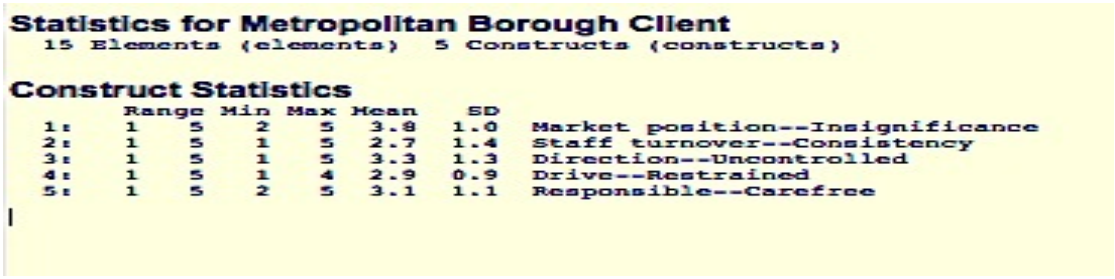
The user discussed the overall efficiency of the outsourcing project during which the construct *value – waste* (SD 0.8 – CR39) was elicited. The client felt that the contract was delivering value whilst the previous arrangement may have appeared wasteful. However, the previous service provision did appear to have more resources to cover peak demands. Overall the user felt that the approach to the contract was erring closer to trusting than retreating to a cautious standpoint (*trusting – cautious* SD 1.1 – CR40).

The elements *response speed* and *feedback* were correlated at 80%. The client felt this was reasonable given the care taken by the vendor to attribute the correct response time to type of call for assistance.

Cost and *change* were rated at a correlation of 85%. The client was shown the pringrid and asked to name the clusters adjacent to each principal component. Due to the fanning of the constructs the client could not name the components. However when shown the cluster analysis they provided the following phrase *competence* (PC15) for the first principal component and *poor delivery* (PC16) for the second.

4.7 Case Study 4 – Results and Analysis

4.7.1 Client (Case study 4)

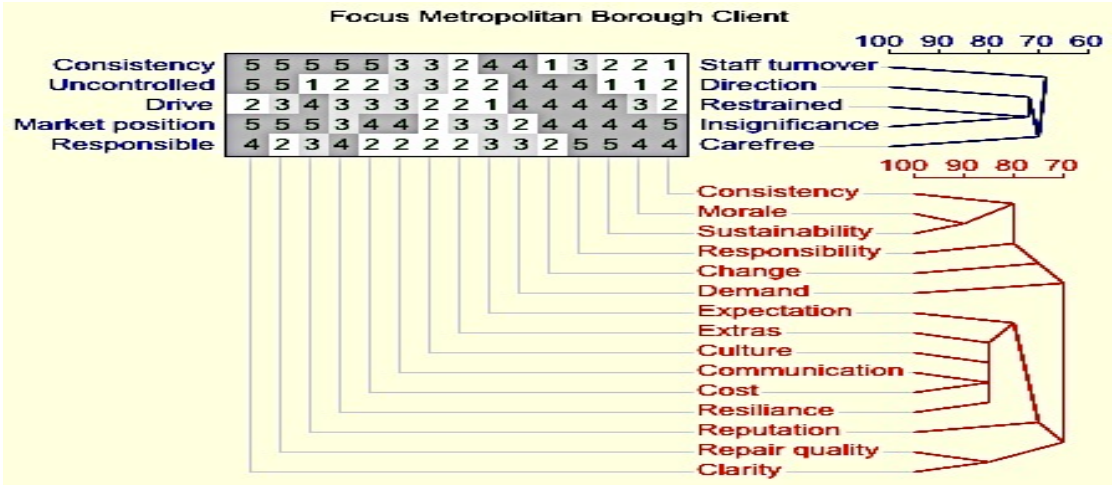


Statistics for Metropolitan Borough Client

15 Elements (elements) 5 Constructs (constructs)

Construct Statistics

	Range	Min	Max	Mean	SD	
1:	1	5	2	5	3.8	1.0 Market position--Insignificance
2:	1	5	1	5	2.7	1.4 Staff turnover--Consistency
3:	1	5	1	5	3.3	1.3 Direction--Uncontrolled
4:	1	5	1	4	2.9	0.9 Drive--Restrained
5:	1	5	2	5	3.1	1.1 Responsible--Carefree



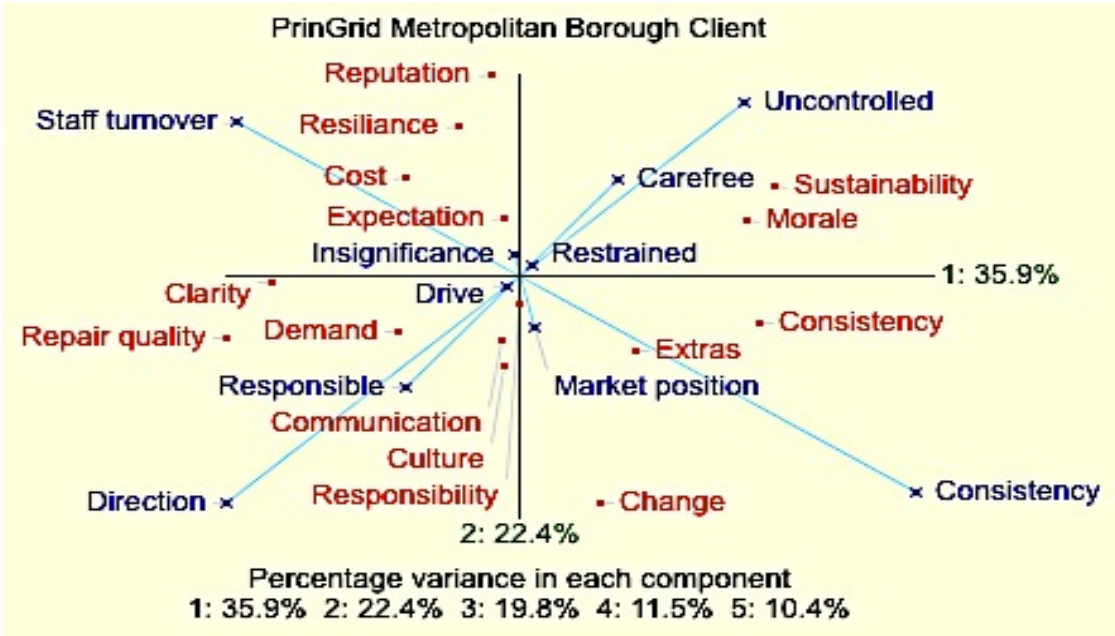


Figure 4-32: Case study 4 - Client

Client – Case study 4.

The focus of this interview was the client's constructs relating to the early determination of an outsourcing contract. During the pre-elicitation discussion the client reflected that the decision to outsource was made in isolation by the council's management team. It was put to the client that possibly the outsourcing decision had been made by a team not in possession of all the facts. The client agreed that it was possible but the situation felt like a 'fait accompli'. Everything had already been decided. This is supported by Woodall et al. (2009) who cite that influential managers make outsourcing decisions without a robust examination of the costs.

The client felt that the market position of service provider's played an important part in the council's decision to appoint them. The internal surveying, engineering, and helpdesk team were transferred to the new provider. When the client had been told who the preferred supplier was, they took the opportunity to research them. The information presented an image that was, in the client's opinion, very different to the reality. This was reflected in the construct *market position – insignificance* (SD 1.0 – CR41).

The client encountered various issues with the service provider. One of the most influential issues was the lack of consistency with the staff attending the client's properties. This caused issues with the professional / tradesperson never getting to know the idiosyncrasies of each site and this is illustrated in the construct *staff turnover – consistency* (SD 1.4 – CR42).

The client felt that the contract was left without any real management direction or engagement within the council to support the client in raising the issues with the service provider. The client offered the construct *direction – uncontrolled* (SD 1.3 – CR 43). The client noted that during the early phase of the contract, the effort put in by the service provider was high. This reduced as the project progressed. The client surmised that the service provider had under-priced his bid or underestimated the amount of attention he would have to give the contract. The contract consisted of over 10,000 works

order transactions for values ranging from £45 to £2000. This is represented in the construct *drive – restrained* (SD 0.9 – CR44).

Principal construct 1 was named as *cost controlling* (PC17). The client could not provide a name for principal component 2.

4.7.2 Supplier (Case study 4)

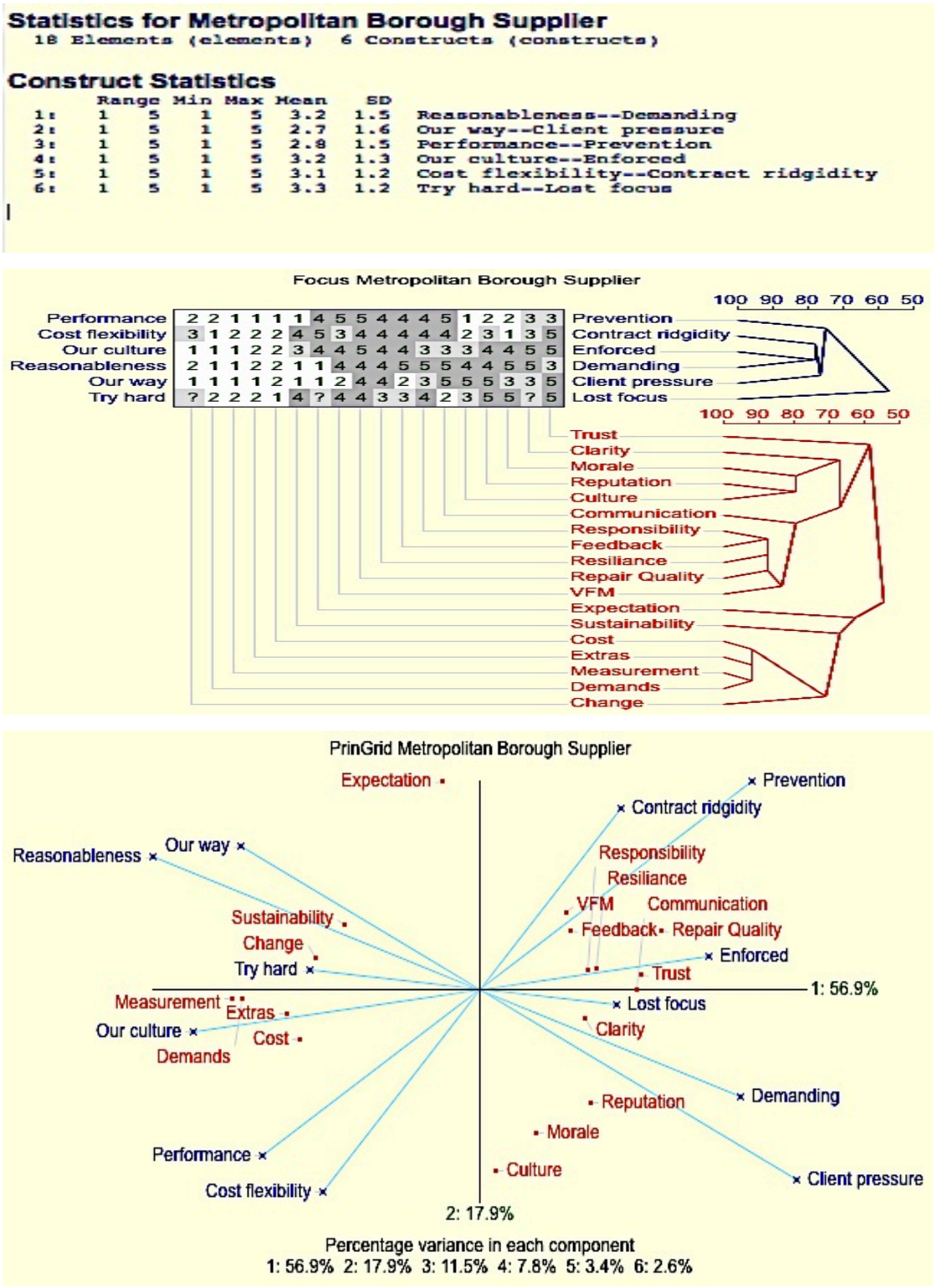


Figure 4-33: Case study 4 - Supplier

Supplier – Case study 4.

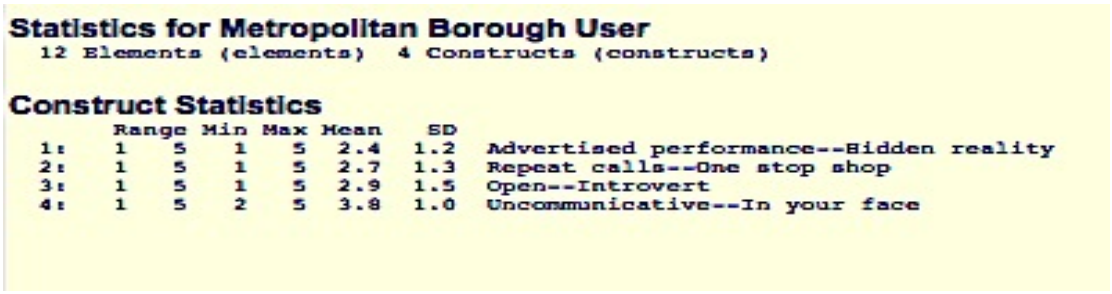
The supplier considered that the contract was progressing well with neither any more or fewer issues than could be expected. The route to determination was commenced too early in the suppliers view. The supplier considered that the client quickly became unreasonable, citing a number of issues. Some issues were acceptable, others were not. The supplier provided the construct *reasonableness – demanding* (SD 1.5 – CR45). The supplier reflected that the contract specification was restrictive and left little, if any, room for flexibility and goodwill without losing money. The elements *cost, extras, measurement,* and *demands* were all closely correlated at around 92% supporting the construct. The supplier provided the construct *cost flexibility – contract rigidity* (SD 1.2 – CR46) confirming that the restrictive nature of the contract provided little motivation to 'go the extra mile'. The supplier also made reference to the exit procedure being a project within itself, and that it had a considerable cost associated with it.

The supplier felt that despite being an experienced company, their culture was being overshadowed by the client's organisation, and that this was not healthy. This resulted in localised but persistent disagreements (*our culture – enforced* (SD 1.3 – CR47)). The elements *reputation* and *culture* were correlated at 80%.
The supplier considered that despite putting all available resources into the contract the continual criticism of performance deflected the focus of the company (*try hard – lost focus* (SD1.2 – CR48)).

Responsibility, repair quality, feedback, resilience, and VFM are all elements that closely correlated at approximately 90%. The supplier agreed with the relationship between those elements, and the fact that they are all issues to support the success of any outsourcing delivery arrangement.

The supplier named the first principal component as *symmetry* (PC18) and the second as *contractual stagnation* (PC19).

4.7.3 User (Case study 4)

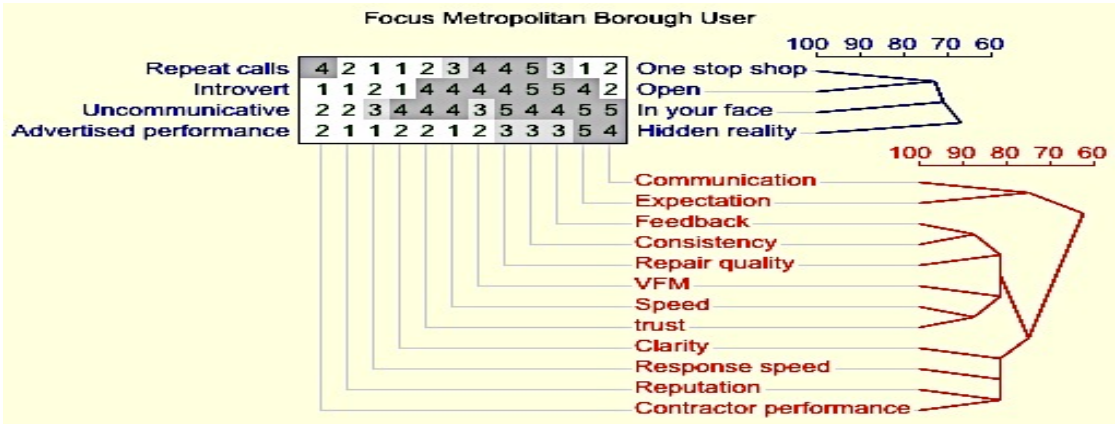


Statistics for Metropolitan Borough User

12 Elements (elements) 4 Constructs (constructs)

Construct Statistics

	Range	Min	Max	Mean	SD	
1:	1	5	1	5	2.4	1.2	Advertised performance--Hidden reality
2:	1	5	1	5	2.7	1.3	Repeat calls--One stop shop
3:	1	5	1	5	2.9	1.5	Open--Introvert
4:	1	5	2	5	3.8	1.0	Uncommunicative--In your face



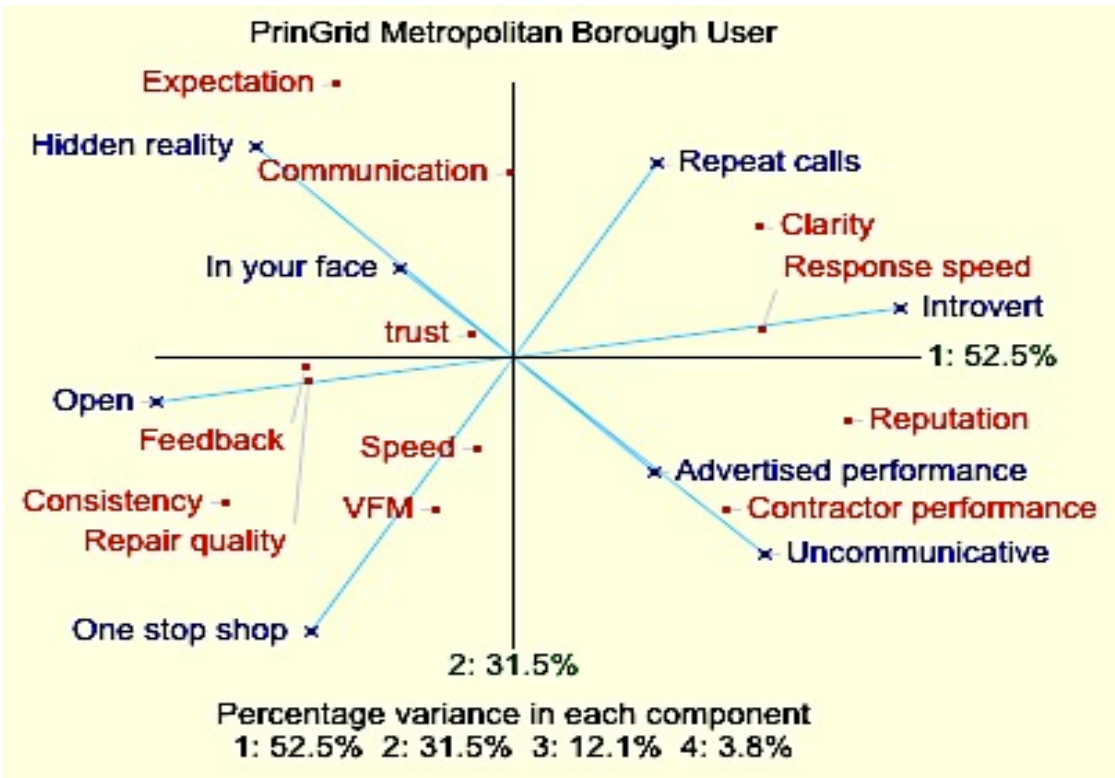


Figure 4-34: Case study 4 - User

User - Case study 4.

