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Assessing the Ethical Issues Found in the
Contracting Out Process

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Chapter 1: Introduction

More than three decades ago the issue of alternative service provision emerged as a way for government to provide service at a reduced cost (Fixler and Poole 1987, 164). The use of contracting out services such as garbage collection, water and wastewater services, janitorial services, and the like produced astonishing cost savings on the average for cities (Greene 2002, 117). Shields (1988, 70) defines contracting as "government purchases of a service in whole or in part." It seemed as if the coming decades would herald new. more efficient form of government.

Forward thinking public administrators and academicians foresaw the spread of privatization and contracting out that would encompass all services, even "soft services." In fact, Shields (1988, 61) in an article entitled "Less is Less: Fiscal Issues In Human Services", accurately predicted this movement when she stated, "…Management of human service systems for the remainder of the decade and into the 1990s will be challenging. Programs will probably be leaner and many will use a variety of new delivery systems." This trend did evolve and continues to spread out into "soft service" agencies today. However, Shields (1988, 68-71) noted that despite the many benefits offered, "privatization is a tricky concept because it incorporates a host of possible service delivery systems, techniques, and financing modes." She further noted that "contracting is not without its problems." Thus, the service delivery alternatives improperly managed can have the potential for detrimental results on a grand scale.

Gradually, more services were contracted out. In Texas in the mid-1980's one such situation occurred when the state decided to contract out nursing home services for indigent, mentally retard patients. When the private firm managing the contract reneged due to profit loss, the state was left to rectify the situation. The end result was that a needed human service

suffered a disruption it could ill afford (Apostolou and Crumbley 1992, 226). Despite this setback and others like it, contracting out of "soft services" did not diminish. In fact, just a few years later the state of Massachusetts made a similar error in judgment that had devastating results. Governor Weld, in an effort to be fiscally responsible closed eight state hospitals and two mental health facilities, despite strong protest. The care of these individuals was to be transferred to outpatient services (Wallin 1997, 12). However, despite the surface costs savings, this rush to privatize proved to be a mistake of great magnitude. This push had unforeseen consequences for service recipients and providers. Due to Weld's actions, the state was charged with finding permanent housing for hundreds of acute mentally ill patients. In addition, injuries and patient refusal of services increased dramatically. Wallin (1997, 18) notes that one psychiatrist suffering under this decision stated, "I think these statistics show that the privatization of mental health services is a social catastrophe."

These and other cases of less successful contracting initiatives persist throughout the decades. Often, these cases occur in the human services sector, where services are "less mechanical, more unique in many ways, and perhaps more delicate (Greene 2002, 117)." Another issue that must be considered is that corruption can occur. The records are dotted with besmirched attempts to contract out. Scandals, such as, "Ill Winds" and the "Savings and Loan," incidents highlight another aspect of contracting out that is "seedy" and often swept under the rug (Fredrickson 2005, 171).

The foregoing problems work to undermine the efficiency and effectiveness that contracting, can bring to city, state, and federal agencies. Nevertheless, in the areas of garbage collection and other "hard services," contracting can provide an invaluable tool to save money and increase efficiency (Greene 2002, 122). Yet many questions still remain, especially given

recent national attention on contracting out of Medicaid and Social Security services. What are

the long – term consequences of contracting? Does the type of service affect the true efficiency

of contracting out? What about ethical issues? What impact will contracting have on political

institutions in city, state, and federal government? All these questions are issues that clearly

need to be addressed. There is a startling lack of research in the area of contracting out that

focuses on anything other than the bottom line (Greene 2002, 6). These issues must be addressed

to reap the benefits of contracting. It is time to examine contracting out in light of ethical issues.

Research Purpose

Current literature on ethical dilemmas notes that contracting is a complex process. To

grasp the impact of these ethical dilemmas on the contracting out process more research must be

done. Thus, this research has a fourfold purpose. First, the steps in the contracting out process

are described. Second, key ethical concerns that arise from contracting are identified. Third, the

connection between the contracting out process and ethical concerns are considered. Finally, the

interplay of ethics and the contracting process is explored from the point of view of practitioners.

Chapter Summaries

This paper has been divided into five chapters in order to adequately address the research

purpose. The next chapter (Chapter 2) highlights the scholarly literature that examines the

following categories: controversy over contracting out, the prevalence of contracting out, the

dilemmas encountered, the contracting out process steps, and the conceptual framework. By

including ethical dilemmas encountered and the contracting out process steps two of the research

purposes are met. Thus, a framework to guide the research was established, enabling the overall

research purpose to be accomplished. Within chapter 3 the descriptive categories are

operationalized and the survey instrument is presented. Chapter 4 highlights the results of the

survey and provides an analysis of the data. The last chapter sums up the survey results and their

relation to the overall research purpose.

Chapter 2: Literature Review

Purpose

This chapter examines the scholarly literature on the contracting out of services traditionally provided by the government. The purpose of this section is to review the growing controversy, the various stages, and the ethical dilemmas that may affect the process. This information provides a fundamental link between the growing trend of partnerships in our society and the ethical issues that must be taken into account if this trend is to be successful. In addition, the literature is used to develop the framework that is the basis of the questionnaire used to examine the attitudes of administrators about ethical issues in the contracting process.

Introduction

In modern bureaucracy there is an ongoing push for more efficient and effective government service provision. The fiscal crisis of the eighties forced administrators to reexamine alternative service delivery mechanisms (Fixler and Poole 1987, 164). Privatization emerged as one way to achieve this goal (Boonyark and Dicke 2005). Privatization can be defined as "relying more on the private institutions of society and less on government to satisfy people's needs. It is the act of reducing the role of government or increasing the role of other institutions of society in producing goods and services (Savas 2000, 3)."

Among the various types of privatization, contracting out is perceived as the optimal means of creating a newer, better, and more efficient means of service provision (Ferris and Grady 1986, 332; Savas 2000, 70). Savas (2000, 70) defines contracting out as an arrangement in which "the private organization is the producer and government is the arranger, which pays the producer." At its best, "contracting promotes efficiency by stimulating private cost saving incentives (Shields 1988, 70)." However, Savas (2000, 70) and Greene (2002, 1) note that

contracting is the form of privatization most likely to engender controversial debate, because it is most closely associated with private-public partnerships. Ideally, the contracting out system works to relieve some of the burdens of service delivery from governmental entities, while allowing them to maintain control over policy and financing. It also has the added advantage of appearing off budget. By appearing off budget the true or actual costs can be minimized and reported inaccurately (Bailey 1987, 140; Kolderie 1986, 287). During the eighties, Bailey and other opponents of contracting out noted the overwhelming opportunity for abuse in such arrangements (Bailey 1987, 140). Further, both opponents and proponents of contracting out believe there are ethical dilemmas affecting the contracting out process that are under explored in empirical research (Ghere 1996, 600; Savas 2000, 79).   In fact, much that has been written regarding the ethical dilemmas of the process is merely a call for more research in this area.

Controversy

In the early 1970's and 1980's a fiscal crisis forced governments to consider contracting out as a way to achieve service provision at a significantly reduced cost. During this time, success stories emerged and were featured as models of what could be. In the early days of experimentation, many of the services contracted out were support services such as garbage collection, day care, and janitorial services (Fixler and Poole 1987, 164). As successes were noted, there was an ever-increasing push to expand contracting out to include higher-level service areas (Fixler and Poole 1987, 167; Kolderie 1986, 287). Once there was a call to contract out higher-level services, it became evident that there was resistance to this approach to service delivery. Currently, proponents of contracting out laud its many uses and extol its virtues. However, in recent years there has been new research highlighting failings in the contracting out

system (Brown and Brudney 1998, 344). These skeptics of contracting out call for the need to gather proper research in the area of ethics and contracting out (Ghere 1996, 600).

