Research Associating Gender and Government Privatization

SEVEN

RESEARCH ASSOCIATING GENDER AND GOVERNMENT PRIVATIZATION: LESSONS FROM INTERNATIONAL LITERATURE

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Abstract:
It is well known that prominent features of the New Public Management movement include market-like mechanisms, such as privatization and outsourcing in the public sector. It is also known that in the quest for efficiency and effectiveness, public sector values may slip through the cracks, including the protection of women’s interests. As governments have not yet been able to eliminate the need to protect women’s interests amidst an ever changing and expanding global economy, it is likely that once responsibilities associated with protecting women’s interests are privatized, government has even less control over outcomes and fewer incentives to regain control, which can further disenfranchise women. This study reviews several studies that have examined the association between government privatization and outsourcing and women, an area of inquiry that remains vastly understudied. The reviewed studies shed light on the examined association in Italy, India and the United States. As DeLysa Burnier (2003) stated, American public administration has a “gender room” that has not been fully established; this paper suggests gender work related to privatization is in need of further empirical attention that will have academic and practical implications.
The use of market-like mechanisms in the management and administration of the public sector, including the practices of privatization and outsourcing, is an intricate cornerstone element of the New Public Management (henceforth NPM) movement. The use of these mechanisms has been increasingly on the rise in recent decades throughout the world and across most (if not all) types of government structures, levels, and political ideologies (Savas, 2000, p. 1731). As a result, the literature that empirically examines the spread and effects of NPM is abundant. However, very little of this research is focused on the impact of government privatization and outsourcing on social groups such as women, groups that are marginalized and/or vulnerable in today’s globalized labor market. This specific area of research is strikingly deficient given the abundance of work on privatization and outsourcing. When examining five main comprehensive databases that include international research in the public sector, a vast discrepancy emerges between the numbers of publications available on privatization and outsourcing in general, and those that take into account women or gender or both. With a few exceptions, Table 1 below demonstrates that publications that discuss privatization or outsourcing through various formats and media do so without considering and/or discussing the effects on women.

<table>
<thead>
<tr>
<th>Database</th>
<th>“Privatization”</th>
<th>“Government Outsourcing”</th>
<th>“Privatization” and “Gender” or “Women”</th>
<th>“Government Outsourcing” and “Gender” or “Women”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Onefile (all disciplines)</td>
<td>Academic journals</td>
<td>2,796</td>
<td>575</td>
<td>18</td>
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<tr>
<td></td>
<td>Magazines</td>
<td>6,015</td>
<td>481</td>
<td>3</td>
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<tr>
<td></td>
<td>Books</td>
<td>332</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>News</td>
<td>10,480</td>
<td>2,666</td>
<td>2</td>
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Examining the effects of privatization or government outsourcing on women is interesting for the following reasons. In terms of the global economy, “one of the most dramatic economic transformations of the past century has been the entry of women into the labor force” (Fogli & Veldkamp, 2011, p. 103). Women’s entry, however, was primarily
supported by public sector jobs where women could better attain work-life balance and benefit, of often unionized, relatively stable jobs. NPM and government outsourcing have exposed women to shifts in how women find employment, the nature of such employment and the mobility across sectors, job types. Further international boundaries are significant when one considers that unemployment threatened women. Government outsourcing has been part of the public sector reform which rendered privatization and outsourcing relevant to women’s employment. Hypothetically, outsourcing is an obstacle to work-life balance, as intensified job insecurity leads people to take on long work hours when employment becomes available. Furthermore, the study of the effects on women and other marginalized groups has been a hallmark of the social equity literature in public administration. Yet, DeLysa Burnier (2003) contends American public administration has a “gender room” that has not been fully established. This paper suggests that examining women within the context of government outsourcing and privatization is an important work in progress. Due to the complexity of gender work, which includes international contexts, shifting boundaries, and diverse interests looking at gender and privatization/outsourcing is far from neat and tidy, although quite necessary.