The interview with the user was cut short due to other commitments on their part, and only four constructs were elicited.
The user reflected on the lead-up to the start of the contract. The information that was circulated promised various service improvements including, inter alia, more first time repairs, a more efficient help desk driven service, and various other efficiencies. The construct *advertised performance – hidden reality* (SD 1.2 – CR49) considered the anticipation that had been built, but was deflated when the contract 'honeymoon period' ended.

The user commented that often the person that came to carry out the repair was not always capable of a good first time fix, and that the surveyor did not visit as much to undertake pre and post repair inspections. The user described an incident that occurred where a plumber was used to undertake a roof repair. The repair lasted less than a week. It could be argued that even if a roofer had undertaken the work, the repair would not have been effective if the roof was beyond economical repair. Again there was no input from the surveyor to determine what repair was required.
This experience of the user was reflected in the construct *repeat calls – one stop shop* (SD 1.3 – CR50).

It should be noted that the outsourcing contract related to professional services and not contracted repair or maintenance.

The user went on to discuss the change in the relationship with the supplier as the contract progressed. A number of colleagues had observed a perceived lack of appetite to resolve issues. The user noted a change in the attitude of the surveying and engineering professional teams carrying out the work that had moved from 'cheery' to pressured. The user acknowledged that pressured may have not been an accurate description, but was noticeably different from earlier encounters. This was reflected in the construct *uncommunicative – in your face* (SD 1.0 – CR51).

Comments made between colleagues in the user's office noted a distinct cooling across the organisation with the service provided by the supplier and the client (*open – introvert* (SD 1.5 – CR52)). However, this would not be unusual towards the end of a contract and impresses the importance of having an exit strategy (Barthelemy, 2003). Yet, in this case the contract was determined prior to its natural conclusion.

The most closely related constructs were *repeat calls – one stop shop* and *introvert – open* (83% correlation). The elements correlation provided two groups of linked constructs: feedback, consistency, repair quality, VFM, speed, and trust (correlation of ≈ 85%). The second group included: clarity, response speed, reputation, and contractor performance (correlation of ≈ 87%).

The principal components were named as *progressive* (PC20) and r*egressiv*e (PC21).

4.8 Cross Interview Analysis

Rep 5 provides the facility to generate cross-comparison grids. Each of the three actors within the research are compared with their peers at other councils. The grids shown below provide the greatest statistical correlations.

4.8.1 Client

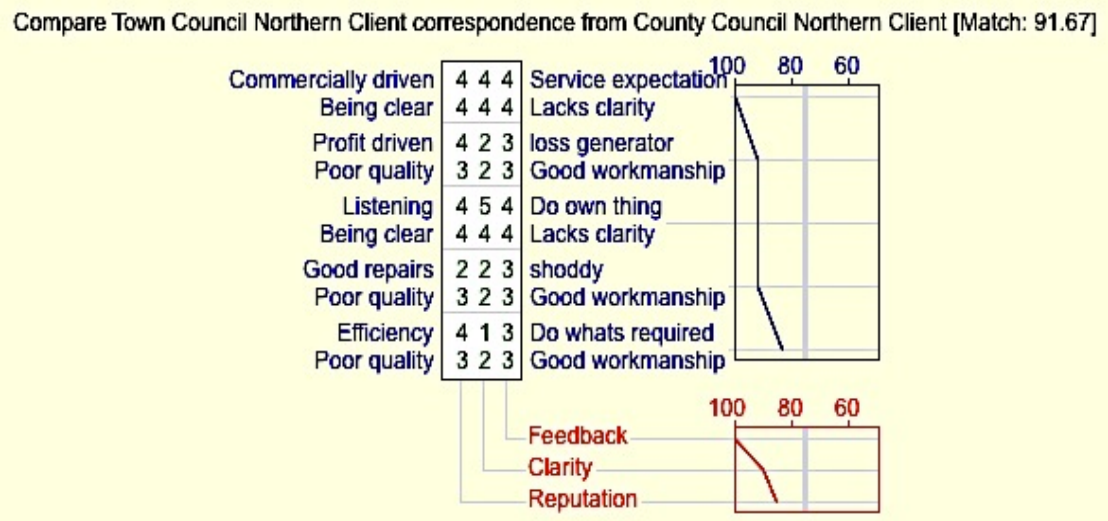


Figure 4-35: Cross case analysis – Client

The cross case comparison for the northern town council and metropolitan borough council provided five pairs of constructs that were similarly rated (figure 4-35). The first pair *profit driven – loss generator* (CR9) and *being clear – lacks clarity* (CR14) are rated at 100% correlation. Those particular constructs were linked to outsourcing drivers and the hidden costs of outsourcing suggesting that suppliers not making a profit may temper the quality of service provided.

The remaining four pairs of constructs are linked at ≈ 90% of which includes *good repairs – shoddy* (CR10) and *poor quality – good workmanship* (CR not allocated) suggesting that the quality of the BSEPS provision is linked to the stability of the labour

resource of the service provider. It can be argued therefore that outsourcing can have an effect on the built environment.

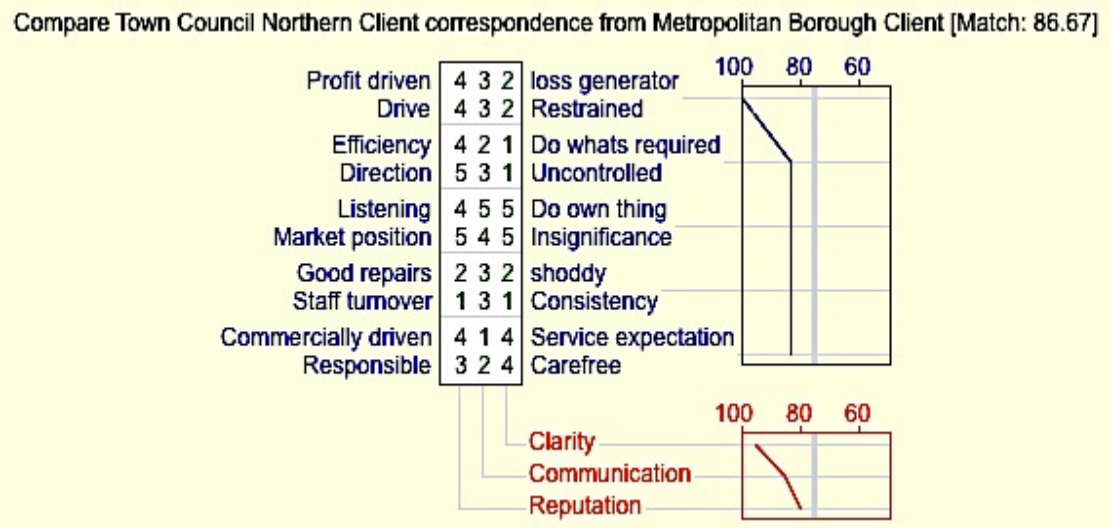


Figure 4-36: Cross case analysis - Client (2)

The second client cross case review (figure 4-36) examined the similarities between a northern town council and metropolitan borough council. Two pairs of constructs provided 100% correlations. Those constructs are: *profit driven – loss generator* (CR9) and *drive – restrained* (CR44). These constructs link the clients concerns relating to supplier profits and the association with the suppliers efforts in delivering a service.

The remaining constructs are correlated at 85% and include *efficiency – do what's required* (CR not allocated) and *direction – uncontrolled* (CR43). The aforementioned, and remaining correlated constructs provide an insight into the challenges clients and suppliers face in respect of procuring a good service over an average service. Earlier constructs within the case study reviews illustrated the issues that arise when a rigid specification prevents the supplier from attaining the anticipated financial gains from the contract. Simply providing a specification or SLA will not guarantee sourcing success.

A Supplier needs assistance with finance, expertise, and managerial support (Baden-Fuller et al., 2000). The aforementioned areas could be attributed to be hidden costs, and

those considering alternative sourcing need to make a careful assessment of their potential impact.

4.8.2 Supplier

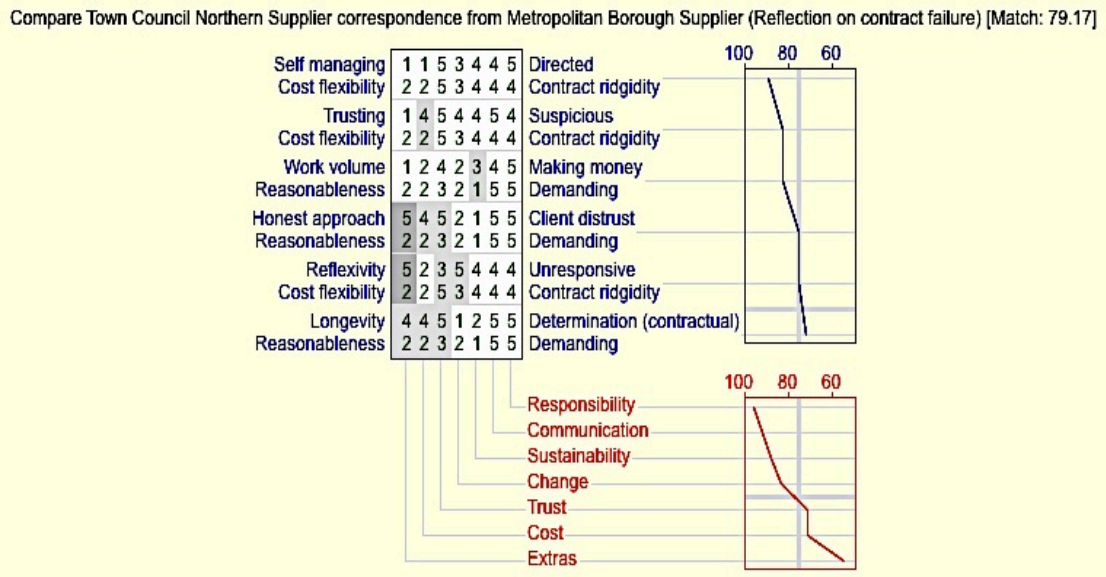


Figure 4-37: Cross case analysis - Supplier

The main cross grid examination for the supplier comparison that examined the northern town council supplier, and the metropolitan borough supplier provided a series of constructs with diminishing correlation (figure 4-37).
The constructs *self managing – directed* (CR3) and *cost flexibility – contract rigidity* (CR46) are correlated at ≈ 90%. This construct again links performance with a constrictive contract suggesting that a poor outsourcing contract can impact on the built environment.

The construct *cost flexibility - contract rigidity* (CR46) was correlated with *trusting – suspicious* (CR4) at ≈ 85%. This pair of constructs establishes a connection between the nature of the contract and the outsourcing relationships (operational). The literature review illustrated the difficulties that suppliers face in maintaining trust when the

contract fails to provide the flexibility to provide the anticipated profits (Barthelemy, 2003).

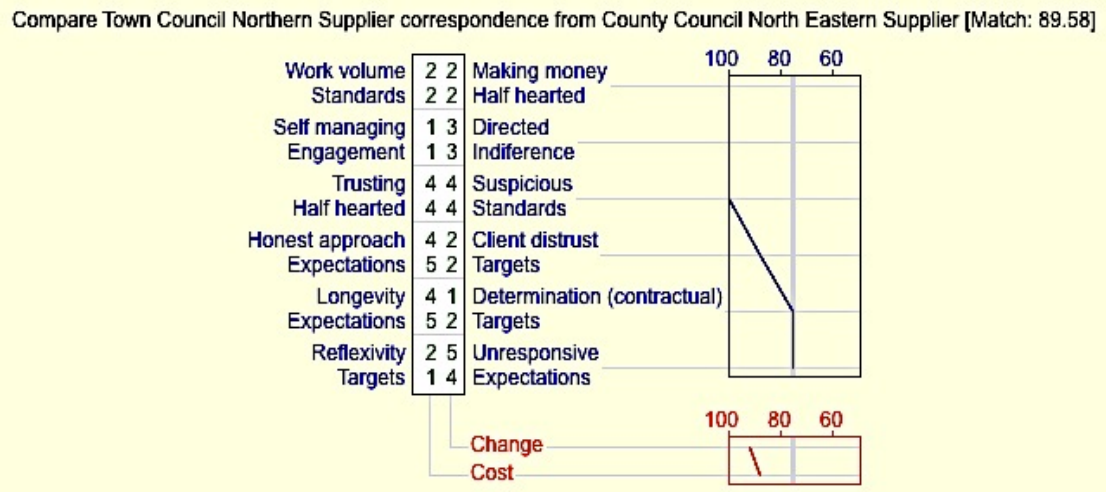


Figure 4-38: Cross case analysis – Supplier (2)

The second supplier cross case comparison (figure 4-38) provided three pairs of constructs with 100% correlation. The first pair was *work volume – making money* (CR1), and *standards – half hearted* (CR34). The second was *self managing – directed* (CR3), and *engagement – indifference* (CR33). The third was *trusting – suspicious* (CR4), and *half hearted – standards* (CR34).

The first pair of constructs link work volumes and profitability with standards. This suggests that where the contract is not proving financially viable for the supplier that there can be variability within the service provided.

The second pair of constructs connects levels of contractual management with engagement or otherwise. This is supported within the literature where over management results in deterioration within the relationship and trust subsequently breaks down (Hoecht and Trott, 2006).

The third pair of constructs is themed similarly to the second pair, and reflects the relationship issue and subsequent trust deterioration that affects the service delivered.

4.8.3 User

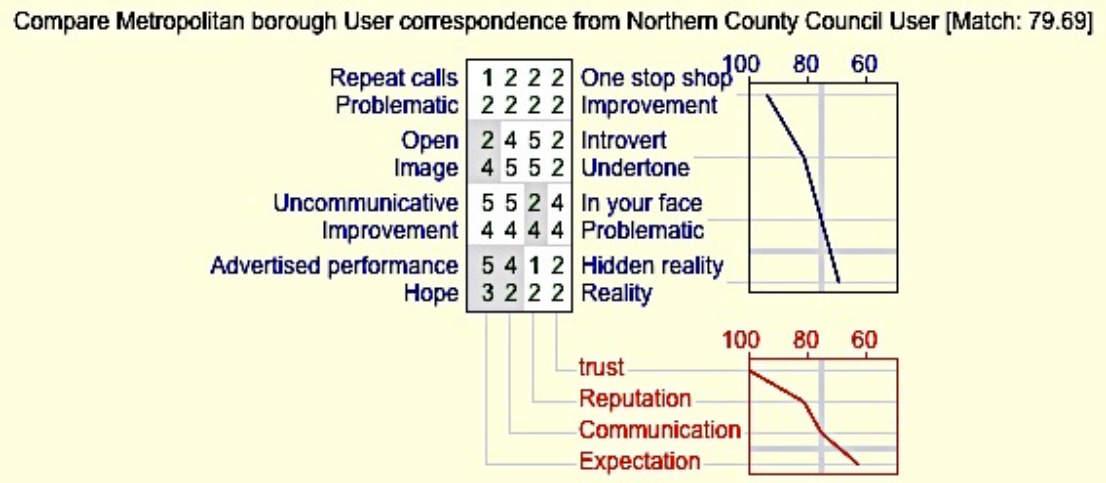


Figure 4-39: Cross case analysis - User

Only one grid with any notable cross case correlation was produced, and is illustrated in figure 4-39. The grids compared were from a metropolitan council and a northern county council. A ≈95% correlation was obtained between the constructs *repeat calls – one stop shop* (CR50), and *problematic – improvement* (CR20). These constructs link perceptions around service quality, and obtaining first time repairs. It can be argued that surveying and engineering teams should be undertaking more pre and post repair inspections or maintenance management (Allen, 1993). However, from the supplier's point of view this may be expensive. This may be particularly true if the contract is proving restrictive, unprofitable, or over managed (Hoecht and Trott, 2006).