One issue of contention for practioners and academics is the belief that there are fundamental differences between the normative values of public and private sector organizations (deLeon 2005, 209; Geuras and Garofalo 2005, 234). The mere fact that private firms can and do contribute to campaigns allows differences to flourish between the two sectors and opens opportunities for corruption. Thus, it is believed that public officials are held to a higher standard[1]. Due to the foregoing, there is a belief that certain aspects of service delivery are better handled by the private sector, while others should be handled by the public sector (Dicke and Boonyarak 2005, 186). Thus, the issue of contracting out has become extremely controversial (Wallin 1997, 11).

Most literature exploring ethical dilemmas in contracting out is outdated. During the dramatic resurgence in the eighties of contracting out arrangements, skeptics examined and published literature regarding all manner of reasons to opt to retain services in - house. In their publications they included financial, philosophical, and ethical arguments against contracting out (Savas 2000, 77). Savas (2000, 79) notes that the arguments raised against privatization and contracting out, in particular, are legitimate and must be resolved through empirical research. It is this empirical research in the area of ethical concerns in the contracting out process that is needed.

Prevalence of "Contracting Out"

As previously noted, the concept of privatization of government services is not a new one. Savas (2000, 72) notes that governments universally contract out for services. Rather than waning this trend has gained momentum. Systematically, the concept of using privately held

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[1] See For Example: Denhardt 2005, 264; Geuras and Garofalo 2005, 234; O'Toole 1997, 47.

contracts to provide services has infiltrated federal, state, and local government alike (Savas 2000, 70; Greene 2002, 2).

The growth of contracting out has been noted through surveys. Two parallel surveys conducted by ICMA in 1982 and 1992 document this trend. In total 596 cities responded to the survey. The respondents' answers from 1982 and 1992 to questionnaire items were compared to see the degree to which privatization had expanded. Survey results indicated that for any given service for each city, the average privatization level had increased from 12.6 to 27.8 percent. Further, the number of privatized services in the cities, on average, increased by 121 percent (Savas 2000, 74). Greene (2002, 2) notes that more than eighty percent of cities use some form of privatization. A similar survey conducted by the Council of State Governments showed that state agencies also engage overwhelmingly in contracting out. Their 1998 survey showed that 416 state agencies across the country privatized approximately 7.5 services per agency (Savas 2000, 74). Savas (2000, 74) and Greene (2002, 6) also note that in 1976 all levels of government spent an estimated 42 million dollars on contract services; however, by 1992 the federal government alone spent 4.4 billion dollars. Contracting out has increased unilaterally across all levels of government.

Clearly, as the aforementioned data shows, the contracting out of government services is currently a highly utilized practice. (Savas 2000, 74; Greene 2002, 6). The push to privatize, according to Savas (2000, 5), is due to a variety of forces, including pragmatism. Thus, the enduring presence of contracting out is best explained by the pragmatic philosophy

The pragmatic philosophy is basically a "philosophy of common sense (Shields 1998, 197)." In modern government, with its rising cost of service provision and the resistance felt by the public to higher taxes, the idea of seeking more efficient and effective methods of service

delivery at a reduced cost is logical (Savas 2000, 5; Shields 1988, 70)." Local Governments, especially, according to Greene (2002, 5), feel this need to turn to contracting out as a pragmatic solution to fiscal and citizen pressures. Savas (2000, 7) notes that, "Privatization is a pragmatic policy for restoring government to its fundamental role, steering, while relying on the private sector to do the rowing."

Cause For Concern

One of the primary objections to contracting out is that it can be a breeding ground for corruption (Greene 2002; Fredrickson 2005). Despite legislation to eradicate this it endures. Fredrickson (2005, 171) notes numerous instances of service contracts being exchanged for campaign contributions or other benefits.

This type of political corruption can pervade all the steps of the contracting out process and opens the opportunities for corruption. During each step of the contracting out process administrators and policymakers must use discretion. Thus, the potential for a policymaker's judgment to be clouded due to corruption can lead to an unfair, illegal, and unjust process.

Resurgence of Ethical Debate

Much of the research dealing with the issues of privatization and contracting out has been dominated by questions on fiscal or efficiency matters. Yet, as Greene notes, there are other issues which are largely ignored, such as long-term consequences and ethical concerns (Greene 2002, 6).

It is abundantly clear that contracting out has become firmly entrenched in many of the hard services, such as transportation, garbage collection, and similar services (Savas 1977, 3). However, privatization in various forms is increasingly being considered in areas that were exclusively believed to be the right of the public sector to provide (Greene 2002, 6)

The main reason for the resurgence of the ethical debate is the increasing use of privatization in soft services, such as welfare, mental and physical health care, and social services (Greene 2002, 1117). Not only are these services being transferred, but they are increasingly shifted from non-profit to for profit firms[2]. Greene (2002, 119) estimates that in 1971, twenty percent of all government social services were transferred to private hands, and by 1979 55%, with the trend continuing. The mid to late 1990's saw a similar push to privatize the welfare system throughout the county (Savas 2000, 281).

The contracting out of "soft services" has been implemented in the past and is a logical next step. Pragmatic thinkers such as Shields (1988) and Laws (1988) accurately predicted this movement in the late eighties. In an article on fiscal issues in human services, Shields (1988, 61) notes that management of human services will prove taxing due to budget constraints and cuts. She stated, "Programs will probably be leaner and many will use a variety of new service delivery systems." Yet, it is this move to privatize human services which has brought to light many ethical dilemmas long ignored in the area of privatization and contracting out. Doubtless, the majority of cases of privatization which are less successful occur within the arena of soft services (Greene 2002, 117).

Contracting Out Process Steps

By utilizing the contracting out method, governments are able to take a traditional function of the public sector and contract it out to a private or non - profit firm that then manages and maintains it (Bailey 1987, 140). Although the definition of contracting out is fairly vague and would seem to imply little need for planning, this is hardly the case. In order to be what Fredrickson (2005, 170) terms a "Smart Buyer", a governmental entity must carefully navigate

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[2] See For Example: Savas 2000, 280; Romzek and Johnston 1999, 107.

this process. Through both legal restrictions and precedent, a systematic process for contracting

out has been established, one that is nearly universal.

The process entails the following steps:

- The Decision to Contract Out a Service

- Request for Qualifications

- Request for Proposals.

- Proposal Selection.

- Negotiation of Contract.

- Monitoring of Contract Compliance.

- Renewing of Contract or Restart Process.

Decision To Contract Out a Service

The first step of the process, deciding to contract out a service, is one of the most crucial

stages in the entire procedure. Often, governments inefficiently or hastily make a decision to

contract out a service, which can lead to detrimental consequences (Dicke and Boonyarak 2005,

187). The best way to arrive at the decision to contract out a service and to whom to award the

contract should involve a systematic and uniform process (Wallin 1997, 16; Savas 2000, 175).

Usually, the decision making process will take into account whether the service could be

provided more optimally by internal providers or external providers (Ferris and Graddy 1986,

332); the demand for the service (Ferris and Graddy 1986, 332); the existence of competition in

the marketplace to provide the service[3]; and whether the arguments for or against are general or

specific to the type of service (Ferris and Graddy 1986, 332). Thus, informed decision making

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[3] See For Example: Kolderie 1986, 287; Osborne and Gaebler 1992, 43; Prager 1994, 178.

ultimately requires an understanding of the type of service and the other factors that affect the success of contracting out[4].

Request for Qualifications (RFQs)

Once the decision has been made to contract out a service, the agency must then prepare to announce a request for qualifications (RFQs). The purpose of the RFQ is to ensure that contractors who submit proposals understand what the governmental entity will require for the contractor to be deemed a "responsible bidder." Basically, the agency wishing to contract out a service must ask, through public notice, for a request for qualifications from potential bidders. This process helps to ensure that bids that are unrealistically low can be thrown out by the governmental entity as invalid if the contractors do not meet qualifications of the agency[5].