**Emerging Themes in Literature Review**

Many scholars remain critical of government outsourcing as limiting governments’ ability to provide services while protecting the interests of disenfranchised groups. Once a public entity enters into a contract situation, both the difficulty in maintaining control over the quality of service, and, ultimately control over equity, outcome becomes compromised. For the purposes of this research, the focus on equity specifically examines how women and women’s interests (defined here as gender parity, access to education, employment, career development, equal pay, and protections allowing work-life balance) are affected in the context of government privatization. By and large, scholarship indicates that outcomes of government outsourcing compromise services quality.
Privatization is still presented as a measure used to increase efficiency or reduce cost in the public sector. Privatization can include contracts, franchises, vouchers, selling and/or leasing government-owned assets to the private sector, and deregulation (Savas, 2000, p. 1731). Government outsourcing is defined as a contract that transfers service from the public to the private sector (Gaspareniene & Vasauskaite, 2014, p. 274). Outsourcing contracts are most often driven by values of cost efficiency, cost reduction, risk management, improvement of service quality, efficiency increase, access to resources and skills, process improvement, process standardization, and customer satisfaction (Gaspareniene & Vasauskaite, 2014, p. 274). Scholars argue government contracts may be appropriate within certain areas of public services. For the purposes of this study, emerging themes from cases that consider both privatization and outsourcing are presented and their convergence discussed.

It is no surprise that efficiency indicators are the most widely used to test whether privatization and/or outsourcing are effective for the public sector or that the vast majority of these studies are quantitative in nature. Strictly examining this from a quantitative lens is problematic for a number of reasons. The incorporation of market-like mechanisms into public service delivery is not always possible or perfectly applicable as in the private sector. Public service delivery includes services that are not easily quantified and measurable as in the private sector. Overlooking outcomes that are not easily measurable in a quantitative way can lead to potential corruption and cost to the taxpayers.

Inherent differences in the way public and private entities function have been extensively documented (Perry, 1996 & 1997). Traditionally, public entities have been more focused on equity outcomes (Berman, 1998) and the private entities on financial acumen. Epstein (2013, p. 4-5), for example, provides the most comprehensive description of the problem of quality in public-private outsourcing contracts with regard to gender. Here, outsourcing can be defined as depriving women of their right to quality services. Epstein describes how quality in the contracting process may lead to
performance failure despite good intentions about cost saving in the public sector. This type of market failure, understood as performance contract failure is caused by two main problems. The first problem is a lack of incentives for governments to ensure high quality service when dealing with contracts. This bias is especially exacerbated when contracts benefit disenfranchised societal groups, such as the criminals or the poor, because these groups have neither economic nor political power. In some cases, government contracts to serve disadvantaged groups are not always vetted through real processes. Additionally, due to budgetary restraints and limited resources, governments often accept the lowest bid with less regard for quality than one would hope. This is sometimes due to regulations that force the government’s hand in choosing the lowest bidder. Through contracts, governments “buy the right to point the finger at the private party if service provision is poor” (Epstein, 2013, pp. 4-5) while private actors may have increased motivation for profit maximization. The second dysfunctional item Epstein discusses is how certain government functions and contracts are not truly characterized by a competitive market on the seller side.

There is currently enough evidence that contracting out does make protecting the public interest more difficult for several reasons. First, when something goes wrong states can blame the private entity, which removes a certain level of the public organization’s responsibility and accountability. Secondly, it is possible that a culture of altruism is more present among public sector employees, since it is not exclusively about the financial bottom-line. Thirdly, private sector employees are unlike public sector workers in that they can gain financial perks for cost cutting. Fourthly, it is harder to measure quality than cost and increasingly difficult to monitor private contractors sometimes also involved in shaping policy. Finally, where there is no competitive bidding due to the absence of competitive markets, tasks and outcomes may also be less defined and more obscure or discretionary.

The literature on the problems with government outsourcing includes work that decries the hollowing out of the state (Peters, 1994), the erosion of the administrative state (Moe, 1987), the
deinstitutionalizing social welfare (Abramowitz, 1986), and commercializing social welfare (Smith & Lipsky, 1999). More recently, based on a review of international data over time, scholars have begun to question the economic indicators used to measure the overall effectiveness of privatization and outsourcing. For example, Prizzia advocates for a balance of economic and social performance indicators to avoid the negative consequences of privatization that are “masked or go undetected” (2003, p. 316) when economic measures are solely relied on. Focusing mainly on the economic factors of the increasing globalization of privatization activities is done “at the expense of social justice for those most affected. These privatization activities often are characterized by short-term economic gains by private sector interest groups without long-term consideration for the least articulate and most vulnerable groups of the affected public sector agencies and community” (Prizzia, 2003, p. 316). We survey below several studies introducing more specific gendered implications of government outsourcing in Italy, India and the U.S.