4.9 Compilation of Data

The constructs and principal component names are aligned with the sourcing area of enquiry from the literature review in the following chapter. The compilation commences

with the tabulation of the interview constructs against the framework areas in tables 5-20 and 5-21. Table 5-22 presents the literature review key areas in alignment with the corresponding survey question data, constructs, and principal components. These are subsequently aligned with the pre determined framework areas that were described in chapter 3.9.4. The areas of enquiry are listed below, and are preceded by the literature review section number. The area of enquiry is superseded with an identifier code to assist the formulation of the framework, for example LR1 that refers to literature review area 1.

Section 2.7 Alternatives to Outsourcing (LR1)
Section 2.8.1 Outsourcing Drivers (LR2)
Section 2.8.1.1 Cost Savings (LR3)
Section 2.8.1.2 Access to Expertise (LR4)
Section 2.8.1.3 Access to Investment / Competitive Advantage (LR5)
Section 2.8.2 The Hidden Costs of Outsourcing (LR6)
Section 2.8.3 The Outsourcing Decision (LR7)
Section 2.8.4 Outsourcing Success Roadmap (LR8)
Section 2.8.5 Identification of Core Activities (LR9)
Section 2.8.6 Model Selection (LR10)
Section 2.8.7 Outsourcing Relationships (Strategic) (LR11)
Section 2.8.8 Outsourcing Relationships (Operational) (LR12)
Section 2.8.9 Outsourcing Failure (LR13)
Section 2.9 The Effects of Sourcing FM on the Built Environment (LR14)

4.10 Summary and Link

The survey contextualised sourcing within the English local government sector, and confirmed the underlying argument that cost saving was a key driver. The survey tactics employed a categorised question approach that provides a rich stream of data through its simplicity.

The use of PCT and repertory grids proved challenging for some of the interview participants, and the provided elements imposed a ‘width’ restriction on the subject areas. However, the use of PCT did allow the participants to provide personal constructs that were organic in terms of researcher influence. The use of PCT allowed the interviewee to become an incipient scientist in their role within the outsourced project by developing, testing, and falsifying their daily experiences. Those experiences were translated into constructs during the elicitation process. Correlation between constructs and elements provides an additional dimension to understanding and validating the data provided by the interviewee. The constructs and principal components are tabulated in the next chapter and associated with the sourcing subject area from the literature review that they represent. This data will then be used to inform the framework.

CHAPTER 5: DISCUSSION AND FINDINGS

5.1 Introduction

This chapter discusses the key findings from each of the three research areas. Those are: the literature review, contextualisation survey, and case studies. Key findings are defined as those issues that have an interest to the framework. The coding and identifiers for each research area are discussed in the preamble to each section.

The constructs and principal components are tabulated and aligned with the pre selected framework areas, and focussed with the specific area of enquiry in tables 20, 21, and 22. The specific areas of enquiry were introduced in chapter 4.10. Those are subsequently aligned with the framework areas to which it was considered that they most closely relate, and are illustrated in figure 5-40 below.

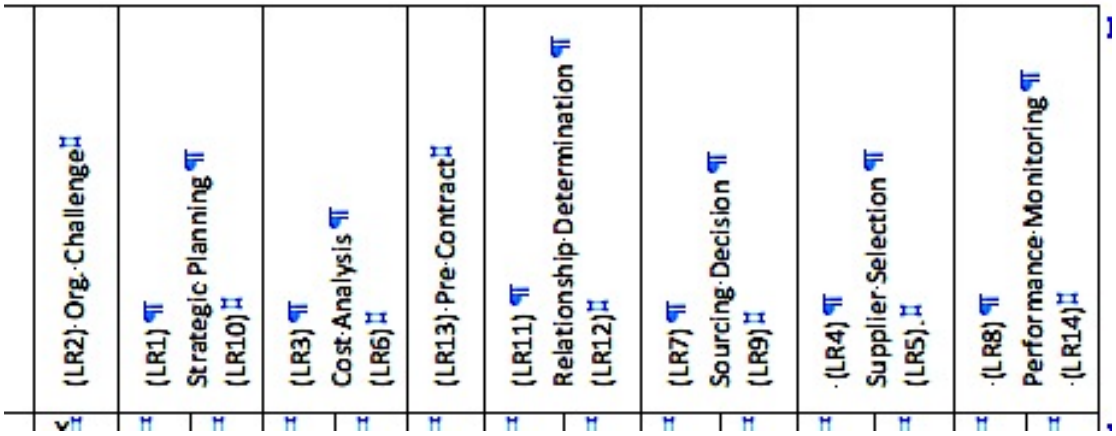


Figure 5-40: Focussing of data areas

The findings are subsequently compiled within table 5-22. Table 5-22 (data compilation) correlates all data into its position within the framework elements.

The chapter progresses to discuss the development of the framework from the perspective of both the postgraduate researchers academic endeavours and the knowledge and experience of the supervisor. Both of the elements contribute to the framework development alongside the data from the research. The framework and its constituent components are discussed, and the chapter concludes with an outline of the framework validation process.

5.2 Findings from the Literature Review

The literature review findings are summarised below in the sequence in which they appear within the literature review. The headings include the suffix identifier used in chapter 4.10 to aid referencing to the data compilation and framework.

5.2.1 Alternatives to Outsourcing (LR1)

There are a number of alternatives to source services within the English local government sector. Those include:

- Co-sourcing. Co-sourcing involves the sharing of services with neighbouring councils. This provides the advantage of accessing under-utilised service areas, and is one of the fastest growing sourcing areas with around 95% of councils involved (Staite, 2014).
- In-sourcing. This option continues to utilise the in-house team. This is a preferred option when the cost/benefit model does not show an advantage to outsource or where external service providers would be operating outside of their core competencies.
- Semi external vehicle. This option is proving a popular choice for those councils who wish to retain control, and escape the restrictions of the Local Government (Goods and Services) Act. The act prevents councils from operating commercially, and from operating outside the public sector.

5.2.2 Outsourcing Drivers (LR2)

Outsourcing drivers is the generic title for the three areas identified within the literature. Those are: Cost savings, access to investment, and access to expertise. These three areas are summarised below.

5.2.3 Cost Savings (LR3)

Potential savings quoted range from 20 – 40% (Julius, 2008; Shapps, 2012; Namasivayam, 2004). The cost saving approach appears to be undertaken in isolation without consideration of many of the issues that can inform a reasoned decision. The literature identified that managers who have outsourced services sought three things: a cost saving, a speedier delivery of service, and an efficient service (Ruppel-Schell, 2010). The literature showed that attaining all three of these objectives was highly unlikely, and the least likely was to achieve low cost (Gandhi et al., 2012). This is contrary to Kedia and Lahiri (2007) who cite without justification that cost saving, speed of delivery, and efficiency are available to a client as a source of value.

5.2.4 Access to Expertise (LR4)

Sourcing does provide access to areas of expertise that may not be resident within the client's organisation, and this may be particularly effective on a project-by-project basis (Miller, 2009). However, where a strategic model is employed it can be argued that where the client's employees are transferred to the new supplier, they may be absorbed and utilised in other parts of that organisation. This can ultimately lead to a loss of the client's original 'talent' if turnback or contractual determination takes place. Finding expertise from the surveying and engineering professions can be problematic. A skills shortage is predicted to result in surveying practises turning down two out of every five projects offered (Muse, 2015).

5.2.5 Access to Investment (LR5)

Sourcing does provide access to investment. However, this is typically in the form of using the supplier's resources to provide people, equipment, or other fixed assets. Kedia and Lahiri (2007) describe this approach as 'operational cost reduction'. Access to such investment is therefore unlikely to be available in an alternative sourcing model that provides a service on a project-by-project basis.

5.2.6 Hidden Costs (LR6)

The hidden costs are much less tangible to accountants who tend to overlook them or understate them in favour of the headline grabbing savings (Overby, 2003). Hidden costs include, contract preparation, contract monitoring, procurement, transitional costs, and transactional costs. Overby (2003) developed a hidden costs calculator that has been adapted for use within this research. The tool considers the hidden costs on a weighted best-case or worst-case scenario. It was argued that outsourcing with its hidden costs is inherently risky, but on the other hand outsourcing can transfer fixed costs into flexible costs making the client's organisation more agile.

5.2.7 The Outsourcing Decision (LR7)

The decision to outsource should be the outcome of a complicated process that considers a range of issues and not cost alone. Often the decision to outsource is driven by an organisation experiencing financial difficulties (Yang et al., 2007). Care should be taken to identify the organisation's core competencies, and retain these. It is the core competencies that provide an organisation with the competitive advantage.

5.2.8 The Outsourcing Success Roadmap (LR8)

Rajabzadeh and Rostamy (2008) identified five key points within their outsourcing success roadmap. The roadmap did not include the fundamental area of preparing an exit strategy. The five key points are: identify the core services and protect these, as this is where an organisation's competitive advantage lies; assess all services for outsourcing suitability, and only outsource high cost services; take care in selecting a suitable supplier and ensure they are operating within their core competency; manage the transition process during this critical time (I&DeA, 2008); monitor performance to gain the benefit of continual improvement.

5.2.9 Identification of Core Activities (LR9)

Identifying the core activities enables an organisation to protect its market advantage, lower costs, and release resources to develop those areas (Burdon and Bhalla, 2005). Within the public sector, identifying the core activities is not straightforward. It can be argued that those services that must be statutorily provided are core. Outsourcing them may increase the risk to the client if delivery is not realised. On the other hand it can be argued that FM is a core service. The condition of the local authority's buildings has a direct effect on the user and on the wider public. The literature did suggest that managers facing the prospect of being outsourced may have a skewed view to determining if their service was core or none-core to avoid being outsourced. Alternatively managers may opt to be the first to seek an alternative sourcing solution to achieve a perceived organisational advantage over peers.

5.2.10 Model Selection (LR10)

The most appropriate model to be employed should be one that supports the objectives of the client's organisation. Within the literature, several models were discussed that involve relationships at a simple project-by-project level through to longer-term strategic

outsourcing. The project-by-project model provides the client with access to resources on an ad hoc basis. Strategic outsourcing involves the transfer of staff and / or assets to the new supplier, and the sharing of organisational objectives. Several models with numerous variants are available to the manager considering alternative modes of sourcing. An awareness of the organisational strategy and associated relationships with the supplier will assist in selecting the most appropriate model.

5.2.11 Outsourcing Relationships (Strategic) (LR11)

The literature review indicated the importance of understanding the nature of the strategic relationship, and identified the benefits of using the FORT framework. Depending on where a relationship sits within the framework quadrants indicates the level of management required for expedition. Similarly, where contracts are extended or developed the relationship will move between quadrants. Movement between quadrants will identify any additional resources required, and assist in identifying any potential hidden costs.

5.2.12 Outsourcing Relationships (Operational) (LR12)

Relationships at an operational level revolved around trust. Trust between the client and supplier within an outsourcing relationship was often a precursor to user satisfaction developing (Gambetta, 1988). Any lack of trust in a relationship can prove in turn harmful to exchanges of information and mutual reciprocity that will hinder the effectiveness of obstacle resolution. Trust was a recurring issue that was identified through the case study interviews, and was clearly a feature that can affect the success of a sourcing project. Trust problems were associated with poor communication in several interviews.

5.2.13 Outsourcing Failure (LR13)

The literature indicated that FM organisations turn to outsourcing when their assets become unserviceable due to poor in-house team performance (Cowley, 2010). The literature identified seven key reasons why outsourcing fails. Those reasons include: the failure to set strategic objectives, unclear requirements, poorly managed transition, changing client needs, poor communication, retaining talent, and over management. The literature identified an emerging divergent model of the client's and the supplier's wants. The client wants as much service as possible with no risk. The supplier wants to maximise profit by delivering as little as possible without prejudicing the viability of the contract. In addition to those issues the provision of a turnback or exit strategy is often overlooked.

5.2.14 The Effects of Sourcing on the Built Environment (LR14)

The literature made reference to the effects of organisational property portfolios and their outsourcing as a whole. Outsourcing corporate assets proved to be detrimental to an organisation's strategy as properties were decentralised or multiple properties were established within the same location. This caused an increase in property management costs. A search of the literature did not provide any useful data in relation to any direct physical detriment caused by outsourcing or alternative sourcing. The case study research did establish that alternatively sourcing professional engineering and surveying services had a detrimental effect on the structure or services in some areas. This was particularly true where trust or relationship issues had an influence that affected the surveyors or engineers serving those sites.

5.3 Findings from the Contextualisation Survey

The key findings from the survey are identified with a reference number, for example SQ1 (survey question 1). This will be taken forward into the main data compilation in table 5-22.

The contextualisation survey provided an overview of the sourcing activities within the English local government sector. The argument that was established within the introduction to this thesis considered that the English local government sector is outsourcing services, and in particular BSEPS, to reduce costs (Lacity et al., 2008). This is substantiated within the survey results with cost savings (71%) being identified as a major driver (SQ12). When this is considered against the question (SQ5) determining whether councils considered that they had outsourced core services (80%) it can be argued that all aspects to inform a reasoned decision had not been considered. This is supported within the literature as Sharman (2014) cites that more and more services are being brought back in-house due to the predicted cost savings not being realised.

The data from the survey enabled the strategic relationship to be determined using the principles and framework established by Kishore et al. (2003). The framework identifies the four outsourcing relationship types (FORT) based on the extent of substitution and strategic impact. The application of the survey data to the FORT framework illustrated that councils were operating generally within two distinct quadrants.

1. Support - there is limited use of outsourcing, use of the in-house services are more popular.
   The survey illustrates that 29% of respondents were operating contracts in the lower £0-5m range with 41% transferring 1 – 100 employees. The most popular contract lengths were 3-5 years (31%) and 10 years or more.

2. Reliance – shows a high level of commitment from the vendor as a significant level of the clients operation is transferred. Of the councils who responded 31% had outsourcing contracts worth in excess of £20m. Larger contracts attract a

greater degree of substitution, hence larger employee numbers transferring to the new provider.

At the time of the survey 57% of respondents were considering outsourcing more service areas (SQ9). This suggests that those councils would move from the support role discussed above to the reliance role or possibly to the alliance role. In the reliance role the relationship becomes a strategic partnership with shared objectives.

The quality of the provided service was generally rated as good (45%) to very good (31%) with only 21% describing the service as fair to poor (SQ11).
Of the councils who had not outsourced any services, 65% attributed the reason to cost, and 35% to political direction (SQ15). This illustrates that those councils who had not outsourced any services had made progress in establishing the true costs. However, this relates to a very small number within the wider local government population.
Survey question 4 identified the areas that were being outsourced. Facilities management was outsourced by 29% of the councils who responded.

5.4 Findings from the Case Studies

The case study interviews provided a series of constructs and principal components. The constructs and principal components are then related to the subject areas identified within the literature review and survey findings. The literature review addresses many of the main areas associated with English public sector sourcing.
The discussion of the case findings is arranged as a review of the client's constructs, the supplier's constructs, and finally the user's constructs. The constructs (preceded CR) and principal components (preceded PC) are listed for each actor, and succeeded by the allocated framework area. The interviewee made the allocation of framework areas during the interview, and they were subsequently assigned a sub area where applicable. All key research methods; literature review findings, contextualisation survey, and case studies are subsequently linked to their associated literature review area of enquiry in table 5-22 research compilation.

Client case study 1.

The client from case study 1 identified that the information provided to employees had publicised the anticipated cost savings as a key motivation to outsource. This supports the argument that has run through this thesis that within the English local government sector little consideration is given to anything other than cost saving. The constructs provided and the associated areas of enquiry are:

- CR9 - Profit driven – loss generator (Cost analysis).
- CR10 - Good repairs – shoddy (Performance monitoring).
- CR11 - Commercially driven – service expectation (Strategic planning).
- CR12 - Listening – do own thing (Cost analysis).
- PC3 - Commercially astute (Cost analysis).
- PC4 - Compliant (Relationship determination).

Discussion.

The most closely correlated constructs were *Profit driven – loss generator* and *Good repairs – shoddy* which connected the client's perception that the profitability of the contact is directly associated with the standard of workmanship. It can be argued that this provides an association between contractual profitability and the effects on the built environment. This is confirmed by the construct *commercially driven – service expectation* which was correlated to a lesser degree with the previously mentioned constructs. The constructs discussed above are linked by the principal components *commercially astute* and *compliant*.

Client case study 2.

The client from case study 2 concentrated on the performance of sub-contractors or the supplier, and the communication issues that resulted.

- CR13 - Communicative – insular (Relationship determination).
- CR14 - Being clear – lacks clarity (Relationship determination).
- CR15 - Understands needs – ignorance (Relationship determination).
- PC5 - On message (The sourcing decision).

- PC6 - Mixed objectives (Performance monitoring).

Discussion.

Communication was highlighted within this case study as a significant issue. The constructs *communicative – insular* and *being clear – lacks clarity* closely associated within the grid reflected the clients concerns over communication. This was linked with *understands needs – ignorance* which may suggest that the supplier is operating outside of their core competence. These suppositions are supported by a group of correlated elements: empathy, clarity, responsibility, expectation, VFM, and repair quality, again connecting communication with competence.

Client case study 3.

The client was anticipating an improvement in service from the new provider, but this was set against the client's previous experience that outsourced services could be problematic.

- CR23 - Feeling – experience (Relationship determination).
- CR24 - Values – low expectations (Cost analysis).
- CR25 - Cost – negotiables (Cost analysis).
- CR26 - Lies – honesty (Relationship determination).
- CR27 - Relationship – no commonalities (Relationship determination).
- CR28 - Stability – nervousness (Strategic planning).
- PC11 – Competence (Supplier selection).
- PC12 – Integrity (Relationship determination).