Request for Proposals (RFPs)

The next step in the process is for the governmental entity to announce a request for proposals from all interested bidders (RFPs) (Savas 2000, 199). To avoid ethical dilemmas, the agency must clearly delineate all requirements for the project; state criteria used in evaluation; allow open access of all hearings and meetings to the public; and upkeep maintenance of any records that deal with the selection process[6].

Selecting a Proposal

After all proposals have been received, the governmental entity or its representatives must neutrally and equitably rank bids according to the predetermined evaluation criteria. In essence, they must choose from submitted proposals the one that best matches the criteria[7]. It is in this stage that the agency must determine whether or not potential bidders are deemed

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[4] See For Example: Osborne and Hutchinson 2004, 68; Savas 2000, 184-185.
[5] See For Example: Fixler and Poole 1987, 173; Osborne and Hutchinson 2004, 78.
[6] See For Example: Fixler and Grady 1986, 174; Fredrickson 2005, 175; Osborne and Hutchinson 2004, 79.
[7] See For Example: Osborne and Hutchinson 2004, 81; Prager 1994, 178; Savas 2000, 202.

"responsible bidders." Prager (1994, 179) concurs with the concept of "responsible bidder", rather than the lowest bidder, as the best method for selecting a contractor: it is vital, he states, to take into account "past record, reliability, and capacity." This determination is especially crucial if the governmental entity chooses a bid that is not the lowest among the proposals

Negotiating a Contract

Once a contract has been awarded, the negotiation stage is entered. Within the literature the contract negotiation stage has been deemed the most important aspect of the entire contracting out process. It is at this stage that the agency will negotiate a contract with the selected proposal. When contracts are poorly written or too vague, there often are detrimental consequences for both the agency contracting out the service and the public that will depend on the contractor for service provision [8]. Thus, it is vital that the contract include a detailed list of requirements of the contractor; statements that clearly spell out how services should be delivered; and sanctions or incentives for poor or exceptional performance (Fredrickson 2005, 175; Goodsell 1993, 86). Often, proper contract drafting is difficult because contractors may be more knowledgeable in the service area than are the agency representatives (Ghere 1996, 603; Apostolou and Crumbley 1992, 22). This issue is important because the contract offers an opportunity for the agency to effectively control policy directing service provision through the contractor (Ghere 1996, 603).

Monitoring Contract Compliance

Another critical step in the process is that of monitoring contract compliance. Apostolou and Crumbley (1992) note that the success of contracting out arrangements usually requires effective contract administration. Osborne and Gaebler (1992, 87) estimate that twenty percent of total contract cost is devoted simply to monitoring compliance. For the most part, the

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[8] See For Example: Fixler and Grady 1986, 176; Apostolous and Crumbley 1992, 22.

literature stresses that governmental entities have done a fairly poor job of monitoring contract

compliance, even though it remains the most important aspect of the entire process[9]. One issue

is that there is no oversight enforcement to ensure that monitoring occurs (Denhardt and Gilman

2005, 265). Further, even when monitoring occurs the data gathered is often left unanalyzed or

misdirected to improper channels (deLeon 2005, 212). In other instances, monitoring

mechanisms do not entail appropriate indicators to measure contractor performance. Dicke and

Boonyarak (2005, 189) note that measurement indicators often call for investigation only when

service delivery falls beneath a certain minimum level of quality or quantity. The reliability and

validity of data collected by the monitor is another issue that must be considered (Dicke and

Boonyarak 2005, 192).

There are instances when the monitoring function is carried out successfully. In these

cases often two methods of monitoring, financial or audit monitoring and technical monitoring,

are employed. Financial or audit monitoring is "designed to make sure that the contractors are

paid only as mandated by the contract. Auditors sample the document trail to disallow

inappropriate charges (Prager 1994, 179)." Technical monitoring is utilized to ensure that

contractors are complying with the requirements of the contract by providing a specified level of

quantity and quality in their service delivery (Prager 1994, 179). Savas (2000, 207) notes that

both close monitoring and loose monitoring can have detrimental consequences; thus, regardless

of what type of monitoring is carried out, it must be done in balance.

Contract Renewal/Restart Process

When a contract between the governmental entity and the contractor expires, the same

process for contracting out must be replicated. However, the quality of the previous contractor's

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[9] See For Example: Dilger, Moffett, and Struyk 1997, 24; deLeon 2005, 212; Dicke and Boonyarak 2005, 193; Savas 2000, 207.

performance may be taken into account as part of the evaluation criteria. In addition, Savas (2000, 206) notes it is important to foster competition and openly put forth the expectations of the contract. In this way, during the contract renewal phase the previous contractor will not be more likely to have a higher bid than first - time bidders (Savas 2000, 206).

Clearly, the process for contracting out a service is not easily achieved and often requires the collaborative effort of several agency representatives. In addition, in attempting to place traditional government services on an open market, we can see that there are many legal restrictions that effectively guide the agency or the agency's representatives in the entire process.

Ethical Dilemmas

Although research has been focused on many facets of outsourcing, there is a dearth of literature examining ethical dilemmas that arise during the contracting out process (Greene 2002, 6). Despite the belief that there exists a fundamental difference between the ideals of the market place and the democratic values that shape public administration, there has been virtually no research to examine the ethical dilemmas that arise as these two sectors meet (Ghere 1996, 601). Since the 1980s little or no effort has been devoted to important ethical issues that could be arise in the contracting out process. Due to the rising interest in both contracting out, as an alternative service delivery method, and ethics in this interconnected and interdependent new sector, it is crucial that we examine ethical dilemmas that pose serious impediments to achieving goals (Luke 1991, 163; O'Toole 1997, 46). From the limited research in this area, it is possible to discern some important ethical issues:

- Conflict of Interest.

- Accountability.

- Transparency.

- Integrity.

- Abuse of Discretion.

- Equity.

Conflict of Interest

Conflict of Interest is the most widely acknowledged ethical issue addressed in the literature[10]. Merriam-Webster defines conflict of interest as, "a conflict between the private interests and the official responsibilities of a person in a position of trust (http://www.m-w.com/cgi-bin/dictionary 2005-2006)."According to Denhardt and Gilman (2005, 263) the Organization for Economic Cooperation and Development (OCED) defines governmental conflict of interest as "conflict between the public duty and the private interests of a public official, in which the public official has private capacity interest which could improperly influence the performance of their official duties and responsibilities." One reason for this is that conflict of interest is the most common form of unethical or corrupt behavior in relationships involving contracted out services (Fixler and Poole 1987, 174). In reality, this ethical dilemma could occur at virtually any stage of the contracting out process. Two facts remain immutable: the high number of conflict of interest cases makes the public wary, and this dilemma can be prevented with the proper controls.

There are numerous recent examples of conflict of interest violations, which have made the public wary of contracting out (deLeon 2005, 212). Two of the most famous cases in the eighties were the "savings and loan" scandal and the "ill winds" scandal, in which Pentagon officials were awarding defense contracts in return for kickbacks and pay - offs (Fredrickson 2005, 171). These scandals work to erode public confidence in administrative officials and make

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[10] See For Example: Denhardt and Gilman 2005, 260; Fredrickson 2005, 166; Ghere 1996, 601.

citizens become suspicious of the contracting process. The end result is that the public begins to closely watch for signs of personal gain on the part of administrators.

Despite the prevalence of conflict of interest issues, they can be controlled in contractual relationships. Denhardt and Gilman (2005, 260) argue against recent efforts to create zero tolerance for gifts policies because they argue that these policies are too rigid to be given credence. Rather, they feel that there should be instituted a "degree of reasonableness" in policies (Denhardt and Gilman 2005, 260). Simple solutions, such as disclosing gifts and having an independent reviewer as a third party, would go a long way towards solving such a dilemma (Denhardt and Gilman 2005, 269).

Although the issue of conflict of interest is a prevalent one in the literature, it is clear that this is a manageable issue. However, it must be noted that this issue should be carefully protected against, as it could arise at any stage of the contracting out process.