Women and Government Outsourcing in Different Countries
On a global scale, an improved global economy seems to almost always help women, despite some exceptions (Eriksson-Zetterquist, 2007). However, even if one would argue that outsourcing is contributing to overall international economic development, privatization in the public sector could negatively impact employment in the public sector due to increased reliance on contract workers (Lafferty & Roan, 2000). Existing research on the labor market of the European Union shows that women are more likely than men to end up working as contract employees in fixed-term employment, and this has been the case across member states of the EU (Kruppe, Rogowski, Schomann, 2013, p. 92). The adverse impact on women in the work force can be seen in privatization and outsourcing. For example, for women in the United Kingdom (UK) and the EU, undervaluation of women’s work has been a subject of legislation. Where equal pay legislation is not present, women’s work is undervalued as a result of discrimination (Grimshaw & Rubery, 2007). Here, outsourcing can be seen as intensifying the under-
evaluation of women’s work. Evidence from the cases included in the findings section of this paper exemplify these conditions are worsened through privatization and outsourcing. Table 2 below summarizes the general findings in these three countries. We limit the review to the few articles that mentioned government outsourcing and women or gender in the databases consulted.

<table>
<thead>
<tr>
<th>Italy</th>
<th>India</th>
<th>U.S.</th>
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<tr>
<td>Disproportionate effects on women (weaken family ties, decrease in social capital, job security, and barriers to work-life balance.)</td>
<td>Negatively affected conditions of work and pay for women workers.</td>
<td>No literature on the direct effects of outsourcing on women in the U.S.</td>
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<td>Decrease in public employment, which has more serious consequences for women.</td>
<td>Increase in women among export-oriented employment may be exploitation in terms of lower pay and worse working conditions</td>
<td>Protections by the Constitution and administrative law have weak enforceability or accountability.</td>
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<tr>
<td>Austerity measures reduced the quantity and quality of women’s jobs and promoted gender inequality and segregation.</td>
<td>Improving pay and/or work conditions, lessened the appeal of women workers</td>
<td>Occupational segregation is a contextual reality.</td>
</tr>
<tr>
<td>Women transitioned to part-time jobs for longer and indefinite periods of time as a result of having to balance home and family responsibilities.</td>
<td>Government intervention through policy, strong social movements, and more representative institutions are necessary.</td>
<td>Women owned small businesses are susceptible to</td>
</tr>
<tr>
<td>Gender inequalities were worsened through the decentralization reform.</td>
<td>In health care and education, women were adversely affected in regards to quantity and quality of employment, unpaid labor, access to health care, sanitation, as well as education and training.</td>
<td>Women’s work is invisible work and is particularly vulnerable when outsourcing.</td>
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<tr>
<td>Women could be “doubly disadvantaged” in regards to access to healthcare, by geographical location and by gender.</td>
<td>Increase in exploitation of women workers.</td>
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<td>Private health expenditures disproportionately hurts rural women and women in general.</td>
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<td></td>
<td>Private education increases cost, which impacts women.</td>
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<td></td>
<td>Women’s work as invisible.</td>
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Galvez-Muñoz, Rodriguez-Modroño, and Addabbo (2014) examine the second phase of the economic crisis in Italy that began in 2010. As a result of the 2008 crisis, Italy implemented a host of austerity policies in 2010. These austerity policies included eight adjustment strategies, one of which was to increase the use of privatization. In practice, this meant a substantial cut in the operating budget of local and regional governments; the privatization of state industry, social welfare and transportation systems. Using the labor force European Survey, which captures dynamics in EU public employment for the years 2007 through 2012, the findings illustrate a number of important items concerning Italy. First, the data show women continue to be worse off in the labor market. Findings suggest that with the increase in privatization, there is a decrease in public employment, which has more serious consequences for women. Further, all eight adjustment strategies were found to promote gender inequality and segregation. Austerity measures reduced the quantity and quality of women’s jobs in Italy. Data from the labor force European Survey showed that women experienced a higher increase in discouragement regarding their employment search than men in Italy. In addition, while both men and women had transitioned to part-time jobs as a result of the economic crisis, data showed the motivation between men and women was fundamentally different. The differences in motivation by gender suggest women transitioned to part-time jobs for longer and indefinite periods of time as a result of having to balance home and family responsibilities. The combination of these social and economic forces provide a context for outsourcing in Italy where “the EU social model and its gender regimes push women towards a part-time commitment to labor market without guaranteeing advances in gender equality” (Galvez-Muñoz, Rodriguez-Modroño, and Addabbo, 2014, p. 17).