Discussion.

The clients construct of *cost – negotiables* was elicited with the narrative that little 'give and take' was occurring due to contractual inflexibility, and trust was being inhibited (*Lies – honesty*). The client continued to reflect on the general health of the partnership with *relationship – no commonalities* and *stability – nervousness*. These constructs were underpinned with the principal components *competence* and *integrity*.

Client case study 4.

This case study examined an outsourcing contract that had been determined at a stage in advance of the natural contractual expiration.

- CR41 - Market position – insignificance (Delivery).
- CR42 - Staff turnover – consistency (Supplier selection).
- CR43 - Direction – uncontrolled (Sourcing decision).
- CR44 - Drive – restrained (Performance monitoring).
- PC17 - Cost controlling (Cost analysis).

Discussion.

The client considered that the outsourcing decision had been made regardless of any factual information. It was also considered that the supplier's perceived market-leading position had been a major influence in the decision to outsource. The constructs with the greatest correlation were *market position – insignificance* and *drive – restrained* at ≈ 75%. These constructs implied that the strong market position was not supported by the drive to deliver the required service. This was substantiated within the literature with Webb (2010) making reference to the 'seductive' advertising of outsourcing suppliers. The client also noted that the initial drive in delivering the contract wavered because the time available to supervise the contract was diverted to other tasks (*direction – uncontrolled*). The elements expectation, extras, culture, communication, cost, and resilience were closely correlated at ≈ 85% which again all support the above construct interpretation. The elements with the closest correlation were morale and sustainability at ≈ 90% linking a falling morale with contract sustainability.

Supplier case study 1.

The supplier's main focus within this case study related to trust issues between the client and supplier.

- CR1 - Client: Work volume – making money (Organisational challenge).
- CR2 - Honest approach – client distrust (Relationship determination).
- CR3 - Self-managing – directed (Strategic decision).

- CR4 - Trusting – suspicious (Relationship determination).
- CR5 - Longevity and determination (Delivery).
- PC1 - Communicative (Relationship determination).
- PC2 - Engaged (Sourcing decision).

Discussion.

The constructs *honest approach – client distrust* and *longevity - determination* were closely correlated at 85% and were directly related to the trust issues experienced by the supplier within the outsourcing contract.

The constructs *self-managing – directed, work volume – making money*, and *trusting – suspicious* were all closely clustered within the pringrid and relate to the trust development within the client / supplier relationship. This proved to be a recurring theme throughout the research.

The principal components *communicative* and *engaged* reflected the overall tone of the interview.

Supplier case study 2.

The overall theme of this interview was the supplier's views relating to contractual reflexivity.

- CR16 - Short term – viability (Delivery).
- CR17 - Longevity – instability (Strategic planning).
- CR18 - Vibrant business – sluggish (Performance monitoring).
- CR19 - Capability – incompetence (Sourcing decision).
- PC7 - Financially rewarding (Organisational challenge).
- PC8 - Competence (Sourcing decision).

Discussion.

The constructs *short-term – viability* and *longevity – instability* correlated at 82% with the supplier taking a longer-term view with the contract to achieve contract extensions.

The supplier considered that proper resourcing and relationship management coupled with a desire to 'make it work' and financial rewards would be the key to success.
The principal components *financially rewarding* and *competence* summarise the essence of this interview.

Supplier case study 3.
The supplier within this case study was of the opinion that he was delivering a service that matched the client's expectations.

- CR29 - Expectations – targets (Cost analysis).
- CR30 - Contract – the reality (Performance monitoring).
- CR31 - Our organisation – the model (Relationship determination).
- CR32 - Longevity – short-term (Delivery).
- CR33 - Engagement – indifference (Performance monitoring).
- CR34 - Standards – half hearted (Performance monitoring).
- PC13 - Business confidence (Supplier selection).
- PC14 - KPI failure (Delivery).

Discussion.
The constructs *longevity – short-term*, *engagement – indifference*, and *standards – half hearted* all correlated at ≈ 85%. This supported the supplier's view that the longer-term approach required engagement and the meeting of the contractual key performance indicators (KPIs).
The elements feedback, culture, change, and value for money (VFM) all correlated at 80%. The aforementioned elements all provided the key ingredients for a successful contract.

Supplier case study 4.
This case study focussed upon the early determination of a contract. The supplier's view was that this action was taken without adequate exploration of the issues.

- CR45 - Reasonableness – demanding (Relationship determination).
- CR46 - Cost flexibility – contract rigidity (Organisational challenge).
- CR47 - Our culture – enforced (Relationship determination).
- CR48 - Try hard – lost focus (Delivery).
- PC18 - Symmetry (Relationship determination).
- PC19 - Contractual stagnation (Strategic planning).

Discussion.

The supplier's main constructs were elicited against the background of a restrictive contract, and he had not been able to 'go the extra mile' due to issues around payments for exceptional works. All constructs with the exception of *try hard – lost focus* were closely related at ≈ 80%.

The elements were split into three distinct clusters. The principal components were identified as symmetry, and contractual stagnation with the main themes of a rigid contract and a string of disagreements affecting the relationship beyond repair.

User case study 1.

During the interview the user provided an insight into the service that was being provided under the new regime.

- CR6 - Anticipation – disappointment (Performance monitoring).
- CR6a - Pressured – relaxed (Relationship determination).
- CR7 - In-house – outsourced (Strategic planning).
- CR8 - Keen – not bothered (Cost analysis).

Discussion.

The constructs *anticipation – disappointment* and *in-house – outsourced* were correlated at ≈ 80% which reflected the user's anticipation of service improvements. The user commented that the performance of supplier's employees appeared to dip as the contract progressed. This was a point reflected within the literature (Bryce and Useem, 1998) and in the construct *keen – not bothered*.

Elements that were closely correlated included (at ≈ 80%) response speed and change. These elements were linked to the pressured pole of the *pressured – relaxed* construct.

The overall tone of this interview addressed the anticipated service delivery not meeting the perceived (unmeasured outcomes) and staff morale and drive diminishing as the contract progressed.

User case study 2.

The user explored the rhetoric that was present during the lead in to the start up phase of the contract.

- CR20 - Improvement – problematic (Performance monitoring).
- CR21 - Efficiency – expensive (Cost analysis).
- CR22 - Hope – reality (Sourcing decision).
- PC9 - Image culture (Cost analysis).
- PC10 - Service expectation (Sourcing decision).

Discussion.

The correlated elements reputation and expectation were linked at ≈ 88%. This illustrated that the pre-contract information did meet expectations, and that those expectations were supported by the supplier's reputation. Morale and culture were correlated at 80% supporting the user's views that the attitude of the user's staff was good.

The constructs reflected the users opinion that service quality became variable as the contract progressed. The overall perception from the user was that the contract was probably more expensive 'but no one would admit to that' (*efficiency – expensive*).

The principal components were identified as *image culture* and *service expectation*.

User case study 3.

The user reflected on their observation that when the new contract commenced some of the old in-house team had either moved on or gone to work elsewhere for the supplier.

- CR35 - New standards – old ways (Performance monitoring).

- CR36 - Anticipation – provided service (Performance monitoring).
- CR37 - Challenged – restrained (Performance monitoring).
- CR 38 - Promised – delivered (Performance monitoring).
- CR39 - Value – waste (Cost analysis).
- CR40 - Trusting – cautious (Delivery).
- PC15 - Competence (Relationship determination).
- PC16 - Poor delivery (Delivery).

Discussion.

The user considered the new service to be identical rather than a 'sparkly' new service which was reflected in the construct *anticipation – provided service.* However, this may have been simply attributable to a seamless transition (*promised – delivered*).

The user considered that the contract was providing value for money in their opinion and that the arrangements appeared to be suiting all parties. This suggested to the user that communication and trust was good (trusting – cautious). The principal components were identified as *competence* and *poor delivery*.

The naming of the second principal component by the user proved interesting as quite correctly this was identified as being virtually a polar opposite of competence. The overall theme of this interview revolved around the anticipated service not matching the actual service in image, but the user found it difficult to criticise anything in particular. Communication and trust were identified as positives that facilitated value for money.

User case study 4.

The user within this case study brought forward recurring themes that had been experienced throughout this phase of the research.

- CR49 - Advertised performance – hidden reality (Supplier selection).
- CR50 - Repeat calls – one stop shop (Performance monitoring).
- CR51 - Uncommunicative – in your face (Relationship determination).
- CR52 - Open – introvert (Strategic planning).

- PC20 - Progressive (Relationship determination).
- PC21 - Regressive (Supplier selection).

Discussion.

The pre-contract information had promised various service improvements, and also the creation of a large number of new jobs as well as other local economic benefits. The user, at the time of the interview, had not been aware of any new job creations. The service improvement promises did not materialise apparently. Those improvements were to include more pre-repair inspections by the surveying and engineering teams. Those inspections would provide the benefit of more first time fixes and service desk improvements (*advertised performance – hidden reality*). The user did not consider that the number of fist time fixes had improved (*repeat calls – one stop shop*).

The user reflected on the change in relationship with the supplier's team as the contract progressed (*uncommunicative – in your face*) to early determination. This has proved a common factor throughout the research. However, given that the contract was being determined at the time of the interview, the users perceived 'cooling' of the relationship might not be unusual. Barthelemy (2003) addresses the need for the inclusion of an exit strategy in outsourcing contracts, and that would include arrangements for turnback.

The user summarised the theme of the interview ' why overhype outsourcing.' By this, the user intimated that outsourcing might not always deliver step-changed performance, but a stabilisation of the current service at a reduced cost. The principal components supported this with the construct polar approach of *progressive – regressive*.

5.5 Findings Compilation

This section compiles the key data from the literature review, contextualisation survey, and case studies. The compilation commences with the tabulation of the interview constructs against the framework areas in tables 5-20 and 5-21. Table 5-22 compiles all key data areas. The table illustrates the sourcing research area from which the data emerged, the source of the data, and where the data informs the framework. The research areas are the key areas that were derived from the literature review and are preceded with

a reference, for example LR1 – alternatives to outsourcing. The data source includes the four main areas of enquiry that informed the research with an example of the reference coding in parenthesis: the survey question area (SQ1), the literature review section (2.7), the case study constructs (CS5), and named principal components (PC7).

There are eight framework areas that relate to typical project phases. Those are: organisational challenge, strategic planning, cost analysis, sourcing decision, relationship determination, supplier selection, delivery, and performance monitoring. The derivation of the phases is discussed in chapter 3.9.4.

	(LR2) Org. Challenge	(LR1) Strategic Planning (LR10)		(LR3) Cost Analysis (LR6)		(LR13) Delivery	(LR11) Relationship Determination (LR12)		(LR7) Sourcing Decision (LR9)		(LR4) Supplier Selection (LR5).		(LR8) Performance Monitoring (LR14)	
Case study 1 - Supplier														
CR1 - Work volume – making money	X													
CR2 - Honest approach – client distrust								X						
CR3 - Self-managing – directed		X												
CR4 - Trusting – suspicious								X						
CR5 - Longevity - determination						X								
PC1 – Communicative							X							
PC2 - Engaged										X				
Case study 1 - User														
CR6 - Anticipation – disappointment													X	
CR6a Pressured - relaxed							X							
CR7 - In-house – outsourced		X	X											
CR8 - Keen – not bothered				X	X									
Case study 1 - Client														
CR9 - Profit driven – loss generator				X										
CR10 - Good repairs – shoddy														X
CR11 – Comm. driven – service expect...			X											
CR12 - Listening – do own thing					X									
PC3 – Commercially astute				X	X									
PC4 - Compliant							X							
Case study 2 - Supplier														
CR16 - Short term – viability						X								
CR17 - Longevity – instability		X												
CR18 - Vibrant business – sluggish													X	
CR19 - Capability – incompetence										X				
PC7 – Financially rewarding	X													
PC8 - Competence										X				
Case study 2 - User														
CR20 - Improvement – problematic														X
CR21 - Efficiency - expensive				X	X									
CR22 - Hope – reality									X					
PC9 – Image culture				X										
PC10 – Service expectation									X					
Case study 2 - Client														
CR13 - Communicative – insular								X						
CR14 - Being clear – lacks clarity								X						
CR15 - Understands needs – ignorance								X						
PC5 – On message									X					
PC6 – Mixed objectives													X	

Table 5-20: Constructs from cases 1 and 2.

	(LR2) Org. Challenge	(LR1) Strategic Planning (LR10)		(LR3) Cost Analysis (LR6)		(LR13) Delivery	(LR11) Relationship Determination (LR12)		(LR7) Sourcing Decision (LR9)		(LR4) Supplier Selection (LR5).		(LR8) Performance Monitoring (LR14)	
Case study 3 - Supplier														
CR29 - Expectations – targets					X									
CR30 - Contract – the reality													X	
CR31 - Our organisation – the model							X							
CR32 - Longevity – short-term						X								
CR33 - Engagement – indifference													X	
CR34 - Standards – half hearted														X
PC13 – Business confidence												X		
PC14 – KPI failure						X								
Case study 3 - User														
CR35 - New standards – old ways													X	
CR36 - Anticipation – provided service													X	
CR 38 - Promised – delivered													X	
CR37 - Challenged – restrained													X	
CR39 - Value – waste				X	X									
CR40 - Trusting – cautious						X								
PC15 - Competence							X							
PC16 – Poor delivery						X								
Case study 3 - Client														
CR23 - Feeling – experience							X							
CR24 - Values – low expectations				X										
CR25 - Cost – negotiables					X									
CR26 - Lies – honesty								X						
CR27 - Relationship – no commonalities							X							
CR28 - Stability – nervousness			X											
PC11 - Competence											X	X		
PC12 - Integrity								X						
Case study 4 - Supplier														
CR45 - Reasonableness – demanding								X						
CR46 - Cost flexi. – contract rigidity	X													
CR47 - Our culture – enforced								X						
CR48 - Try hard – lost focus						X								
PC18 - Symmetry								X						
PC19 – Contract stagnation		X												
Case study 4 - User														
CR49 - Advertised perf... – hidden real...											X	X		
CR50 - Repeat calls – one stop shop														X
CR51 - Uncommunicative – in your face								X						
CR52 - Open – introvert									X					
PC20 - Progressive							X							
PC21 - Regressive												X		
Case study 4 - Client														
CR41 - Market position – insignificance						X								
CR42 - Staff turnover – consistency											X	X		
CR43 - Direction – uncontrolled									X					
CR44 - Drive – restrained													X	
PC17 – Cost controlling				X										

Table 5-21: Constructs from cases 3 and 4.

Research Area	Data Source	Framework Area
LR1 - Alternatives to outsourcing	Survey: SQ12, Literature review: 2.8.1 Constructs: PC19, CR3, 7, 17,	Strategic Planning
LR2 - Outsourcing drivers	Survey: SQ15, Literature review: 2.8.1 Constructs: PC7, CR1, 46,	Organisational Challenge
LR3 - Cost savings	Survey: SQ10, 12, Literature review: 2.8.1.1 Constructs: PC3, CR8, 12, 21, 25, 29, 39,	Cost Analysis
LR4 - Access to expertise	Survey: SQ10, Literature review: 2.8.1.2 Constructs: PC11, CR42, 49,	Supplier Selection
LR5 - Access to investment / competitive advantage	Survey: SQ10, Literature review: 2.8.1.3 Constructs: PC2, 11, 21, CR42, 49,	Supplier Selection
LR6 – The hidden costs of outsourcing	Survey: SQ12, Literature review: 2.8.2 Constructs: PC3, 9, 17, CR8, 9, 21, 24, 39,	Cost Analysis
LR7 – The outsourcing decision	Survey: SQ5, 10, 11, 12, Literature review: 2.8.3 Constructs: PC5, 10, CR22, 42, 52,	The Sourcing Decision
LR8 – The outsourcing success roadmap	Survey: SQ11, 12, Literature review: 2.8.4 Constructs: PC6, CR6, 18, 30, 33, 35, 36, 37, 38, 44,	Performance Monitoring
LR9 – Identification of core activities	Survey: SQ5, Literature review: 2.8.5 Constructs: PC2, 8, CR19,	Sourcing Decision
LR10 – Model selection	Survey: SQ3, 6, 7, 14, Literature review: 2.8.6 Constructs: CR7, 11, 28,	Strategic Planning
LR11 – Outsourcing relationships (strategic)	Survey: SQ3, 6, 7, 14, Literature review: 2.8.7 Constructs: PC1, 4, 15, 20, CR6a, 23, 27, 31,	Relationship Determination
LR12 – Outsourcing relationships (operational)	Survey: SQ10, Literature review: 2.8.8 Constructs: PC12, 18, CR2, 4, 13, 14, 15, 26, 45, 47, 51,	Relationship Determination
LR13 - Outsourcing failure	Survey: SQ11, 15, Literature review: 2.8.9 Constructs: PC14, 16, CR5, 16, 32, 40, 41, 48,	Delivery
LR14 - The effects of sourcing on the built environment	Survey: N/A Literature review: 2.9 Constructs: CR10, 20, 34, 50,	Performance Monitoring

Table 5-22: Data compilation.

5.6 Development of the Framework

Miles and Huberman (1994) define a framework as a tool to illustrate a concept or series of concepts. A concept is defined by Deleuze and Guattari (1991) in Jabareen (2009) as an entity consisting of components that defines that entity.
The framework may use images and/or words to show the key issues that have been studied and their relationships. The main inputs that inform the framework are derived from two main sources (Vaughan, 2008). The main sources are shown below, and the specific areas related to this research are in parenthesis:

1. The postgraduate researcher and supervisor.
    a. Research experience (the researcher has previous research knowledge and the supervisor is very experienced).
    b. Technical knowledge (both the researcher and supervisor have considerable experience of working within the facilities management industry).
    c. Data obtained from the field (the researcher undertook a field study phase and has data from an initial survey).
2. The literature review.
    a. Prior related theory. What is happening and why (the literature review introduces alternative models and relationships).
    b. Prior related research. What others have done and what they learned (numerous previous studies have been included within the substantive literature review).
    c. Other theory and research. Approaches that others have used in areas that may or may not be associated with this research (personal construct theory has been applied to facilities management).