Accountability

Another issue that often arises in the contracting out process is that of accountability. Merriam-Webster defines accountability as, "…an obligation or willingness to accept responsibility or to account for one's actions (http://www.m-w.com/cgi-bin/dictionary 2005-2006)." Public sector administrators are given the mandate to be stewards of the public interest for the greater good (Dicke and Boonyarak 2005, 189). As a direct result of their stewardship, public sector administrators are held to a higher accountability standard than their private sector counterparts.

Many times, contracting out is viewed as a method of escaping accountability issues (Gilmour and Jensen 1998, 248). Often, the movement to decentralize or contract out is equated

with an inevitable loss of accountability standards, whether desired or not[11]. According to Dicke and Boonyarak (2005, 185), "Downsizing, Devolution, Diffusion, and Empowerment," all contribute to erosion in accountability standards. These four factors work to erode the hierarchical, legal, professional, political, moral, and ethical dimensions of accountability (Dicke and Boonyarak 2005, 187-188). Currently, a debate exists as to whether or not accountability can be protected in the contracting out process.

The most easily protected area of accountability is the legal one. The legal accountability problem is compounded, however, by judicial rulings on government accountability. These rulings offer no guidance as to what accountability for service delivery governmental entities maintain when they contract out (Gilmour and Jensen 1998). Fundamentally, to answer the question as to whether private actors are agents of the state, with the same degree of accountability, the courts have deployed three tests: the "public function" test, in which the activity must be recognized as a traditional function of government; the "state actor" test, in which the actors themselves may not be considered a state agent, even if they work for the state; and the "state action" test, in which the actions of the individual do reflect on the state (Gilmour and Jensen 1998, 250-252). Thus, even legal accountability cannot be assured.

In so far as hierarchical, professional, and political accountability are concerned, they likewise may or may not be able to be controlled. In some sense, hierarchical and professional accountability can be controlled through the effective use of strong contractual language imbedded in contracts (Holbrook and Meier 1993, 29). There is no doubt that moral and ethical accountability cannot be fully protected in a contractual relationship (Dicke and Boonyarak 2005, 189).

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[11] See For Example: Fixler and Poole 1987, 172; Gilmour and Jensen 1988, 247; Goodsell 1993, 86; Morgan and England 1988, 980.

Much of the accountability we place on public sector administrators is the responsibility to be stewards for the public interest and greater good (Dicke and Boonyarak 2005, 189). As a result, a great deal of the accountability we expect from our public servants is an intangible measure that cannot be controlled. We can, however, through our use of effectively drawn contracts, attempt to imbed some accountability into our contractual relationships with private firms.

Transparency

The issue of transparency must be addressed when examining anything involving interconnected state of the public and private sectors. These sectors often have differing expectations from the public regarding transparency. Transparency is defined as being "free from pretense or deceit…readily understood (http://www.m-w.com/cgi-bin/dictionary 2005-2006)." There is little doubt that the public sector is held to a much higher standard than the private sector (Denhardt and Gilman 2005, 264). With this higher standard comes an expectation that there will be a correspondingly higher need for transparency in the public sector than in the private sector. The increase in interconnectedness of the public and private sector, through contracting out, means that we must strive to incorporate further transparency in the private sector. According to deLeon (2005, 214), these collaborations logically entail that transparency should be utilized in the processes carried out by both public and private organizations.

Public Sector Transparency

As stated previously, the public sector has long held itself to high degree of transparency in its proceedings. Essentially, in government there is an expectation that the public be privy to the innermost workings of agencies in order to ensure no corruption occurs (deLeon 2005, 208). Forging collaborations brings a new set of issues to the table. While laws govern issues of

transparency in the contract selection process, they do not establish the need for transparency in expressing expectations in contract drafting with private sector contractors. This is a fundamental issue that must be addressed because failure to do so can place public sector agencies in untenable and vulnerable positions.

One of the primary problems that public sector agencies encounter is poor contract compliance on the part of contractors. One reason for this is an inability to bridge the communication gap between what is expected of contractors and what is expressed to them as being expected[12]. To ensure compliance, public sector agencies should clearly stress to contractors quality and quantity requirements and outline incentives and consequences for good and poor performance (Fixler and Poole 1987, 173).

Private Sector Transparency

Fundamentally, one of the benefits of operating in the private sector is that organizations are not held to the same degree of accountability, often making transparency issues moot. In the private sector, aspects of the delivery process are kept secret because they are proprietary. Thus, numerous decisions can occur behind closed doors, whereas in government there is greater demand for open proceedings. Therefore, when private sector agencies enter into contractual service delivery arrangements with public entities, they must take tremendous pains to act in accordance with the greater need for transparency faced by government agencies[13].

The primary area in which private agencies must exhibit transparency is in how they deliver the services contracted to them. Contractors are under the burden to show they are diligently following precepts of due process and equity in providing service. Thus, they must

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[12] See For Example: Dilger, Moffet, and Struyk 1997, 25.
[13] See For Example: Denhardt and Gilman 2005, 260; Wallin 1997, 15.

integrate transparency measures in the handling of citizen needs and complaints, in allocating service resources, and in handling government funds (deLeon 2005, 214).

The issue of transparency proves to be tricky for both public and private sector agents. Clearly, it cannot be easy to integrate a market that depends heavily on open transactions in almost all dealings into one in which activities that occur behind closed doors.

Integrity

The issue of integrity is also an ethical concern when considering entering into contractual relationships. Integrity can be defined as, "firm adherence to a code of especially moral or artistic values (http://www.m-w.com/cgi-bin/dictionary 20052-2006)." Almost no research in the area of contractual relationships between public and private sectors has examined this issue. However, despite the absence of research, there exists a need to ensure that both the integrity of the individual moral actors and that of the agency are maintained when considering alternative service delivery methods (Luke 1991, 160). Perhaps the strongest imperative is preserving agency integrity when we switch service delivery from public to private hands (Ghere 1996, 601). Integrity proves to be an important ethical issue that must be included if research is to be pertinent.

Abuse of Discretion

The issue of discretion is a particularly troublesome issue for the governmental entity in the contracting out process. Discretion can be defined as, "power for free decision or latitude of choice within legal bounds (http://www.m-w.com/cgi-bin/disctionary 2005-2006)." Universally, administrators of governmental agencies exercise discretion in their daily duties. The line between discretion and subjectivity is often a fine one. Without careful monitoring of the use of

discretion, there can be some encroachment on the ethical aspects of both the service delivery and the contracting out process.

Within the contracting out process inappropriate use of discretion can lead to inequity in the process (Prager 1994, 179). Despite this, there is clearly the use of discretion in almost every stage of the process, from deciding to first contract out a service to deciding upon criteria with which to rank proposals (Prager 1994, 179).

Equity

A fundamental area of concern in contracting out is that of equity, in both service delivery and in the decision-making processes of the governmental entity during the contracting out process. Chitwood (1978, 4) states that this type of equity, "social equity" has three facets one of which must be adhered to in providing government services. He notes that service delivery must adhere to one of three basic patterns, "equal service to all, proportionally equal services to all, or unequal services to individuals corresponding to relevant differences." According to deLeon (2005) and Fredrickson (2005), in government this translates to a need to ensure all who deal with the governmental agency are treated in a fair and like manner. This idea itself is reinforced in the private sector under the title of "horizontal equity." The idea of horizontal equity is that "all people in equal positions should be treated equally (Musgrave 1959, 16 as noted in Harvey S. Rosen)

The principle of fair treatment should carry over when services are contracted out or any time government is providing a service to the public (Chitwood 1978, 3). Often, issues of equity will arise naturally, due to the inherent differences in the way that private versus public institutions are run. The main goal of private firms is to generate and maximize profit, whereas public entities are not profit driven. In general, public entities have a higher goal of providing

services equally, regardless of other factors (Gueras and Garofalo 2005, 234). During the contracting out process, governmental entities must ensure that citizens still retain equity in service delivery and that governmental contractors are treated equitably.