Pavolini and Vicarelli (2012) also examined the result of Italy’s implementation of the global trends of privatization and the alleged devolution of powers. In their case study they focused on health policy reforms across Europe by emphasizing Italy’s
decentralization of its national health care system and used a control group for comparison made up of Germany, France, the U.K., and Spain. Using secondary quantitative data from the OECD and Eurostat during 2010 to run a probit analysis, along with a document analysis, their research found that being a woman in the South of Italy increases the probability of unmet medical needs by 5 percent, which is higher than the rate for men. In this way they established that women could be “doubly disadvantaged” in regards to access to healthcare, by geographical location and by gender (Pavolini & Vicarelli, 2012, p. 484). The authors conclude that “the results highlight a paradox: if decentralization is to be implemented in a country with strong territorial socioeconomic divides and a critical financial situation, it needs a strong central government in order to support and control local authorities” (Pavolini & Vicarelli, 2012, p. 472). While available literature on Italy shows that privatization blocks women’s access to health services, it also suggests indirect evidence that privatization of various social services has not had a positive impact on women.

In today’s economic context, transactions can take place within a borderless global economy in conjunction with political and economic changes and the result is an undeniable effect on a number of groups, not just women. In examining the current context of growing inequality in both the United States and Europe, Turner (2014) credits 30 years of global liberalization policies as the means of increasing outsourcing, privatization and union avoidance. This ultimately resulted in growing numbers of the labor markets for low-wages lacking any kind of collective representation (Turner, 2014, p. 5). Rani’s study on India’s New Economic Policy of 1991 reported that with the decline of public expenditures on basic social services and an increase in the privatization of health care and education, women were adversely affected in regards to quantity and quality of employment, unpaid labor, access to health care, sanitation, as well as education and training. Although globalization brought jobs to India for women and privatization allowed the opportunity for women to access industries like computer software and modern food processing, the work available to women is “almost always poorly paid, mentally
and physically unhealthy, decreasing or insecure” (Rani, 2010, p. 150). The number of part-time jobs that are vulnerable to exploitation increased. Rani attributes these negative outcomes on the lack of government intervention through policies to protect the workers.

Privatization and outsourcing are immensely at work in the United States (U.S). In 1996 the federal government employed 12.7 million people through mandates, grants and contracts (Light, 1999; Rosenbloom & Piotrowski, 2005). As of 2005, federal government spending on outsourced contracts was $28 billion, a 57 percent increase in five years (Adelsberger, 2004, p. 1). Yet, as far as this study reveals, there seems to be relatively no literature on the direct effects of public sector outsourcing on women in the U.S. There are occupation-specific studies that can show how labor market segregation in the U.S. encourages degradation of women (Duffy, 2011; Appelbaum & Schmitt, 2009; Howes et. al, 2012; Cancian & Oliker, 2000), however, these studies do not specifically look at the relationship between privatization/outsourcing and women. In the U.S., protections afforded by the Constitution and administrative law have little if any weight or enforceability when it comes to their application to public administration work that is outsourced to private entities (Rosenbloom & Piotrowski, 2005). Regulations imposed on public agencies get swept aside once private entities takeover responsibilities, and the accountability of enforcing such regulations becomes a murky playing field. This means that any sort of protections various groups are afforded by such legal regulations cannot be guaranteed when going through outsourced channels. Beneficiaries of services, or clients, stand to lose a great deal if there are no applicable legal protections governing services provided by outsourced contracts.