Eisenhardt (1991) identified three types of framework. Those are:

- Theoretical frameworks, where the research relies on a formal theory to inform and guide the framework.

- Practical frameworks, where the research is not informed by any formal theories, but is assembled by the practical knowledge of the researchers.
- Conceptual frameworks, which are based on previous research and built on a wide array of far reaching information.

This research relies on a formal theory (PCT) to inform and guide it. However, it also uses the information obtained from the participants to allocate constructs to framework areas, and hence the framework combines formal theory and practical knowledge. The framework has also been informed by previous research information discussed within the literature review, and so combines all three aspects.

Solomon and Solomon (2004) cite that the conceptual and theoretical frameworks 'should contribute to the body of knowledge of the discipline' which this particular framework will. The sourcing framework is shown in figure 5-41.
The framework is indexed to this document to reflect the areas where the framework has been informed by the literature, contextualisation survey, field research, and resulting constructs/principal components.

Much of the early research around outsourcing focussed on transaction cost theory (TCT). However, later research considered issues such as core competencies, and organisational agility (Yang et al., 2007). This development provided researchers with an alternative view that multi attribute decision models provided a more accurate view of outsourcing. Lacity et al. (2008) is cited within Yang et al. (2007) suggesting that a decision matrix for outsourcing should include attributes such as business, economic, and technical factors. Such factors have been included within this framework to address the key areas of the sourcing process. Those areas include organisational challenge, strategic planning, cost analysis, sourcing decision, relationship determination, supplier selection, delivery, and performance monitoring.

Each of the main data sources is allocated from table 5-22 (data compilation) into the relative aforementioned areas within the framework. The data sources coded as follows:

- Contextualisation survey – CS and then allocated a number that relates to the survey question number. For example CS1 would relate to the survey question 'question 1 – have you outsourced any of your services?'
- Literature review – LR and then allocated a number that relates to the literature section. For example LR 2.7 would relate to 'alternatives to outsourcing' within the literature review.
- Constructs and principal components – CR and PC respectively. For example CR22 would relate to the construct '*hope-reality*'.

The sourcing framework illustrated in figure 5-42 shows the sequential approach to achieving a sourcing decision. The framework achieves the overall aim of the research described in chapter 1.6. Each section of the sequence is described in the following pages. The sections are:

- Organisational challenge.
- Strategic planning.
- Cost analysis.
- Sourcing decision.
- Relationship determination.
- Supplier selection.
- Delivery.
- Performance monitoring.

The expected outputs are discussed within each section. The framework has been developed in such a way that researchers may examine its potential to be replicated by following the rudimentary path of its constituent parts. Those constituent parts include the survey data, literature review issues, constructs, and principal components. The framework also provides other interested parties, regardless of their work sector, with a simplified process and a detailed elemental description. This approach renders the framework uniquely accessible to both academic researchers and those wishing to practically apply the framework to a project within the workplace.

5.6.1 Synthesised Framework

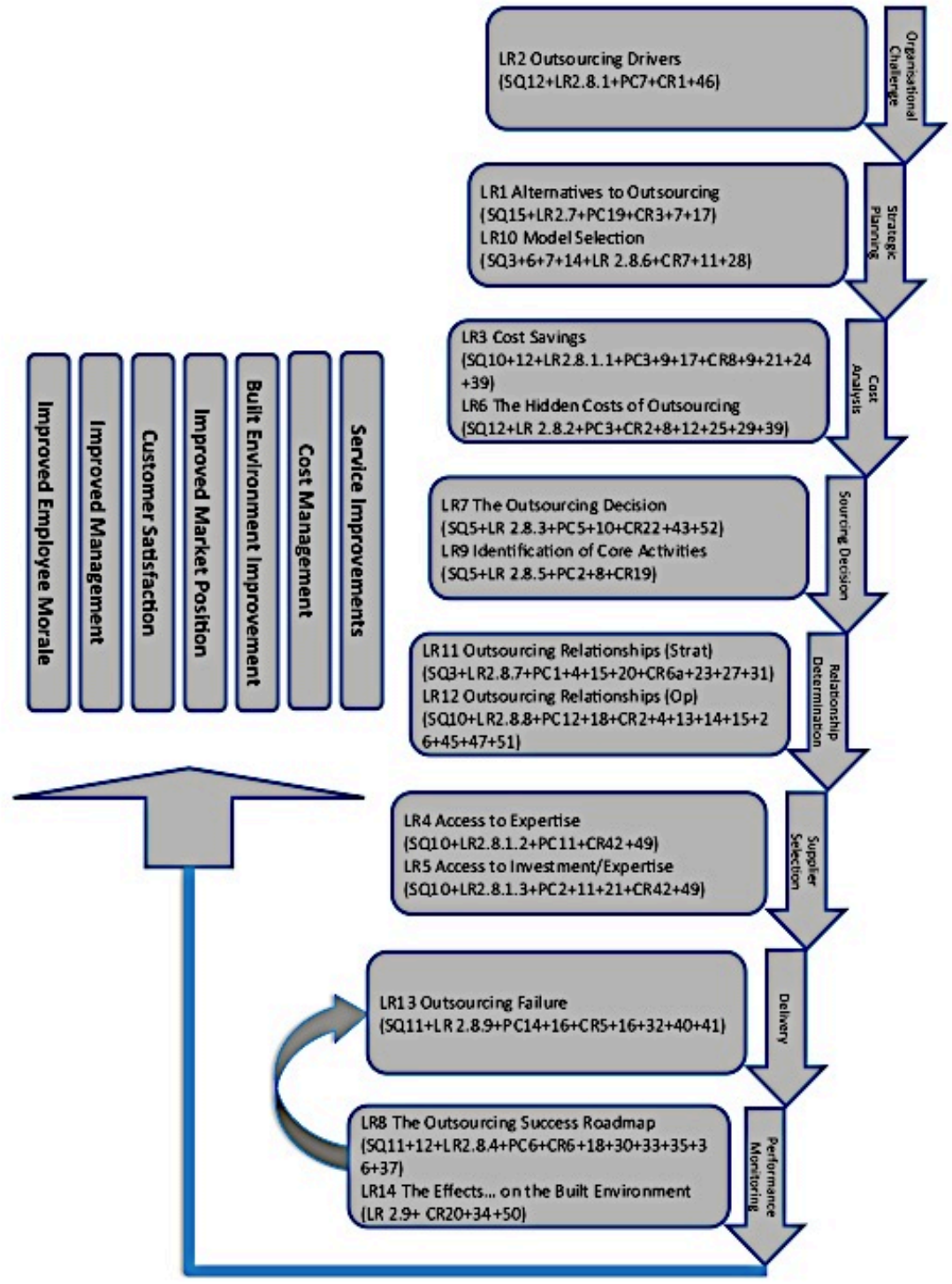


Figure 5-41: Sourcing framework

5.7 Framework Elements

To assist the practical application of the framework, the following subsections discuss the individual elements, and identify areas for exploration to aid application. Where two subjects inform an element these are discussed separately. The tables present the data sources that have been discussed extensively within this chapter and the actions to be considered in order to deliver the element in question.

5.7.1 Organisational challenge

LR2 Outsourcing Drivers SQ15+LR2.8.1+PC7+CR1+46	
Data	**Actions**
SQ15: Reasons for not outsourcing	Test business case
LR2.8.1: Alternatives to outsourcing	Examine alternatives for suitability
PC7: Financially rewarding	Integrate contract reflexivity
CR1: Work volume – making money	Check available work volumes
CR46: Cost flex… - contract rigidity	Incorporate fair reward for 'extras'

Table 5-23: Organisational challenge

Within the English local government sector there are constant internal and external influences driving change. Those influences include: local policy change, political direction change, legislative changes, and austerity implementation (LR2). Organisational challenge could follow the basic process laid out in HM-Treasury (2013) that tests the prospective project for the following: that there is a business case for change; that the change represents the best value to the public; that the objective is commercially viable; that the objective is affordable; and that the project is achievable. Within the business case, consideration would be given to sourcing alternatives. Establishing a business case provides the stakeholders with the necessary evidence for a reasoned decision. However, transparency is an essential part of this process in order to engage the support of employees for implementation (LR2.4). Where the driver to find

an alternative sourcing arrangement is cost alone then consideration should be given to finding a solution to provide cost savings, and reward the supplier. Work volumes (transactions) should provide supplier with investment returns, and scalable charges for out of contract works.

5.7.2 Strategic planning

LR1 Alternatives to outsourcing SQ15+LR2.7+PC19+CR3+7+17 LR10 Model selection SQ3+6+7+14+LR2.8.6+CR7+11+28	
Data	**Actions**
SQ15: Reasons for not outsourcing	Identify main driver
LR2.8.6: Model selection	Identify alternative sourcing options
PC19: Contract stagnation	Test optimal duration
CR3: Self managing - directed	Identify project management resources
CR7: In house - outsourced	Identify in-house provision issues
CR17: Longevity - instability	Check budget sustainability

Table 5-24: Strategic planning

The strategic planning phase examines the alternative sourcing solutions and the subsequent selection of an appropriate model. The identification of the reasons for and against outsourcing, when tested against the available models and variants, will assist in providing a route to a sustainable outcome. The alternatives to outsourcing will have been tested within the organisational challenge section of the framework. If outsourcing is the chosen route, an appropriate model should be selected. The choice model will depend on several variables. The research illustrated that long-term contracts, without the correct management support, were not successful. Therefore, consideration of a shorter duration contract with options to extend would help the supplier to maintain focus. Longer-term contracts can be more sensitive to budget fluctuations. This may be particularly true depending on the political cycle. Depending upon the nature of the

incumbent government, the financing approach can be very different. Where a sourcing contract spans differing political views to public sector spending, the spending profile can change dramatically. The research also identified the need for a balanced approach to managing the contract by the client, and looking for initiatives to maintain the supplier focus. Lost supplier focus often led to over management by the client. Over management was seen to be destructive to relationships.

LR1 Alternatives to outsourcing SQ15+LR2.7+PC19+CR3+7+17 LR10 Model selection SQ3+6+7+14+LR2.8.6+CR7+11+28	
Data	**Actions**
SQ3: Number of service areas outsourced	Identify the appropriate solution
SQ6: Contract value	Quantify (from business case)
SQ7: Contract duration	Determine the appropriate duration
SQ14: Number of employees transferred	Quantify
LR2.8.6: Model selection	Identify a suitable model
CR7: In-house - outsourced	Check in-house performance
CR11: Comm…driven – service expect…	Identify a suitable model
CR28: Stability - nervousness	Plan communication to teams

Table 5-25: Strategic planning (2)

The selection of the appropriate model was discussed in the previous section. However, the number of service areas that are to be outsourced can also influence the selection of an appropriate model. This would remain true where alternative sourcing solutions were being considered, for example ALMOs or semi external vehicles. The features identified within this element of the framework can be applied to the FORT framework. This will assist in understanding the nature of the relationship with a new supplier and provide an indication of the resources required as the relationship changes. Testing the performance of the in-house team is excluded from the business case tests discussed within the organisational challenge element of the framework. In-house performance should be a fundamental consideration of any sourcing investigation. The literature review discussed

the requirements that 'best value' imposed upon the public sector. One of the requirements was that the public sector compared its performance against the private sector. This element of the framework requires that a similar exercise be undertaken. The literature did identify that outsourcing high performing teams may not result in any cost savings. Teams that are performing well may be better suited to alternative sourcing solutions. Alternatives include ALMOs or semi external vehicles. These allow performance that can be translated into operational profits. A communication plan to brief the teams affected by alternative sourcing investigations would be considered at this point.

5.7.3 Cost analysis

LR3 Cost savings SQ10+12+LR2.8.1.1+PC3+9+17+CR8+9+21+24+39 LR6 The hidden cost of outsourcing SQ12+LR2.8.2+PC3+CR2+8+12+25+29+39	
Data	**Actions**
SQ10: Benefits achieved	Identify the desired outcomes
SQ12: Main driver	Reflect on main drivers
LR2.8.1.1: Cost saving	Calculate costs (actual/hidden)
PC3: Commercially astute	Are suppliers available (Core)
PC9: Image culture	Seek supplier references
PC17: Cost controlling	Monitor and agree extras
CR8: Keen – not bothered	Incorporate supplier rewards
CR9: Profit driven – loss generator	Incorporate supplier rewards
CR21: Efficiency - expensive	Supplier to be within core
CR24: Values – low expectations	Incorporate supplier rewards
CR29: Expectation - targets	Assign KPIs
CR39: Value - waste	Check true costs

Table 5-26: Cost analysis

A detailed investigation into costs would be undertaken. The first stage would involve an assessment of the desired outcomes from alternative sourcing. Where cost saving alone is the objective, the literature indicated that sourcing failure might follow unless all associated costs are identified. Hidden and associated costs are discussed further in the following element. Identifying a supplier that can provide the service in question within their core competencies is an important challenge. The literature illustrated that many suppliers can provide basic process or multiple transaction services on a generic basis. The provision of professional services is more problematic, but suppliers can be found, that are able to provide those services as a part of their core competencies. The literature also indicated that suppliers might make various claims relating to their ability to deliver savings and efficiencies. However, in reality they were able to deliver a limited number of the advertised efficiencies and savings, but not all at any one time.

LR3 Cost savings SQ10+12+LR2.8.1.1+PC3+9+17+CR8+9+21+24+39 LR6 The hidden cost of outsourcing SQ12+LR2.8.2+PC3+CR2+8+12+25+29+39	
Data	**Actions**
SQ12: Main driver	Identify main driver
LR2.8.2: Hidden costs	Apply hidden costs calculator
PC3: Commercially astute	Seek supplier references
CR2: Honest approach – client distrust	Apply communication strategy
CR8: Keen – not bothered	Incorporate supplier rewards
CR12: Listening – do own thing	Communicate expectations
CR25: Cost – negotiables	Risk/reward sharing
CR29: Expectations - targets	Establish KPIs
CR39: Value - waste	Review cost checks

Table 5-27: Cost analysis (2)

Associated costs or hidden costs apply to all sourcing options, and include: set up costs, supplier section costs, work transition costs, redundancy costs, process development

costs, loss of market position, loss of staff morale, and loss of talent. Identifying and quantifying those costs is fundamental to the success of the project if cost savings are a main driver. Communicating the project expectations with a supplier can assist in controlling costs. However, this has to be supported with either a SLA or a contract that shares risk and rewards. Reviewing the anticipated project costs in consideration of all costs should be undertaken at key decision gateways.

5.7.4 Sourcing decision

LR7 The outsourcing decision SQ5+10+11+12+LR2.8.3+PC5+10+CR22+43+52 LR9 Identification of core activities SQ5+LR2.8.5+PC2+8+CR19	
Data	**Actions**
SQ5: Core or non-core	Will sourcing impact on strategy?
SQ10: Benefits achieved	Identify all expected benefits
SQ11: Quality of service received	Ensure clear KPIs have been set
SQ12: Main driver	Review the main driver
LR2.8.3: The sourcing decision	Decision check
PC5: On message	Communicate with teams affected
PC10: Service expectation	Communicate expectations
CR22: Hope - reality	Communicate expectations
CR43: Direction - uncontrolled	Prepare engagement strategy
CR52: Open - introvert	Prepare engagement strategy

Table 5-28: Sourcing decision

The sourcing decision should be the culmination of a range of complex issues as opposed to one that is based on cost savings alone. Issues such as hidden costs impact on strategic planning, impact on market position, and customer satisfaction are to be systematically examined. The organisational challenge element of the framework should have assessed the actual costs of delivering the service in its pre sourcing format. Regardless of the

sourcing model chosen, management and transitional costs will be prevalent in all but maintaining the status quo. The drivers of councils exploring alternative sourcing solutions may include financial metric difficulties. Therefore it is important to identify the expected benefits, and to set KPIs against which to measure supplier performance. A major part of the decision process is the preparation of communication channels to ensure the engagement of affected employees, and to maintain their future engagement. This is particularly true if outsourcing is the chosen option, and failure is to be avoided.

LR7 The outsourcing decision SQ5+10+11+12+LR2.8.3+PC5+10+CR22+43+52 LR9 Identification of core activities SQ5+LR2.8.5+PC2+8+CR19	
Data	**Actions**
SQ5: Core or non-core	Will sourcing impact on strategy?
LR2.8.5: Core or non-core	Is the service in question core/none-core?
PC2: Engaged	Identify potential suppliers
PC8: Competence	Check supplier's core competencies are aligned
CR19: Capability – incompetence	Reference check

Table 5-29: Sourcing decision (2)

Exposing a service to alternative sourcing can impact on the strategic objectives of an organisation and affect market position. Within the English local government sector market position may not be an issue. However, ensuring that council's strategic objectives cannot be detrimentally affected remains an important task.

The literature indicated the importance of engaging a supplier that can undertake the service within their core competencies. This ensures that the supplier has an understanding of the requirements of that service and will be aware of any associated hidden costs. Reference checks are a method of testing capability and competence.