Equity in Service Delivery

As a byproduct of contracting out, often the quality or quantity of service delivery and availability suffers. While some disruption in service provision is to be expected when traditionally provided government services change from the public sector to the private sector, this can result in extreme inequity for citizens needing service. The important issue is to assess whether disruption in service or reduced quality are temporary, transitory byproducts or rather attributable to other factors. There are several main reasons why a disruption could be occur, such as a loosening of regulations, unattainable contract specifications, or contract drafting that is too vague.

One of the main reasons that a reduction in both quality and quantity of service could occur is that shifting service provision from the public to the private sector may have advertently or inadvertently entailed deregulation. Fredrickson extols the virtue of "red tape" as a buffer to ensure that service delivery mistakes are not made (Fredrickson 2005, 165). On the other hand, the decision to contract out is often made in an effort to cut back on government costs in providing services. As a result, there may be an intended reduction in service quality or quantity. As illustrated earlier, such was the case in Massachutes when Governor Weld decided to contract out Mental Health Services. The decision was made to switch from inpatient hospitals to outpatient clinics. The consequence of this decision was cost savings for the state; however, patients with limited funds where left with inadequate service (Wallin 1997, 15)

Last, poor contract drafting can have the unintended consequence of adversely affecting

service provision. When contracts are not expansive enough, the result can be a loss of control

over policy issues for the governmental entity (Ferris and Graddy 1986, 333). Although this

issue is primarily an accountability problem, it is this loss of control that can lead to drastic

inequity in service delivery and instability in service provision[14]. By inadvertently relinquishing

control, the public entity can open up several ethical problems, such as the "creaming issue"[15].

Creaming entails the contractor's choosing to provide better service to those individuals who

either pay more for the service or cause fewer complaints for the contractor; or bidding on

contracts which are more lucrative (Savas 2000, 312).

Clearly, the governmental entity, when contracting out, must ensure equity of service

delivery[16]. One way to achieve an efficient changeover is to make sure that the governmental

entity or agency accounts for difficulties in the contract (Bailey 1987, 150; Morgan and England

1988, 980).

The controversy surrounding the decision to contract out is not a new one but is also not

likely to abate any time soon. In recent years the rising interest in, and push to, expand the

services contracted out and the dual need to identify ethical dilemma areas will feed the flames

of controversy.   Any time ethical violations occur; discussion will be invoked again to focus on

this issue. Thus, both the controversy that surrounds contracting out and the absence of research

in examining ethical dilemmas should propel further inquiries.

Clearly, one can observe in the literature that much information is available on many

facets of contracting and its process, but there is little research examining the ethical dilemmas

encountered at stages of the process. Overwhelmingly, there is a need to develop more research

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[14] See For Example: Ferris and Graddy 1986, 333; Osborne and Gaebler 1992, 105.
[15] See For Example: Kolderie 1986, 287; Morgan and England 1988, 980; Starr 1987, 129; Wallin 1997, 15.
[16] See For Example: Goodsell 1993, 863; Luke 1991, 160; Morgan and England 1988, 980.

in exploring the ethical dimensions of contracting out. By addressing ethical dilemmas

encountered in the process, the first step towards greater control can be taken. In order to make

the decision to contract out public administrators should be cognizant of ethical dilemmas. Thus,

engaging in such research is crucial to the field of public administration for both practioners and

academics.

Conceptual Framework

The purpose of this research is exploratory, and the conceptual framework that will be

used is that of descriptive categories. The utilization of descriptive categories in this research

should lead to greater understanding in an unexplored topic area. A review of the literature has

yielded both the steps of the contracting out process and a listing of ethical dilemmas that may be

encountered at each of these stages. Table 2.1 lists the steps in the contracting out process. Table

2.2 lists ethical issues which may influence these process steps.

Table 2.1
*Linking steps in contracting out process to literature

Steps in Contracting Out Process	Sources
Decision to Contract Out	Wallin 1997; Ferris and Graddy 1986; Kolderie 1986; Osborne and Gaebler 1992; Prager 1994; Osborne and Hutchinson 2004; Savas 2000
Request for Qualifications (RFQs)	Fixler and Poole 1987; Osborne and Hutchinson 2004; Savas 2000
Request for Proposals (RFPs)	Fixler and Poole 1987; Fredrickson 2005; Osborne and Hutchinson 2004; Savas 2000
Selection of Proposal	Ghere 1996; Osborne and Hutchinson 2004; Prager 1994; Savas 2000
Negotiation of Contract	Fredrickson 2005; Goodsell 1993; Ghere 1996; Gilmour 1998; Fixler and Poole 1987
Monitoring Compliance	Bailey 1987; Osborne and Gaebler 1992; Prager 1994; deLeon 2005; Fredrickson 2005; Morgan and England 1988; Denhardt and Gilman 2005; Dicke and Boonyarak 2005; Dilger et al 1997; Goodsell 1993; Savas 2000; Apostolou and Crumbley 1992
Contract Renewal/Restart Process	Savas 2000

Table 2.2
* Linking Ethical Issues to Literature

Ethical Issues	Sources
Conflict of Interest	Denhardt and Gilman 2005; Fredrickson 2005; Ghere 1996; Fixler and Poole 1987; deLeon 2005;
Accountability	Fixler and Poole 1987; Gilmour and Jensen 1998; Goodsell 1993; Morgan and England 1988; Dicke and Boonyarak 2005; Holbrook and Meier 1993;
Transparency	deLeon 2005; Osborne and Gaebler 1992; Denhardt and Gilman 2005; Wallin 1997; Dilger et al 1997; Fredrickson 2005; Osborne and Hutchinson 2004; Brown 1998
Integrity	Ghere 1996; Luke 1991
Abuse of Discretion	Luke 1991; Prager 1994
Equity	deLeon 2005; Fredrickson 2005; Ferris and Graddy 1986; Osborne and Gaebler 1992; Fixler and Poole 1987; Morgan and England 1988; Prager 1994; Kolderie 1986; Starr 1987; Wallin 1997; Goodsell 1993; Luke 1991; Ghere 1996; Savas 2002

Chapter Summary

Within this chapter the steps of the contracting out process and predominate ethical dilemmas that could arise at these steps have been identified and discussed. The seven contracting out steps are identified as: decision to contract out, request for qualifications, request for proposals, selection of proposal, negotiation of contract, monitoring compliance, contract renewal/restart process. In addition, the following ethical dilemmas have been identified and discussed: conflict of interest, accountability, transparency, integrity, abuse of discretion, and equity. Also included within this chapter was a discussion of why the issue of contracting out is such a pressing one and a focus of the debate which swirls around it. The next chapter discusses the methodology utilized in this research.

Chapter 3: Methodology

Chapter Purpose

In this section the categories for the steps in the contracting out process and the ethical dilemmas that are encountered, identified in the literature, are operationalized (see Tables 3.1- 3 .7). Additionally, the techniques used; strengths of the research method; weaknesses of the research method; pre-testing of survey instrument; population; human subject issues; and statistics are addressed.

Operationalization of Conceptual Framework

Tables 3.1 through 3.6 illustrate how each of the ethical issues and process steps are operationalized into survey statements, which are accompanied by a five point response scale (Likert). For each of the statements respondents were asked to identify whether they strongly agree (1), agree (2), feel neutral (3), disagree (4), or strongly disagree (5) with the statement. The impact of each of the ethical issues identified in the literature on each of the contracting out process steps is measured by one survey statement. For each process step, the same general question was asked regarding each of the ethical issues identified through the literature. Thus, for each step respondents were asked to rank the impact of equity, transparency, conflict of interest, accountability, integrity, and abuse of discretion. By collecting information through a Likert scale on the survey, the opinions of respondents were effectively ascertained. Babbie notes (2004, 169) that this scale is ideal to, "judge the relative strength of agreement intended by various respondents."