The case of the U.S. also raises the issue of how and under what regulations and circumstances all of these government outsourcing contracts are distributed. Women-owned small businesses are popping up across the U.S. at an unprecedented rate (Brush & Hisrich, 1999), which makes ensuring discrimination against women is not occurring in the distribution of contracts to
small businesses exceptionally significant. Another context discussed in the literature is prison health care. Aman (2007) suggests within the U.S. context that there is a way to utilize administrative law to light the path toward outsourcing government social services, and focuses on the case of outsourcing prison health care in New York City. The context of prison health care is a particularly sensitive one, raising many questions about the democratic integrity of contracting out such delicate and serious social services. However, by honing in on the contract-writing phase and monitoring activities, Aman discusses how both administrative law and government contract law can be carefully joined, even within such sensitive contexts.

Most state and local government workers in the US are women. In fact, “in January 2011, women made up 56.8 percent of all government workers,” (2011, National Women’s Law Center). This suggests that privatizing or outsourcing from public to private introduces the possibility of harming women and women’s jobs more readily or significantly than men and men’s jobs. However women are not simply employed by state and local government, and many women turn to illegal methods of earning money, such as human trafficking. Labor outsourcing has been linked to human trafficking in the U.S.:

While the outsourcing of labor made possible by globalization increased profits, eventually someone took note that the most profitable employee is one that you do not have to pay at all. This was not part of some conspiracy by those leaders within the globalization movement. However, it is now part of the “dark side” of globalization and it must be recognized and dealt with. Fortunately, there is leadership emerging within the private sector, such as Manpower, Inc. and The Gap who have taken it upon themselves and their corporate culture to combat exploitive and forced labor. (d’Estree, 2008, p. 2)
Conclusion
In examining how privatization and outsourcing has shifted more women into a part-time or contract fixed-term employment situation without legal protections, we have surveyed studies indicating that women are disproportionately impacted, deterring gender parity and equity. We emphasized the paucity of research on the effects of privatization and government outsourcing on women, despite the extensive global proliferation of related public sector reforms. Literature on U.S., Italy, and India reflects the possibility that growing privatization and decline in public expenditures, adversely affects women in part, due to occupational segregation. With an increase in market-like mechanisms and accompanying economic policies in a globalization context, in all three countries, there are more women working part-time without any legal protections. The lack of legislation, specifically committed to protecting and furthering women’s position in the workplace, balancing work and home life is key, expose women employed by service delivery agencies to implicit exclusionary mechanisms; Particularly problematic is, however, is the set of austerity measures applied in response to the financial crisis that began in 2008. Legislation meant to provide economic relief has been passed, further causing unintended and unforeseen consequences for those who depend on the disappearing public sector quality jobs.

It was also found that privatization can have numerous positive effects on women, when government and/or non-profit units deliberately choose to include and empower women as a component of privatizing or outsourcing. Governments that deliberately merge privatization with social goals can have more positive effects, yet this was found to be a rare and unusual practice. What was more common was the reduced quantity and quality of women’s jobs, and the moving of women into part-time and contract jobs. Themes of globalization, decentralization, and privatization seem to be synonymous with less government and weaker government; if there is not a solid structure in place to protect social interests, such as gender equality, evidence suggests gender disparities will continue to grow. The sheer extent to which governments are relying on outsourcing
and the amount of tax dollars being spent in this way leads us to recommend that a greater emphasis be placed on the study of how privatization and outsourcing affects women in separate and global contexts in order to best understand how to plan for the future and move forward with prudent and responsible public spending and management.

On the basis of indirect evaluation, three themes for future research that emerged from our review, include outsourcing as intensifying the under-evaluation of women’s work (Grimshaw and Rubery, 2007), outsourcing as depriving women of their right for quality services (Epstein, 2013), outsourcing as an obstacle to work-life balance, since intensified job insecurity leads people to shoulder long work hours when jobs are available. Further, evaluating these themes across international boundaries is also recommended so as to bring to light comparisons across country-specific contexts. We recommend the international community deliberate and join forces, perhaps through an international and interdisciplinary body like the United Nations, to conduct research and develop ways in which women’s rights can be better protected within the contexts of privatization, outsourcing, and globalization. Such international community work could contribute to research that would develop theory and inform practice. This would help raise awareness about the importance of protecting gender interests within these contexts. The development of best practice suggestions and lessons from actual cases in various international contexts would also be useful to protecting gender interests in government.

References


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