5.7.5 Relationship determination

LR11 Outsourcing relationships (strategic) SQ3+6+7+14+LR2.8.7+PC1+4+15+20+CR6a+23+27+31 LR12 Outsourcing relationships (Operational) SQ10+LR2.8.8+PC12+18+CR2+4+13+14+15+26+45+47+51	
Data	**Actions**
SQ3: Service areas outsourced	Apply to FORT framework
SQ6: Contract value	
SQ7: Contract period	
SQ14: Number of employees transferred	
LR2.8.7: Relationships (strategic)	
PC1: Communicative	Prepare engagement strategy
PC4: Compliant	Implement engagement strategy
PC15: Competence	Check supplier's core competencies are aligned
PC20: Progressive	Check supplier has the resource to progress
CR6a: Pressured - relaxed	Monitor implementation strategy
CR23: Feeling - experience	Implement relationship building strategies
CR27: Relationship – no commonalities	Implement relationship building strategies
CR31: Our organisation – this model	Implement relationship building strategies

Table 5-30: Relationship determination

The application of the FORT framework to determine the strategic relationship enables an organisation to assess its current framework position, and the resource and competency implications it may face if that relationship changes. The framework illustrates that as the depth of substitution and strategic impact increases, the relationship develops. The relationship moves from a KPI driven approach to one of trust and mutual respect and cooperation. The literature review discusses the FORT framework and strategic relationships in detail.

LR11 Outsourcing relationships (strategic) SQ3+6+7+14+LR2.8.7+PC1+4+15+20+CR6a+23+27+31 LR12 Outsourcing relationships (Operational) SQ10+LR2.8.8+PC12+18+CR2+4+13+14+15+26+45+47+51	
Data	**Actions**
SQ10: Benefits achieved	Identify the desired outcomes
LR2.8.8: Relationships (operational)	Implement relationship-building strategies
PC12: Integrity	Share objectives and strategies
PC18: Symmetry	Share objectives and strategies
CR2: Honest approach – client distrust	Share objectives and strategies
CR4: Trusting - suspicious	Share objectives and strategies
CR13: Communicative - insular	Use communication channels
CR14: Being clear – lacks clarity	Use communication channels
CR15: Understands needs - ignorance	Confirm activities core to the supplier
CR26: Lies - honesty	Risk/reward sharing
CR45: Reasonableness - demanding	Risk/reward sharing
CR47: Our culture - enforced	Share objectives and strategies
CR51: Uncommunicative – in your face	Monitor and manage relationships proactively

Table 5-31: Relationship determination (2)

Operational relationships are complicated entities to build, and there are no short cuts to success. However, a carefully considered strategy can lay the foundation for a long and sustainable relationship. Planning relationship development meetings and workshops in advance of supplier selection should be undertaken. The meetings / workshops would consider such issues as: the integration of each actor's organisational cultures, the sharing of objectives, and the boundaries for risk / reward sharing. Furthermore, the aforementioned initiatives should be progressed throughout the life of the sourcing project.

5.7.6 Supplier selection

LR4 Access to expertise SQ10+LR2.8.1.2+PC11+CR42+49 LR5 Access to investment / competitive advantage SQ10+LR2.8.1.3+PC2+11+21+CR42+49	
Data	**Actions**
SQ10: Benefits achieved	Review expected benefits against supplier profiles
LR2.8.1.2: Access to expertise	Check supplier CVs
PC11: Competence	Check supplier core competence
CR42: Staff turnover - consistency	Talent loss clause
CR49: Advertised perf… - Hidden reality	Seek references

Table 5-32: Supplier selection

Where the expected benefit is access to expertise, the supplier's business profile should be explored. If the supplier is operating within their core competency it is likely that they will be able to provide the desired expertise. Where a supplier is not operating within the preferred core competence it is likely that they will not have direct access to 'talent'. The literature indicated that 'talent' could be difficult to recruit at differing times within the economic cycle. Sharing services with other local authorities would not in itself result in the migration of in-house 'talent'. However, transferring to an ALMO, semi external vehicle, or outsourcing can lead to the loss of in-house talent. Taking up references can test the supplier's profile.

LR4 Access to expertise SQ10+LR2.8.1.2+PC11+CR42+49 LR5 Access to investment / competitive advantage SQ10+LR2.8.1.3+PC2+11+21+CR42+49	
Data	**Actions**
SQ10: Benefits achieved	Review expected benefits against supplier
LR2.8.1.3: Access to investment / competitive advantage	Obtain proposals
PC2: Engaged	Incorporate supplier rewards
PC11: Competence	Check supplier core competence
PC21: Regressive	Incorporate supplier rewards
CR42: Staff turnover - consistency	Talent loss clause
CR49: Advertised perf… - Hidden reality	Seek and verify references

Table 5-33: Supplier selection (2)

Sharing services or outsourcing can provide access to investment. Engaging with a suitable supplier can benefit the client by leveraging economies of scale, or allowing the client to avoid large capital outlays. Outlays may include the purchase of new equipment or office accommodation. Investment proposals should be written into the contract to avoid non-delivery. Another advantage of externalising a service is that it allows the client to avoid employment issues. Such issues may include pay awards, and redundancy costs from restructuring. Nevertheless, the literature indicated that in-house services would inherently have lower transactional costs. Therefore, careful consideration of this element needs to be made during the cost analysis phase of the framework.
A thoughtful approach to contract engagement can allow the client to make fee payments at pre determined fiscal periods.

5.7.7 Delivery

LR13 Outsourcing failure SQ11+15+LR2.8.9+PC14+16+CR5+16+32+40+41+48	
Data	**Actions**
SQ11: Quality of service provided	Establish expectations
SQ15: Reasons for not outsourcing	Identify key reasons
LR2.8.9: Outsourcing failure	Identify and avoid
PC14: KPI failure	Establish challenging but achievable targets
PC16: Poor delivery	Incorporate supplier rewards
CR5: Longevity - determination	Incorporate medium term durations
CR16: Short term - viability	Incorporate medium term durations
CR32: Longevity – short term	Incorporate medium term durations
CR40: Trusting - cautious	Incorporate supplier rewards
CR41: Market position - insignificance	Seek and verify references
CR48: Try hard – lost focus	Incorporate medium term durations

Table 5-34: Delivery

If outsourcing is to succeed, it is important to understand the factors that influence its potential failure. The failure factors have been established through the literature review and the case studies. The factors that contribute to outsourcing/sourcing failure include: lack of strategic objective setting, unclear requirement /expectations, poor transitional arrangements, changing client needs, poor communication, and over management. The aforementioned issues are discussed in detail within the literature review. The I&DeA (2008) cite several areas to be addressed to improve the chances of sourcing success that include: managing the transition of employees with care, linking to organisational objectives, improving outcomes for service users, and avoiding rigid contracts. The research also illustrated that long-term contracts were more likely to fail, therefore short and medium term contracts with options to extend should be considered. This approach should be underpinned with an exit or turnback strategy.

5.7.8 Performance monitoring

LR8 Outsourcing success roadmap SQ11+12+LR2.8.4+PC6+CR6+18+30+33+35+36+37 LR14 The effects… on the built environment LR2.9+CR20+34+50	
Data	**Actions**
SQ11: Quality of service provided	Measure against KPIs
SQ12: Outsourcing driver	Review the main driver
LR2.8.4: Success roadmap	Test the five key points
PC6: Mixed objectives	Re-align objectives
CR6: Anticipation - disappointment	Monitor performance
CR18: Vibrant business - sluggish	Monitor performance
CR30: Contract – the reality	Monitor performance
CR33: Engagement - indifference	Reward performance
CR35: New standards – old ways	Reward performance
CR36: Anticipation – provided service	Measure against KPIs
CR37: Challenged - restrained	Communicate expectations
CR38: Promised - delivered	Communicate expectations
CR44: Drive - restrained	Reward performance

Table 5-35: Performance monitoring

Rajabzadeh and Rostamy (2008) synthesised a roadmap to achieve outsourcing success. The roadmap incorporated five stages. The first stage involved the identification of the client's core services. Outsourcing core services can lead to a loss of competitive advantage. This would have been undertaken at an earlier stage within this framework. The second stage was to assess all areas for outsourcing suitability. Within this framework the assessment would cover all sourcing options. The third area involved the careful selection of the supplier. Again this was addressed earlier within the framework. The supplier should be operating within their core competency when delivering the client's service. The fourth area identified the need for the client to manage the transition process, and the management of that process would include communication to employees

involved. The fifth area identified includes the monitoring of the supplier's performance. A monitoring strategy would include: testing contract compliance, monitoring variations against cost factors, and checking client/user satisfaction with the delivered service. All of the aforementioned areas have been incorporated within the framework elements, and could apply equally to all sourcing options.

LR8 Outsourcing success roadmap SQ11+12+LR2.8.4+PC6+CR6+18+30+33+35+36+37 LR14 The effects… on the built environment LR2.9+CR20+34+50	
Data	**Actions**
LR2.9: Effects…built environment	Monitor condition
CR10: Good repairs - shoddy	Communicate expectations
CR20: Improvement - problematic	Establish expectations
CR34: Standards – half hearted	Communicate expectations
CR50: Repeat calls – one stop shop	Seek and verify references

Table 5-36: Performance monitoring (2)

The effects of outsourcing upon the built environment have been examined within the research, and there is no conclusive evidence that outsourcing or alternative sourcing models have a detrimental effect on the condition of the built environment. The case study interviews illuminated service quality issues, but these could be simply overcome with the systematic communication of the client's expectations to the supplier.

5.8 Framework Validation

The approach to framework validation utilised a focus group, and asked a series of questions relating to the frameworks usability. The questions were in the form of a survey instrument. The survey was piloted prior to being presented to the focus group. The pilot group consisted of a group of senior managers from an English local authority. Minor adjustments were made to the survey instrument wording following the pilot and

prior to the validation focus group meeting. The minor adjustments included the insertion of the word ‘examined’ to area of enquiry 2 – strategic planning, question 2.1. Also, question 2.4 was amended with the replacement of the word ‘council’ with ‘body corporate’. The validation survey instrument is included in appendix C.

The focus group was made up of the four outsourcing managers who participated in the provision of the provided elements that was associated with the case study phase in chapter 3.9.4. Korhonen and Voutilainen (2006) are cited in Subramoniam et al. (2013) supporting that level of expert population as being representative of a wider community. The survey instrument was delivered after the focus group had been given some time to discuss and test the framework. The use of the survey to conclude the group discussion prevented a common focus group drawback that was identified by Lunt and Livingstone (1996). The drawback relates to focus groups often descending into an open ended discussion with little tangible output. This approach prevented that open-ended discussion, and also enhanced the reliability and validity of the data by adding a statistical dimension.

The approach to the survey involved the use of electronic classroom assistant technology to obtain instantaneous responses from the focus group. An electronic classroom assistant is a software tool that allows the focus group to be presented with a series of questions. The focus group used a simple television type remote to ‘vote’ for an answer. The validation enquiries were focussed around each topic area identified within the framework. Table 5-36 illustrates each respondent’s (R1, R2 etc.) answer to each question (Q1, Q2 etc.). Each choice within the questionnaire was given a value. For example: *strongly agree* was assigned a value of 1, *agree* was assigned a value of 2, *neither agree or disagree* 3, and *disagree* 4.

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
R1	2	2	2	2	1	1	2	1	2	2
R2	2	1	2	2	1	2	1	1	2	2
R3	2	1	2	2	2	3	2	1	2	2
R4	1	1	1	1	1	2	1	1	1	2
R5	2	1	2	1	1	3	1	2	2	2

Table 5-37: Framework validation results

Gibbs (1997) identified that anomalies can arise within focus group data. Such anomalies may be attributable to the focus group members' specific culture, context, or agenda. This may account for the anomaly in the table 5-37, respondent three, question 6 (R3, Q6). Chronbach's alpha was used to test the validity of the responses. There is much debate around what is an acceptable level of validity. Travakol and Dennick (2011) suggest that a good alpha lies within the range 0.7 – 0.9. The categorised alpha ranges are shown below with their internal consistency classification.

- $\alpha \geq 0.9$ – Excellent
- $0.7 \leq \alpha < 0.9$ – Good
- $0.6 \leq \alpha < 0.7$ – Acceptable
- $0.5 \leq \alpha < 0.6$ – Poor
- $\alpha < 0.5$ - Unacceptable

An alpha of 0.69 was achieved following analysis of the data obtained from the focus group survey. This is deemed to be an acceptable level of reliability.

5.9 Summary and Link

This chapter presented a compilation of the findings, and provided a condensed narrative around each research area. The main research areas were the literature review, the contextualisation survey, and the case studies. The structure of the literature review provided the configuration for the correlation of data from the research areas. These research areas were then attributed to eight phases within the framework. The framework provides a theoretical and sequential approach to the determination of a sourcing

decision. The framework will assist managers within the English local government sector to make a decision that is not based on cost savings alone.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the achievement of the research aims and objectives, the key findings, and the salient critical and general conclusions. This chapter examines the limitations of the research and any constraints that were imposed or encountered. During the research process further areas for exploration were observed and these are subsequently presented within this chapter. The chapter continues with statements supporting the contributions to knowledge, theory, and the English local government sector. The chapter and research is concluded with a final reflection.

6.2 Achievement of the Research Aim and Objectives

The research aim was addressed by investigating the four underpinning or research questions. The research aim and objectives are reviewed below and can be found in chapter 1.6.
The research aim was to:

'…contextualise sourcing within the English local government sector, in order to inform the synthesis of a framework to test the suitability of surveying and engineering services for an appropriate sourcing decision'.

The aim of this research has been achieved with the synthesis of a framework to assist English local government surveying and engineering managers to follow a roadmap, and in order to identify a suitable and appropriate sourcing solution. The research illustrated a somewhat random, and a prima facie uninformed approach to the selection of suitable services to alternatively source. This research illuminated that within the English local

government sector the array of services outsourced was vast, and that that alternative sourcing options were being overlooked.

This perceived rush to outsource was being invigorated by effective marketing by outsourcing service providers. The research illustrated that many of the advertised savings and advantages were not achievable. For example, low cost, efficiency, and speed of delivery were proposed to be outsourcing advantages (Hart, 2011; Yunlong et al., 2011). Alternatively, research undertaken by Ruppel-Schell (2010) found that only two of the three aforementioned advantages were achievable at anytime.

The research objectives and the elucidation of their findings are discussed in the subsections below.

6.2.1 Research Objective A: To frame the current context of public sector sourcing.

To enable the current context of public sector, and in particular building surveying and engineering professional services to be framed, a thorough literature review and contextualisation survey was undertaken. The literature review covered the main elements associated with outsourcing/sourcing across varying public and private sector initiatives. Those elements included:

- The establishment of the legal grounds that enable an English local authority to alternatively source any or all of its services.
- A succinct definition of outsourcing was identified as something which originally involved procuring something which could have been sourced within an organisation notwithstanding the decision to go outside that organisation (Gilley and Rasheed, 2000). A survey strategy was used to determine council's attitudes to delivering outsourced services, and to identify the underlying drivers.

- A discussion of the precursors to outsourcing. Within the English local government arena, those precursors were CCT and Best Value. Both of those precursors encouraged exposure to private sector competition.
- The alternatives to outsourcing are explored to provide a context for the framework should outsourcing not be appropriate.
- The main drivers that encourage managers to seek alternative sourcing arrangements are identified which included cost savings.
- The hidden costs associated with outsourcing are explored and a calculator to quantify those costs is presented for inclusion within the framework.

6.2.2 Research Objective B: To ascertain any effects of sourcing, both organisationally and upon the BSEPS repair and maintenance regime.

The effects of sourcing upon an organisation were identified within the literature. Those effects included not achieving the anticipated cost savings due to the ignorance of hidden costs. The effects of this can be far reaching because as the literature illustrated, one of the client's main objectives is to obtain as much as possible for as little as possible. This places pressure on the relationship and trust begins to be eroded. It can be argued that the client may perceive that if their costs are higher than planned then the supplier is making more profit. This deterioration in trust can lead to a breakdown in the relationship, and subsequently sourcing failure.

Sourcing failure can have a detrimental effect on the client's organisation. Morale within the professional teams is likely to be damaged and any turnback can result in the importation of disillusioned employees. The case studies also illustrated how 'talent' can be moved within the supplier's organisation, and not be involved in any turnback. This can leave the client with a gap in expertise that can ultimately affect the repair and maintenance regime.

6.2.3 Research Objective C: To interpret the nature of sourcing within the local authority sector. The nature includes the collective arrangements that support sourcing a service.

The contextualisation survey provided data to enable the nature of sourcing within the English local authority sector to be interpreted. The data included contract length, contract value, and the numbers of employees transferred. The data framed the array of services that had been alternatively sourced to some degree. The data indicated that most services within the sector had been outsourced. The contract lengths, values, and number of employees involved in the outsourced arrangements varied widely. This data supports the original argument that outsourcing may be being approached by the English local government sector in an ad-hoc cost saving fashion.

6.2.4 Research Objective D: To formulate and validate a theoretical framework for assisting in the sourcing decision-making process.

The empirical study undertaken throughout this research has enabled the synthesis of the framework. The research commenced with a contextualisation survey and literature review that continued throughout the research process. The final stage of the research involved four case studies with councils of differing profiles. Each case involved a semi-structured interview with a client, vendor, and user to explore the experiences or constructs of each. From this data, a sourcing framework was synthesised.

6.3 General Conclusion and Recommendations

Arguably, one of the most commonly asked questions within the English local government community is ‘Should I outsource’? There is no simple answer to this question. The literature and research findings have shown that merely outsourcing to achieve cost savings in isolation is unlikely to be successful. A number of factors have to

be considered, including alternative sourcing solutions, those factors have been brought forward into the framework within this research.