Additionally, in Table 3.7, for each contracting out process step, respondents were asked which ethical issue, of the ones provided, is of most concern. In these questions respondents

were asked to circle equity, transparency, conflict of interest, accountability, integrity, or

discretion as being of most concern.

Table 3.1
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 1: Decision to Contract Out	**Survey Questions**
Ethical Issue	
Equity	SQ1: The public value of equity is often challenged at the decision to contract out step.
Transparency	SQ2: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ3: The possibility of conflict of interest concerns arising at the decision to contract out step is high.
Accountability	SQ4: Public accountability is often challenged at this stage.
Integrity	SQ5: Compromise of agency integrity is an important issue during the decision to contract out step.
Abuse of Discretion	SQ6: Abuse of administrative discretion is likely at the decision to contract out stage.

Table 3.2
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 2: RFQ	**Survey Questions**
Ethical Issue	
Equity	SQ7: The public value of equity is often challenged during the RFQ stage.
Transparency	SQ8: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ9: The possibility of conflict of interest concerns arising at RFQ stage is high.
Accountability	SQ10: Public accountability is often challenged at this stage.
Integrity	SQ11: Compromise of agency integrity is an important issue during the RFQ step.
Abuse of Discretion	SQ12: Abuse of administrative discretion is likely at the RFQ stage.

Table 3.3
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 3: RFP	**Survey Questions**
Ethical Issue	Possible Survey Question
Equity	SQ13: The public value of equity is often challenged during the RFP stage.
Transparency	SQ14: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ15: The possibility of conflict of interest concerns arising at RFP stage is high.
Accountability	SQ16: Public accountability is often challenged at this stage.
Integrity	SQ17: Compromise of agency integrity is an important issue during the RFP stage.
Abuse of Discretion	SQ18: Abuse of administrative discretion is likely at the RFP stage.

Table 3.4
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 4: Select Proposal	**Survey Questions**
Ethical Issue	
Equity	SQ19: The public value of equity is often challenged during the proposal selection stage.
Transparency	SQ20: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ21: The possibility of conflict of interest concerns arising at proposal selection stage is high.
Accountability	SQ22: Public accountability is often challenged at this stage. .
Integrity	SQ23: Compromise of agency integrity is an important issue during the proposal selection stage.
Abuse of Discretion	SQ24: Abuse of administrative discretion is likely at the proposal selection stage.

Table 3.5
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 5: Negotiate Contract	**Survey Questions**
Ethical Issue	
Equity	SQ25: The public value of equity is often challenged during the contract negotiation stage.
Transparency	SQ26: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ27: The possibility of conflict of interest concerns arising at the contract negotiation stage is high.
Accountability	SQ28: Public accountability is often challenged at this stage.
Integrity	SQ29: Compromise of agency integrity is an important issue during the contract negotiation stage.
Abuse of Discretion	SQ30: Abuse of administrative discretion is likely at the contract negotiation stage.

Table 3.6
*Operationalization of Conceptual Framework

Contracting Out Process Step	
Step 6: Monitoring Contract Compliance	**Survey Questions**
Ethical Issue	
Equity	SQ31: The public value of equity is often challenged during contract compliance monitoring stage.
Transparency	SQ32: It is important to ensure transparency is maintained at this step in the process.
Conflict of Interest	SQ33: The possibility of conflict of interest concerns arising at the monitoring of contract compliance stage is high.
Accountability	SQ34: Public accountability is often challenged at this stage.
Integrity	SQ35: Compromise of agency integrity is an important issue during the monitoring of contract compliance stage.
Abuse of Discretion	SQ36: Abuse of administrative discretion is likely at the monitoring of contract compliance stage.

Table 3.7
*Operationalization of Conceptual Framework

Contracting out Process Steps	Survey Questions
Decision to contract out	SQ 37: Which ethical issue is of most concern at this step in the process?
RFQ	SQ 38: Which ethical issue is of most concern at this step in the process?
RFP	SQ 39: Which ethical issue is of most concern at this step in the process?
Select Proposal	SQ 40: Which ethical issue is of most concern at this step in the process?
Negotiate Contract	SQ 41: Which ethical issue is of most concern at this step in the process?
Monitoring Compliance	SQ 42: Which ethical issue is of most concern at this step in the process?
Contract Renewal/Restart Process	SQ 43: Which ethical issue is of most concern at this step in the process?

Research Technique

Survey research is the research method used to gather data in this applied research project. To gain an understanding of this issue, given its exploratory nature, survey research proves to be the best avenue to address the research purpose (Babbie 2004, 243). Masters of Public Administration Graduates from the Texas State MPA Listserv were surveyed to assess their opinions regarding the impact of each of the identified ethical dilemmas on each step of the contracting out process. The nature of the listserv afforded the opportunity to access opinions from public administrators at the city, state, and federal level. In addition, these individuals had also undergone several courses which covered ethics and aspects of the contracting out process and thus had some knowledge of the issues from an academic as well as practioner background. The strength of survey research stems from its unobtrusive nature, as respondents can complete the questionnaire items at his or her convenience (Salant and Dillman 1994; as cited in Jeffers 2003, 62).

The survey employed the use of both open-ended and close-ended survey questions. Open-ended survey questions were utilized to gather descriptive information about survey

respondents. Close-ended survey questions were utilized to assess the attitude of practioners

regarding the ethical dilemmas identified in the literature and determine how much concern they

were during the different steps in the contracting out process. Attitudes were assessed through

close-ended questions, due to the fact that they provide "a greater uniformity of responses and

are more easily processed than open-ended ones," as Babbie states (2004, 245). Each

questionnaire item addressed the importance of a single ethical dilemma for each step of the

contracting out process. A Likert-type scale was used for the close-ended survey questions.

Strengths of Method

The primary strength of this method was that it allowed a large amount of data to be

collected at minimal expense. As Babbie (2004, 243) notes, "surveys are excellent vehicles for

measuring attitudes…in a large population." Due to the exploratory nature of the research

purpose, this type of mass data collection is optimal.

Another benefit of this method is that it is unobtrusive and allows respondents the

convenience of completing the survey in their own time (Salant and Dillman, 1994, P9 as cited in

Jeffers 2003, 62). Given that the material covered is quite extensive, it is beneficial to address

the issue in this manner, especially given the busy environment in which many of these

professionals operate.

Further, survey research is also optimal, given that the topic area is descriptive and has

relatively limited literature. The topic itself is rather current; thus, survey research allows a

directed exploration to occur, as opposed to other methods that have open response sets.

Weaknesses of Method

Despite the many benefits of this method, there are weaknesses. The main weakness of

this method is that the length of the survey and the method of delivery hinder the potential

response rate. Additionally, due to the length of the survey, there existed a concern that respondents would lose interest and respond to the statements without thinking. As Babbie (2001, 225) notes, this may present data that does not accurately reflect the attitudes of the population.

In order to rectify these problems, specifically a low response rate, reminder emails were sent out one week prior to the survey due date and one day prior to the survey due date. In addition, a week's extension provided for surveys that were returned past the due date.

Pre-Testing of Survey Instrument

Pre-testing of questions was completed by select individuals that work for local, state, and federal governments. Individuals who pre-tested the instrument were not included in the survey population. Individuals pre-testing the survey were selected based on convenience, which according to Babbie is acceptable. Babbie states (2004, 256) that "It's not usually essential that the pretest subjects comprise a representative sample, although you should use people for whom the questionnaire is at least relevant."

Detailed within Appendix A is a sample of the survey used. The survey was distributed electronically. The online survey engine "SurveyMonkey.Com" was utilized to send surveys out to Texas State MPA Graduate students who are members of the Alumni MPA Listserv.