Many FM organisations turn to alternative sourcing solutions when their existing teams fail by being unable to keep the facilities serviceable, or where embedded labour resources are influencing performance and/or culture. The literature and empirical research clearly illustrated that outsourcing was an effective tool for the English local government community to receive alternative service provision. However, simply turning to outsourcing does not guarantee improvement. Due diligence has to be given to a number of interrelated factors that will contribute to the success of determining the most appropriate sourcing option. The appropriate option may include outsourcing.

The contextualisation survey illustrated the breadth of services that are being outsourced within the English local government community. It was apparent that most if not all service areas were affected. It was apparent from the survey data that the respondents could not distinguish between core and none-core services. This seemingly simple task, if incorrectly identified, could result in areas that provided the council with fundamental service or financial advantage being lost. The literature indicated that BSEPS could be classed as a core service. The argument for this opinion centred on the effects that poorly maintained public buildings can have on the wider community. The community can be affected by poor delivery of services by employees working in undesirable conditions. The public can also be affected by the general condition and aesthetics caused by poor quality repair and maintenance.

The survey did illustrate that there were two distinct approaches to outsourcing, and this was confirmed with the application of data to the FORT framework. Those distinct areas were the support role where outsourcing was used tentatively to enable in-house services to access expertise. This would generally be on a project-by-project basis. The other area identified within the FORT framework where councils were operating was in the reliance role. Councils operating within this area of the framework are engaging with the supplier in a strategic way. This may involve the transfer of a significant number of employees to

the supplier and may possibly include the transfer of other tangible assets such as buildings. The literature and case study interviews did illustrate that long-term contracts were more likely to fail as relationships became stressed. This was particularly true where cost savings were the prime objective, and where the contractual environment had changed over time. This would either apply pressure on the client to control costs, or on the supplier to maximise profits. Either way the relationship would be placed under stress.

It was interesting to note the high percentage of councils who indicated that cost savings was one of the main drivers to outsource a service or services. Alternatively, of those who had not outsourced any services, cost was identified as the main prohibiting factor. This suggests that some councils had identified that outsourcing did have hidden and other associated costs. The literature gave a clear indication that where cost saving alone was the key driver then outsourcing would be unlikely to succeed. This was due to the supplier's limited options to leverage profits within the contract other than to erode terms and conditions.

The erosion of terms and conditions may have the effect of forcing the 'talent' to migrate to other employers. Ultimately, this can contribute to outsourcing failure due to the supplier not having the requisite skills base to meet the client's needs. Where turnback is necessary following a contractual failure, or at the natural conclusion of a contract the client may discover that the talent pool no longer exists. This will introduce an immediate business continuity issue. The resolution of such issues can be problematic, and is dependent upon the position of the economic cycle. To avoid this the client should apply the principles of the framework that has been developed from this research, and explore alternative sourcing options.

The survey identified the benefits obtained from outsourcing. Financial (cost savings) benefits, access to expertise, and access to investment were the most popular. Increased employment was also identified. However, one council who had outsourced a service had entered into an agreement with the supplier to bring other operations into the region as an

added benefit. This benefit would be in the form of a call centre. However this never materialised, and the outsourced service was eventually brought back in-house (turnback) at the natural conclusion of the contract.

The case studies illustrated a number of recurring themes suggesting that the number of case studies undertaken was appropriate due to data saturation. The recurring themes covered a number of areas that correlated with the literature review. A typical area included issues around the cost to the client and supplier. This raised two issues. One, the client had underestimated or overlooked the true cost of outsourcing. Two, the supplier may not have realised the anticipated profits or rate of return. Both of the aforementioned issues had an impact upon the relationship between the client and supplier, and it was reported that trust was ultimately damaged.

Trust breakdown was consistently identified within the actor's constructs. The breakdown of trust was either caused by or contributed to communication problems not just between the client and supplier, but also with the user.

Trust, relationship, and communication was under further strain as a case study identified that employees transferred to the supplier from the client had either left to go to another employer, or had been moved elsewhere in the supplier's organisation. This loss of 'talent' did have an impact on the built environment due to the loss of knowledge gathered over a number of years. This would also prove detrimental to the client at the end of the contract, particularly if the employees are brought back in-house (turnback).

The case studies did illustrate the need for careful specification or service level agreement preparation. Inflexible specifications or unreasonable service levels could lead to contractual difficulties and ultimately service degradation. Many clients identified areas of good practice where relationships could be developed and underpinned with early engagement and progressive relationship management.

Within the case studies some users did make reference to the standard of the building stock maintenance. The quality of the maintenance regime appeared to be related to the relationship between the client and supplier, so it can be deduced that outsourcing could have an effect on the built environment.

The literature has shown that the theory base supporting outsourcing research has not been superseded by any new theories, and according to Hatonen and Eriksson (2009) the existing theories have only supported earlier findings. However, the comprehensive literature review did not identify any other use of PCT in the local government sector. So from the perspective of this research, the use of PCT is unique.

6.4 Statement of Critical Conclusion

The key conclusions are:

1. Cost saving was identified as a key driver.
2. Vigorous marketing established unrealistic outsourcing benefits.
3. This research defines outsourcing as follows: 'outsourcing is the delivery of professional services by a supplier that provides value, quality, and protects the condition of the built environment for the benefit of the users'.
4. The English local government sector outsourced an array of services in an ad hoc way.
5. The research illustrated that alternative sourcing solutions were being overlooked.
6. Hidden costs were being overlooked by the English local government sector.

The central argument threaded throughout this thesis hypothesises that within the English local government sector cost saving alone is the key driver. The literature supported that hypothesis. The contextualisation survey provided an insight into the key drivers, and again cost saving was featured as a main driver. The constructs obtained from the case study interviews also featured cost savings as a significant element amongst several other themes. The literature identified that outsourcing was unlikely to be successful where cost saving alone was the key driver. The data obtained from the aforementioned areas of

enquiry facilitated the completion of the framework and the ultimate conclusion of this research project.

6.5 Recommendations for Further Research

Undertaking this research has provided an interesting insight into the approach to the sourcing arrangements that so many councils in the English local government sector have adopted. Just as interesting are the drivers that influence managers to start a journey into alternative sourcing. However, a number of issues have arisen that further investigation and research would benefit academia and the industry.

1. To undertake additional research into the alternative sourcing options discussed within this thesis relating to the English local government sector. For example shared services, arms length management organisations, and insourcing.

2. To oversee and record the piloting of the framework in a live sourcing project to establish validity and suitability. Testing on a 'real life' project would enable the framework to be fine tuned and improved where necessary.

3. To undertake similar research that focuses primarily on the effects on the built environment, and the effects on professional surveying and engineering teams career paths.

4. To undertake further research within the English local government sector and beyond to determine if the sourcing activity has changed during the life of this research.

5. To examine another area of the United Kingdom public sector and compare conclusions with this research to determine if similar conclusions are forthcoming.

6. To undertake a research project to specifically examine the effects of outsourcing on the built environment, specifically any deterioration of building services and elements. If any deterioration is detected this can be quantified and added to the hidden costs factor.

6.6 Original Contributions of the Research

This research project contributes to the greater body of knowledge within the English local government sector. The framework attempts to traverse the gap between theoretical knowledge and the practical challenges that managers face in making an informed and reasoned sourcing decision. The framework uniquely allows researchers to examine, follow, and replicate the data collection and compilation methodology and yet also facilitates its practical use by elemental description.

The vast body of knowledge relates in the main to IT outsourcing. In more recent times business process outsourcing has come to the fore. However there are very few, if any, studies that relate to the English local government sector and the connection to BSEPS and the built environment.

6.6.1 Original Contribution to Knowledge

The logics of inquiry as described by Blaikie (2000), help the researcher to generate and test theories thus making a significant contribution to knowledge. Knowledge in this case relates to the effects sourcing decisions may have on the repair and maintenance of the built environment.
The initial phase of the research placed into context the sourcing position within the local government sector. The literature review illustrated that there have been no such previous studies. From the research undertaken, it is clear that there are in fact very few academic contributions that propose practical frameworks for assessing the suitability of outsourcing (Boer et al., 2006). The importance of this study is in the synthesis of a

framework to assist local government and other public sector managers to make an informed and reasoned sourcing decision.

6.6.2 Original Contribution to Theory

Kelly (1955) and his theory of personality (PCT) placed man as an incipient scientist. Within this research the participant was that scientist. As a scientist, the participant constantly tests his perceptions of outsourcing. The participant by testing life driven hypothesis that relate to outsourcing, subsequently falsifying them, and then retesting produces bipolar constructs. Those constructs were harmonious images of their views. The repertory grid was used to record the constructs, and has been a 'special adherent' to personal construct psychology as the foundation to comprehend epistemologies (Jankowicz, 2004; Easterby-Smith et al., 1996). PCT and repertory grids, and their multi methodological approach are discussed in detail within the methodology section. The use of this theory did prove advantageous in providing organic data. Organic because the researchers influence over the path the interview took was minimal.

The application of PCT to the BSEPS sourcing genre, and the built environment is a unique application of this psychology and theory.

The literature reviewed sourcing and FM / BSEPS within the public sector. The literature available to the researcher is extensive on the subject of outsourcing. However, much of the literature relates to the private sector, and in particular to the information technology (IT) sector. Understanding the elements that contribute to a reasoned and informed sourcing decision is fundamental to sourcing success. The literature review discussed the various definitions of outsourcing, and proposed an alternative definition relating to public sector BSEPS.

6.6.3 Original Contribution to the English Local Government Sector

The initial phase of the research produced a survey contextualising sourcing within the English public sector (Taylor, 2012). The survey was an original contribution to the sector from the perspective that the survey was intrinsic. Other surveys have been undertaken by outsourcing companies such as Interserve (2012) from an extrinsic point of view.

The integration of a FORT framework within the research in order to gain an insight into the outsourcing relationships was unique. This provided confirmation of the nature of the relationships that were established within the English local government sector. It would also provide invaluable information in relation to the extension or contraction of the relationship.

A key research objective was to synthesise a framework to assist managers to test the suitability of a section or department for sourcing. Such a framework is a unique tool that was not previously available in the local government or general public sector, yet Juras (2008) identifies that managers need a framework to inform a sourcing decision.
The contribution to the sector can be summarised with the following statements:

1. The framework will provide a roadmap for the English local government and general public sector to follow.
2. The data saturation provides confidence that the findings can be generalised across the English local government sector.
3. The literature review will provide public sector managers with the depth of understanding that a ‘cost saving alone’ basis to outsource is unlikely to succeed without a number of other technical considerations.
4. The data obtained from the interviews provides an organic snapshot of an actor or incipient scientists largely uninhibited by corporate anxiety.

6.7 Limitations of the Research

All research projects are constrained by limitations and boundaries that may include intrinsic and extrinsic factors that can affect the quality of the research. Intrinsic limitations may include time, and other resources to implement the research methodology. Extrinsic limitations included issues around the number of councils willing to participate within the survey and case study phases. This was exacerbated further by the time period that elapsed between the survey and case study phase. The survey identified participants willing to take part within the case study interviews, but as time elapsed some participants had either moved on, or had subsequently chosen not to participate.

The research was limited by the lack of information relating to the effects of alternative forms of sourcing upon the repair and maintenance regimes, and ultimately the condition of the built environment.

The literature review illustrated a gap in knowledge relating to the sourcing of BSEPS within the English local government sector, and in particular the use of PCT relating to that area. A great deal of the literature related to other sectors and professions. However, the basic concepts relating to sourcing are transferable regardless of the sector, profession, or country of origin.

6.8 Final Reflection

The aim of the research was to synthesise a conceptual framework from the contextualisation survey, literature, and case studies. This aim has been achieved and included within chapter 5 with the results of the associated objectives. The framework will assist managers within the English local government sector to make an informed decision when considering alternative sourcing options. This research will also provide an insight into the critical success factors of sourcing for any other interested party

regardless of their industry sector position. Fully understanding the outsourcing concepts will assist in maintaining, and possibly improving the condition of the client's building stock.

Sourcing does have a place within the English local government sector, but this must be considered against all other available options, and that may include maintaining the status quo.

Undertaking this research has left a number of unanswered questions and these have been documented within this section.

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Index of Appendices

APPENDIX A – Survey Instrument

PUBLIC SECTOR OUTSOURCING SURVEY–2011

NAME OF YOUR COUNCIL:.....

1 Have you outsourced any of your services? *See note* 1	Yes	No				
2 If you have not outsourced any services go to question 15						
3 How many service areas have you outsourced?	1	2—3	4—5	> 5	Other →	Please specify .....
4 Which services / areas were outsourced? *See note 2*	IT	Grounds	Facilities	Payroll	Other →	Please specify .....
5 Would you consider the outsourced service's to be core or none-core? *See note 3*	Core	None Core				
6 What was / is the value of the contract?	£0—5m	£5-10m	£10-15m	£15-20m	>£20m	
7 What contract periods have you applied?	0—2 years	3—5 years	6—7 years	8—9 years	10 + years	
8 What level of officer manages the contract(s) on a daily basis? *See note 4*	Administrative	Senior Officer	Principal Officer	Head of Service	Other →	Please specify .....

PUBLIC SECTOR OUTSOURCING SURVEY–2011

EAST RID OF YORKSHIRE C

NAME OF YOUR COUNCIL:.....

1 Have you outsourced any of your services? *See note* **1**	**Yes**	**No**				
2 If you have not outsourced any services go to question 15						
3 How many service areas have you outsourced?	**1**	**2—3**	**4—5**	**> 5**	**Other →**	Please specify .....
4 Which services / areas were outsourced? *See note 2*	**IT**	**Grounds**	**Facilities**	**Payroll**	**Other →**	Please specify .....
5 Would you consider the outsourced service's to be core or none-core? *See note 3*	**Core**	**None Core**				
6 What was / is the value of the contract?	**£0—5m**	**£5-10m**	**£10-15m**	**£15-20m**	**>£20m**	
7 What contract periods have you applied?	**0—2 years**	**3—5 years**	**6—7 years**	**8—9 years**	**10 + years**	
8 What level of officer manages the contract(s) on a daily basis? *See note 4*	**Administrative**	**Senior Officer**	**Principal Officer**	**Head of Service**	**Other →**	Please specify .....

APPENDIX B – Ethical Approval

----- Reply message -----
From: "Clements Timothy W" <T.W.Clements@salford.ac.uk>
Date: Wed, Jul 27, 2011 08:27
Subject: Ethical Approval REP11/112
To: "Taylor Stephen (S.Taylor8) PGR" <S.Taylor8@edu.salford.ac.uk>, <Steve.Taylor@eastriding.gov.uk>
Cc: "Hunter Jayne" <J.Hunter@salford.ac.uk>, "Finch Edward" <E.Finch@salford.ac.uk>

Dear Stephen,

I can confirm that based on the information provided, the Research Ethics Panel have no objections on ethical grounds and have approved your project subject to the condition that the information sheet is amended to state what will happen to any data already collected should an participant choose to withdraw.

A formal Ethical Approval Memorandum will be sent out to you shortly.

Regards,

Tim

Tim Clements

Contracts Administrator

Contracts Office | G10 Faraday House | University of Salford | 43 The Crescent | Salford | M5 4WT

tel: 0161 295 6907 | fax: 0161 295 5495 | email: t.w.clements@salford.ac.uk

APPENDIX C – Framework Validation Survey

Framework Validation Questions

Area of enquiry 1 – Organisational Challenge

1.1 I challenge my area of responsibility to ensure that the most cost effective services are being delivered.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

1.2 I am able to identify the drivers that make me explore alternative service delivery methods.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

1.3 I have examined the business case for my method of service delivery.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

1.4 I understand my services position in relation to it being either a core or non-core activity.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 2 – Strategic Planning

2.1 I have examined or understand my services market position.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

2.2 I am currently occupying my desired market position.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

2.3 I am aware of the differing sourcing strategies and models that would inform my sourcing planning.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

2.4 I am able to determine the strategic impact any change would have on the body corporate.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

2.5 I am aware of the benefits and drawbacks of the differing sourcing strategies.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 3 – Cost Analysis

3.1 I am aware of the hidden costs associated with outsourcing

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 4 – The Sourcing Decision

4.1 I am aware of the alternative methods of sourcing such as outsource, co source, external source and status quo.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

4.2 With my current knowledge and experience I would choose to:

Outsource	Co Source	External Source	Status Quo

Area of enquiry 4a

4.3 If I were to change my current service delivery model I consider that keeping the workforce informed is essential to their engagement.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 5 –Relationship Determination

5.1 From the information provided I feel that I am able to identify the nature of an outsourced relationship.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 6 – Supplier Selection

6.1 I would not seek a supplier who in providing a service to me would be operating outside their core competency.

Strongly agree **Agree** **Neither agree or disagree** **disagree**

Area of enquiry 7 – Pre Contract

7.1 Place in order of importance the pre contract elements shown in the framework.

Relationship Management	
Trust Development	
Objective Identification	
Objective Sharing	
Standard Setting	
Exit Strategy	

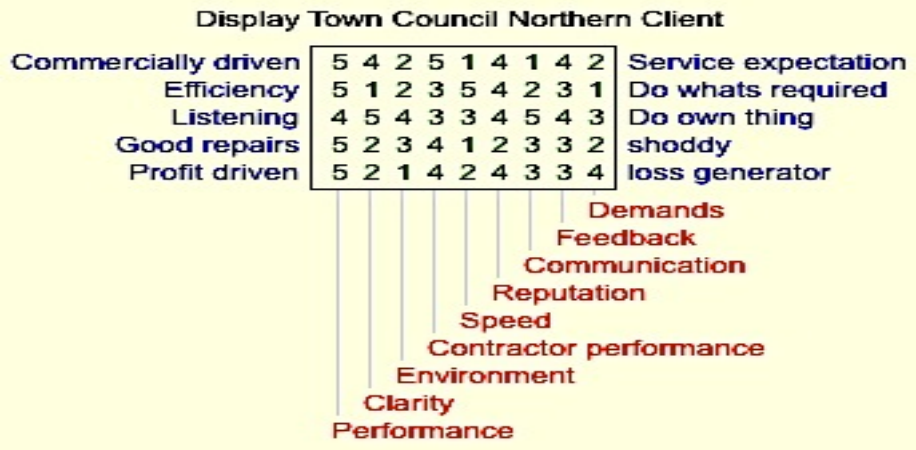
Area of enquiry 8 – Performance Monitoring