Population

Respondents for the survey were MPA alumni from Texas State University who had voluntarily consented to maintain contact information with the university through a listserv system. These graduates have maintained contact information with the university in an effort to stay connected to the program. These individuals are often contacted and maintain regular contact through the listserv. This population yielded respondents from local, state, and federal

agencies. Again, this method was chosen so that a maximum number of various agency experiences could be obtained. Further, due to the length of the survey instrument, this population would be more likely to consent to participate. The unit of analysis used is that of individual former students who currently work in the field of public administration in city, state, federal, or other agency types.

Human Subjects

Given that the survey method is used, concerns about protecting the rights of human subjects arose. Thus, the prospectus of this research was submitted to and approved through the Institutional Review Board Process. The approval number is 05-0397. Especially given the current climate surrounding the privatization debate, some participants may feel uncomfortable expressing their viewpoints and worried that their individual viewpoints would negatively reflect on their agency or on them as individuals. Several techniques were used d to combat participant anxiety.

First, the nature of the survey and its distribution should have gone a long way towards easing participant discomfort. The primary protection for subjects is that in no way were they asked information which related towards their opinions regarding personal matters. The survey simply attempted to assess the respondents' opinions regarding a public policy issue, not an issue that related to them personally. Additionally, at no time were participants asked to list the agency they worked for. The only tracking mechanism used was an identification of IP addresses, so duplicate surveys could be filled out.

Further, the nature of what drives alumni to participate through the MPA listserv also helped to eradicate certain concerns. The benefit of utilizing this source is that alumni voluntarily submit their contact information in a desire to stay involved with the MPA program.

Each of the alumni on the listserv had gone through the Applied Research Project process and was aware of his or her right to abstain from filling out the survey.

Additionally, the following statement was at the top of the survey:

The goal of this survey is to determine the importance of specific ethical issues at different steps of the contracting out process. Refusal to participate in this survey will involve no penalty or loss of benefits to which you are entitled. Participation in this survey is voluntary, and any responses given will remain confidential. I alone will have access to the information you provide. Please feel free to stop filling in this survey at any time you feel uncomfortable. Your participation is greatly appreciated. If you should have any questions about your rights or any other questions, please feel free to contact me, Jessica Dovalina, at 210-415-9752 or jmdovalina@hotmail.com.
Thank you.

The aforementioned techniques assuaged any concerns that participants had. Additionally, a brief two page summary will be made available of the results to participants after the completion of my Applied Research Project if they should like one. This summary will not violate any confidential or private information and shall simply give a brief summary of findings.

Statistics

The type of statistical analysis used was descriptive statistics. Descriptive statistics worked best for the exploratory analysis called for in this research and provided a range of the opinions of local, state, and federal administrators. Means for each of the respondent's answers to survey questions were calculated to describe central tendency.

Chapter Summary

In this chapter an operationalization of the conceptual framework was presented. The survey questionnaire items were drawn from the conceptual framework identified through the literature. In addition, the strengths and weaknesses of survey research; pre-testing of survey instrument; population; human subject issues; and statistics were also addressed. The results of the survey are presented in the next chapter.

Chapter 4: Results

Chapter Purpose

The purpose of this chapter is to discuss and summarize the data collected from the Examining Ethical Issues Found in the Contracting Out Process survey. This data addresses the research purpose of exploring the connection between the stages of the contracting out process and the ethical concerns that arise as perceived by practioners. In addition, descriptive characteristics of the respondents are described.

Description of Returned Surveys

The entire alumni belonging to the MPA Listserv population of 247 members was sent the survey via email. Out of a population of 247, 70 surveys were initiated; of those 70, only 52 were completed. Thus, the response rate for initiated surveys is approximately 28% and for completed surveys approximately 21%. This response rate is below 50% which is noted as a sufficient response rate (Babbie 2004). In Table 4 general characteristics of respondents are identified. In addition, modes and percentages from respondents' answers are grouped by stages of the contracting out process and listed in Tables 4.1-4.7.

Characteristics of Respondents

As noted previously, all respondents are members of the MPA Alumni Listserv for Texas State University. These individuals represent varying agencies, have served different periods of service at those agencies, and have varied years in the field of public administration itself. In the table listed below these characteristics are shown.

Table 4 of Descriptive Characteristics of Respondents

Survey Question	N	Response	Mode
What type of agency do you work for?	70	Local Government: 25.7% State Government: 50% Federal Government: 7.1% Other: 27.1%	State Government
Number of Years you have worked for your agency?	70	Ranged from 0 to 31 Years	5 Years
Number of years you have worked in the field of public administration?	70	Ranged from 0 to 36 Years	10 Years

These descriptive characteristics showed some surprising results. Overwhelmingly, respondents tended to work in agencies of State Government. In fact, 50% of respondents reported working in an agency of state government, as compared to an approximate 27% working in an agency other than local, state, or federal government; approximately 26% working in agencies of local government; and approximately 7% working in agencies of the federal government. Further, the respondents also showed a tremendous range in the number of years they have worked for their agencies. Responses ranged from 0 to 31 years with a mode of 5 years. In addition, there also existed quite a significant range in the number of years the respondents had worked in the field of public administration, from 0 to 36 years, with a mode of 10 years.

While it has been established that all respondents attended the same University program and can be assumed to have completed roughly equivalent coursework to obtain their degrees, there does exist variety in the level of experience these graduates have had in the real world of Public Administration practice. Thus, this data is important because it highlights the fact that respondents varied in their level of experience as practioners.

Step One: Making the Decision To Contract Out a Service

Universally, all agencies must first arrive at the decision to contract out a service prior to actually engaging in the process. This stage can be difficult, as many factors must be weighed

while making the decision. **Table 4.1** provides the cumulative percentages that strongly agree

and agree and modes for questionnaire items that pertain to the Decision to Contract Out a

Service Stage.

Table 4.1 Making the Decision to Contract Out a Service

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged at the decision to contract out step.	61	43%	Agree
It is important to ensure *transparency* is maintained at this step in the process.	61	90%	Agree
The possibility of *conflict of interest* concerns arising at the decision to contract out step is high.	61	71%	Agree
Public *accountability* is often challenged at this stage.	61	60%	Agree
Integrity is an important issue during the decision to contract out step.	61	88%	Agree
Abuse of administrative discretion is likely at the decision to contract out step.	61	37% (29% Neutral and 34% Disagree)	Agree, Neutral, and Disagree
Which ethical issue is of most concern while making the decision to contract out a service?	62	**Accountability: 46.8%** Integrity: 14.5% Transparency: 11.3% Conflict of Interest: 9.7% Abuse of Discretion: 9.7% Equity: 8.1%	**Accountability**

Overall, respondents indicated that many of the ethical dilemmas identified did pose

some concern during this stage. There was substantial agreement that ensuring transparency is

crucial (90%) and that integrity is an important issue (88%) during this step.   Further, over half

the respondents, with slightly less agreement, indicated that conflict of interest (71%) and

accountability (60%) were also of concern while making the decision to contract out a service.

In addition, a little less than half the respondents (43%) believed that equity is often challenged

at this stage. The dilemma of abuse of administrative discretion had a tri-modal result and was

the only category identified as not having a clear majority of respondents agreeing that it is likely

to occur. Although the respondents believe that the decision to contract out offers opportunity

for all kinds of ethical dilemmas, accountability was noted as the issue of greatest concern at this

stage. Clearly, results for this stage indicate that, in general, these ethical dilemmas are

considered to be somewhat of an issue.

Step Two: Developing and Announcing a Request for Qualifications (RFQ)

The next step in the process of contracting out is that of developing and announcing a

request for qualifications. **Table 4.2** provides the cumulative percentages of strongly agree and

agree and modes for responses to questionnaire items that pertain to the developing and

announcing a request for qualifications stage.