8.1 Place in order of importance the performance monitoring elements shown in the framework.

Targets	
Outcomes	
Actions	
Relationship Management	

APPENDIX D – Base Repertory Grids from the Interviews

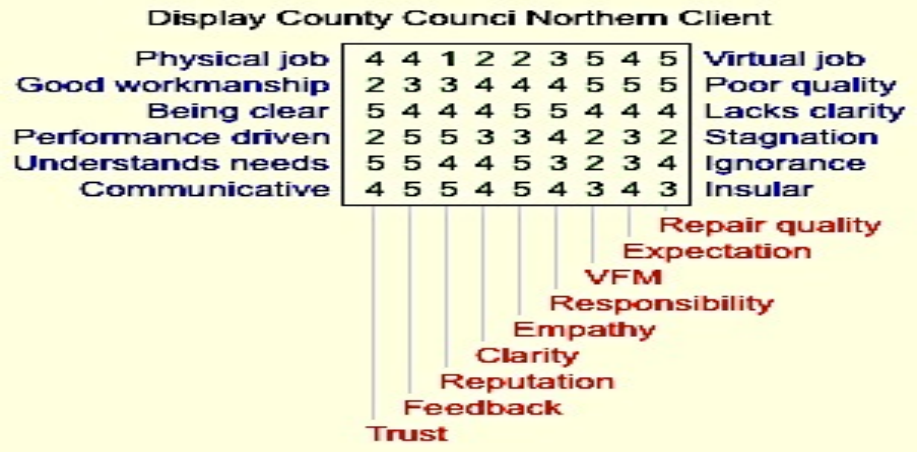
Case Study 1

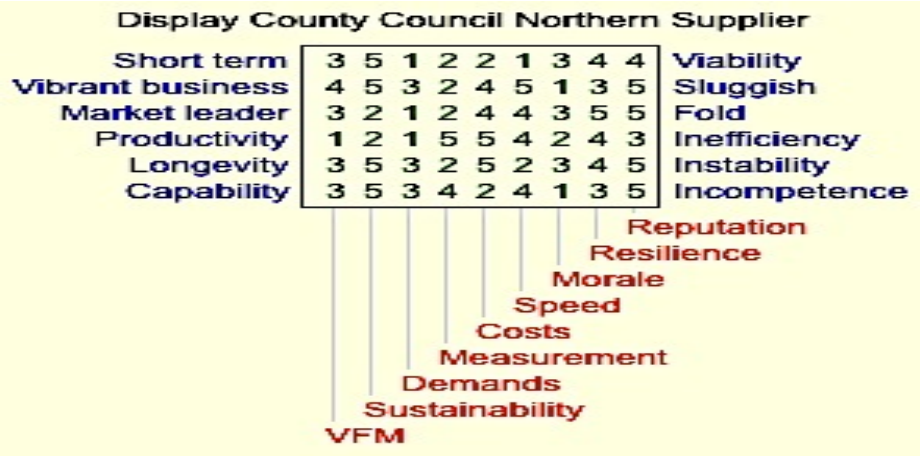

Display Town Council Northern Client
Commercially driven 5 4 2 5 1 4 1 4 2 Service expectation
Efficiency 5 1 2 3 5 4 2 3 1 Do whats required
Listening 4 5 4 3 3 4 5 4 3 Do own thing
Good repairs 5 2 3 4 1 2 3 3 2 shoddy
Profit driven 5 2 1 4 2 4 3 3 4 loss generator
Demands
Feedback
Communication
Reputation
Speed
Contractor performance
Environment
Clarity
Performance


Display Town Council Northern Supplier
Work volume 1 3 5 3 2 4 2 4 5 Making money
Honest approach 5 4 3 1 2 5 4 5 5 Client distrust
Self managing 1 3 2 4 3 5 1 4 5 Directed
Trusting 1 5 3 4 4 5 4 5 4 Suspicious
Longevity 4 5 1 2 1 5 4 5 5 Determination (contractual)
Reflexivity 5 5 4 4 5 3 2 4 4 Unresponsive
Responsibility
Communication
Cost
Trust
Change
Sustainability
Response
Environment (business)
Extras


Display Town Council Northern User
Anticipation 5 3 4 3 4 4 1 1 2 Disappointment
Pressured 4 1 5 5 3 2 5 4 2 Relaxed
Keen 4 3 5 4 3 2 2 1 3 Not bothered
Promises 1 2 2 5 4 1 1 2 3 Underdelivery
Inhouse 5 2 4 5 3 3 1 2 3 Outsourced
Responsibility
Response Speed
Change
Feedback
Sustainability
Cost
Expectation
Empathy
Consistency

Case Study 2

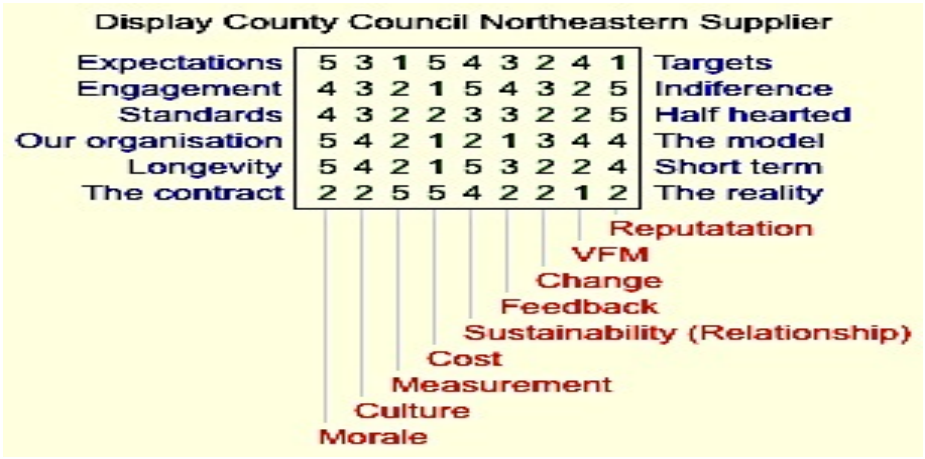

Display County Counci Northern Client
Physical job 4 4 1 2 2 3 5 4 5 Virtual job
Good workmanship 2 3 3 4 4 4 5 5 5 Poor quality
Being clear 5 4 4 4 5 5 4 4 4 Lacks clarity
Performance driven 2 5 5 3 3 4 2 3 2 Stagnation
Understands needs 5 5 4 4 5 3 2 3 4 Ignorance
Communicative 4 5 5 4 5 4 3 4 3 Insular
Repair quality
Expectation
VFM
Responsibility
Empathy
Clarity
Reputation
Feedback
Trust

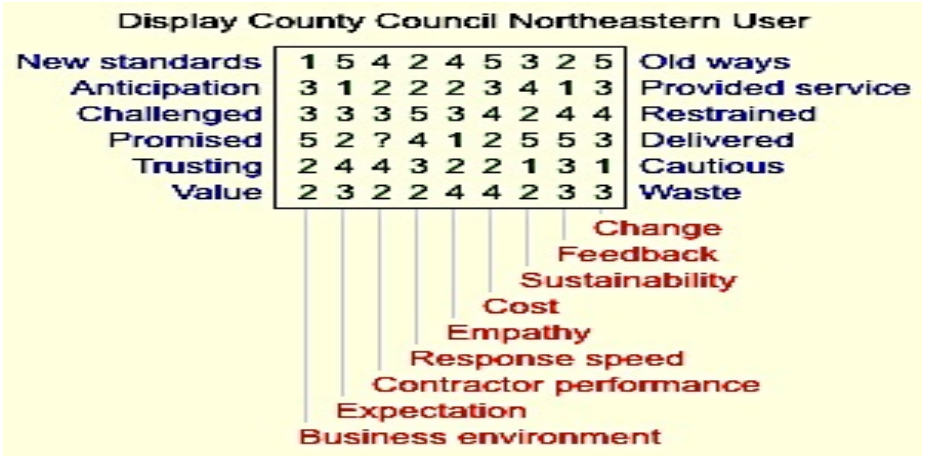

Display County Council Northern Supplier
Short term 3 5 1 2 2 1 3 4 4 Viability
Vibrant business 4 5 3 2 4 5 1 3 5 Sluggish
Market leader 3 2 1 2 4 4 3 5 5 Fold
Productivity 1 2 1 5 5 4 2 4 3 Inefficiency
Longevity 3 5 3 2 5 2 3 4 5 Instability
Capability 3 5 3 4 2 4 1 3 5 Incompetence
Reputation
Resilience
Morale
Speed
Costs
Measurement
Demands
Sustainability
VFM


Display County Council Northern User
Image 1 5 2 3 4 3 5 2 2 Undertone
Anticipation 3 5 2 2 5 4 1 2 1 Disappointment
Belief 1 5 3 4 5 4 3 1 5 Directive
Hope 5 2 1 3 3 5 2 2 1 Reality
Improvement 3 4 2 4 4 5 4 4 1 Problematic
Efficiency 5 3 3 3 2 5 4 4 2 Expensive
Culture
Trust
Communication
Performance
Expectation
Empathy
Morale
Reputation
Cost

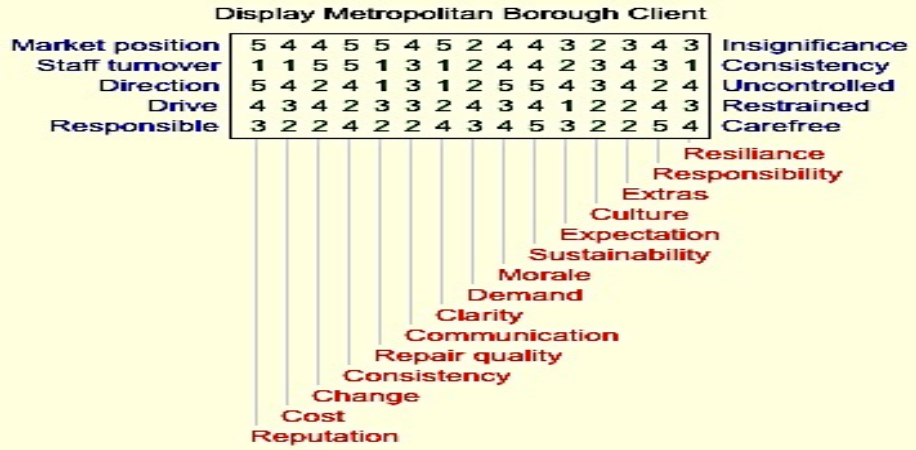
Case Study 3

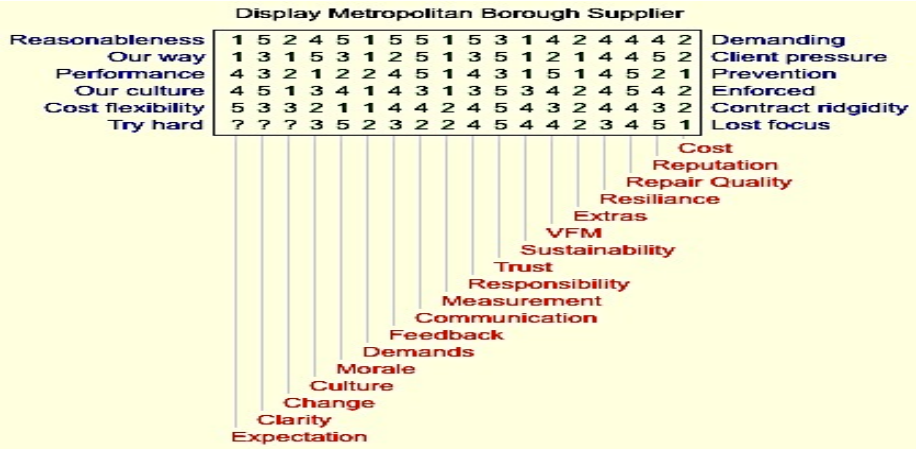

Display County Council Northeastern Client
Feeling 3 2 1 1 1 5 2 1 2 Experience
Values 5 4 5 2 4 4 4 4 5 Low expectation
Cost 2 3 2 4 3 1 2 4 3 Negotiables
Lies 1 3 1 4 2 1 1 3 1 Honesty
Stability 5 4 5 4 5 3 4 4 5 Nervousness
Relationship 5 4 5 4 4 1 5 3 5 No commonalities
Reputation
VFM
Rel... sustainability
Empathy
Expectation
Contractor performance
Communication
Sustainability
Trust

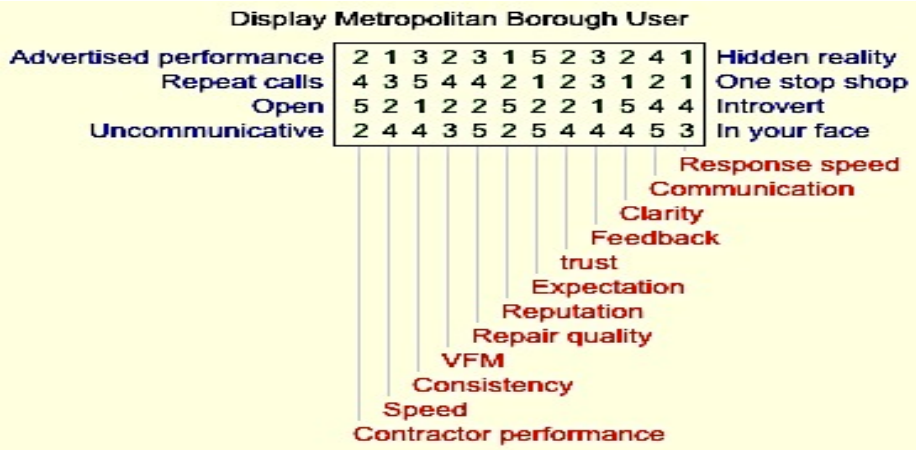

Display County Council Northeastern Supplier
Expectations 5 3 1 5 4 3 2 4 1 Targets
Engagement 4 3 2 1 5 4 3 2 5 Indiference
Standards 4 3 2 2 3 3 2 2 5 Half hearted
Our organisation 5 4 2 1 2 1 3 4 4 The model
Longevity 5 4 2 1 5 3 2 2 4 Short term
The contract 2 2 5 5 4 2 2 1 2 The reality
Reputatation
VFM
Change
Feedback
Sustainability (Relationship)
Cost
Measurement
Culture
Morale


Display County Council Northeastern User
New standards 1 5 4 2 4 5 3 2 5 Old ways
Anticipation 3 1 2 2 2 3 4 1 3 Provided service
Challenged 3 3 3 5 3 4 2 4 4 Restrained
Promised 5 2 ? 4 1 2 5 5 3 Delivered
Trusting 2 4 4 3 2 2 1 3 1 Cautious
Value 2 3 2 2 4 4 2 3 3 Waste
Change
Feedback
Sustainability
Cost
Empathy
Response speed
Contractor performance
Expectation
Business environment

Case Study 4


Display Metropolitan Borough Client
Market position 5 4 4 5 5 4 5 2 4 4 3 2 3 4 3 Insignificance
Staff turnover 1 1 5 5 1 3 1 2 4 4 2 3 4 3 1 Consistency
Direction 5 4 2 4 1 3 1 2 5 5 4 3 4 2 4 Uncontrolled
Drive 4 3 4 2 3 3 2 4 3 4 1 2 2 4 3 Restrained
Responsible 3 2 2 4 2 2 4 3 4 5 3 2 2 5 4 Carefree
Resiliance
Responsibility
Extras
Culture
Expectation
Sustainability
Morale
Demand
Clarity
Communication
Repair quality
Consistency
Change
Cost
Reputation


Display Metropolitan Borough Supplier
Reasonableness 1 5 2 4 5 1 5 5 1 5 3 1 4 2 4 4 4 2 Demanding
Our way 1 3 1 5 3 1 2 5 1 3 5 1 2 1 4 4 5 2 Client pressure
Performance 4 3 2 1 2 2 4 5 1 4 3 1 5 1 4 5 2 1 Prevention
Our culture 4 5 1 3 4 1 4 3 1 3 5 3 4 2 4 5 4 2 Enforced
Cost flexibility 5 3 3 2 1 1 4 4 2 4 5 4 3 2 4 4 3 2 Contract ridgidity
Try hard ? ? ? 3 5 2 3 2 2 4 5 4 4 2 3 4 5 1 Lost focus
Cost
Reputation
Repair Quality
Resiliance
Extras
VFM
Sustainability
Trust
Responsibility
Measurement
Communication
Feedback
Demands
Morale
Culture
Change
Clarity
Expectation


Display Metropolitan Borough User
Advertised performance 2 1 3 2 3 1 5 2 3 2 4 1 Hidden reality
Repeat calls 4 3 5 4 4 2 1 2 3 1 2 1 One stop shop
Open 5 2 1 2 2 5 2 2 1 5 4 4 Introvert
Uncommunicative 2 4 4 3 5 2 5 4 4 4 5 3 In your face
Response speed
Communication
Clarity
Feedback
trust
Expectation
Reputation
Repair quality
VFM
Consistency
Speed
Contractor performance