Table 4.2 Developing and Announcing A Request for Qualifications (RFQ)

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged during the RFQ stage.	56	25% (39% Neutral and 36% Disagree)	Neutral
It is important to ensure *transparency* is maintained at this step in the process.	56	84%	Agree
The possibility of *conflict of interest* concerns arising at the RFQ stage is high.	56	48%	Agree
Public *accountability* is often challenged at this stage.	56	27% Agree (39% Neutral and 34% Disagree)	Neutral
Integrity is an important issue during the RFQ stage.	56	88%	Agree
Abuse of administrative discretion is likely at the RFQ stage.	56	43% Agree	Agree
Which ethical issue is of most concern while making a Request for Qualifications?	56	**Equity: 21.4%** **Accountability: 21.4%** **Integrity: 21.4%** Transparency: 19.6% Abuse of Discretion: 8.9% Conflict of Interest: 7.1%	**Equity, Accountability, and Integrity**

Overwhelmingly, respondents indicated that transparency (84%) and Integrity (88%) were critical ethical issues during this stage. Moderate agreement was also given to conflict of interest (48%) and abuse of administrative discretion (43%) as being issues of concern. Respondents generally neither agreed nor disagreed with equity (25% agreement) and accountability (27% agreement). Of all ethical dilemmas listed, respondents indicated that they felt Equity (approximately 22%), Accountability (approximately 22%), and Integrity (approximately 22%) were of the most concern during this stage. For the most part, responses seem to indicate that many of the ethical dilemmas, with the exception of accountability, which had mixed results, are of some or great concern during this stage.

Step Three: Making a Request For Proposals (RFP)

Once a Request for Qualifications has been developed and announced, an agency moves into making a request for proposals. **Table 4.3** provides the cumulative percentages of strongly agree and agree and modes for responses to questionnaire items that pertain to the stage during which a request for proposal is made.

Table 4.3 Making a Request for Proposals (RFP)

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged during the RFP stage.	54	37% (26% Neutral and 37% Disagree)	Agree and Disagree
It is important to ensure *transparency* is maintained at this step in the process.	54	81%	Agree
The possibility of *conflict of interest* concerns arising at the RFP stage is high.	54	60%	Agree
Public *accountability* is often challenged at this stage.	54	43%	Agree
Integrity is an important issue during the RFP stage.	54	89%	Agree
Abuse of administrative discretion is likely at the RFP stage.	54	53%	Agree
Which ethical issue is of most concern while making a Request for Proposals?	54	**Integrity: 25.9%** Accountability: 24.1% Equity: 18.5% Transparency: 14.8% Conflict of Interest: 11.1% Abuse of Discretion: 5.6%	**Integrity**

In general, most of the ethical dilemma categories yielded responses in agreement with their importance during this stage. The ethical issues of integrity (89%), transparency (81%), and conflict of interest (60%) were noted as being of particular concern. The issue of equity returned a peculiar result of bi-modal response of both agree (37%) and disagree (37%). Thus, it is clear that the majority of respondents were divided as to whether or not the public value of equity is often challenged during this stage. Overall, however, respondents indicated that the issue of integrity (approximately 26%) was of most concern during this stage. Clearly, with the exception of the ethical dilemma of equity, respondents generally agreed that many of the ethical dilemmas presented could pose a problem during the stage of making a request for proposals.

Step Four: Select Proposal

After a request for proposals has been submitted, and proposals have been reviewed, an agency must then sort through the proposals and select one to award a contract. **Table 4.4** provides the cumulative percentages of strongly agree and agree and modes for responses to questionnaire items that pertain to the proposal selection stage.

Table 4.4 Select Proposal

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged during the select proposal stage.	52	61%	Agree
It is important to ensure *transparency* is maintained at this step in the process.	52	88%	Agree
The possibility of *conflict of interest* concerns arising at the proposal selection stage is high.	52	75%	Agree
Public *accountability* is often challenged at this stage.	52	69%	Agree
Integrity is an important issue during the proposal selection stage.	52	89%	Agree
Abuse of administrative discretion is likely at the Proposal Selection Stage.	52	67%	Agree
Which ethical issue is of most concern while making a Proposal Selection?	52	**Integrity: 26.9%** **Abuse of Discretion: 26.9%** Accountability: 15.4% Conflict of Interest: 11.5% Equity: 9.6% Transparency: 9.6%	**Integrity and Abuse of Discretion**

Universally, respondents indicated that each of the ethical dilemmas presented posed a challenges or issues that could arise during this stage. Over three - fourths of respondents indicated that it was important to ensure transparency (88%) and that integrity (89%) was an important issue. In addition, three – fourths of respondents also noted that conflict of interest concerns could arise. Further, a little over half the respondents also indicated that equity (61%), accountability (69%), and abuse of administrative discretion (67%) were likewise issues that

were often challenged or likely to occur during this stage. Overall, respondents indicated that the

ethical issues of most concern during this stage were integrity (approximately 27%) and abuse of

discretion (approximately 27%).

Step Five: Negotiate Contract

Following proposal selection, an agency then moves into the stage of negotiating a

contract with the entity chosen to take on the proposed service. **Table 4.5** provides the

cumulative percentages of strongly agree and agree and modes for responses to questionnaire

items that pertain to the contract negotiation stage.

Table 4.5 Negotiate Contract

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged during the contract negotiation stage.	52	45%	Agree
It is important to ensure *transparency* is maintained at this step in the process.	52	79%	Agree
The possibility of *conflict of interest* concerns arising at the contract negotiation stage is high.	52	59%	Agree
Public *accountability* is often challenged at this stage.	52	57%	Agree
Integrity is an important issue during the contract negotiation stage.	52	88%	Agree
Abuse of administrative discretion is likely at the contract negotiation stage.	52	61%	Agree
Which ethical issue is of most concern while negotiating a contract?	52	**Abuse of Discretion: 23.1%** **Accountability: 23.1%** Integrity: 21.2% Transparency: 13.5% Conflict of Interest: 11.5% Equity: 7.7%	**Accountability and Abuse of Discretion**

In general, nearly all the ethical dilemmas presented were agreed upon as posing some

degree of concern or challenges during this stage. The issue of equity (45%) had the least

amount of agreement, as less than half respondents indicated that it is often challenged during

this stage. On the other hand, the ethical dilemmas of transparency (79%) and integrity (88%) were supported, with over three-fourths of respondents indicating they were issues of concern. Slightly more than half the respondents also agreed that abuse of administrative discretion (61%) was likely at this stage; accountability (57%) is often challenged at this stage; and conflict of interest (59%) issues often arise at this stage. By and large, respondents noted the ethical issues of accountability (approximately 23%) and abuse of administrative discretion (approximately 23%) as being of most concern while negotiating a contract.

Step Six: Monitoring Contract Compliance

Once a contract has been negotiated and the chosen entity has taken on the service, the agency then moves into the stage at which it must monitor the contractor's compliance with the contract. **Table 4.6** provides the cumulative percentages of strongly agree and agree and modes for responses to questionnaire items that pertain to the monitoring of contract compliance stage.

Table 4.6 Monitoring Contract Compliance

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
The public value of *equity* is often challenged during the contract compliance monitoring stage.	52	43%	Agree
It is important to ensure *transparency* is maintained at this step in the process.	52	83%	Agree
The possibility of *conflict of interest* concerns arising at the monitoring of contract compliance stage is high.	52	48%	Agree
Public *accountability* is often challenged at this stage.	52	61%	Agree
Integrity is an important issue during the monitoring of contract compliance stage.	52	92%	Agree
Abuse of administrative discretion is likely during the monitoring of contract compliance stage.	52	59%	Agree
Which ethical issue is of most concern while monitoring contract compliance?	52	**Accountability: 57.7%** Integrity: 13.5% Transparency: 11.5% Equity: 7.7% Abuse of Discretion: 7.7% Conflict of Interest: 1.9%	**Accountability**

Generally, respondents lent agreement to all the ethical dilemmas presented at varying

levels. Well over three-fourths of respondents felt that integrity (92%) was an important issue

and that it is important to ensure transparency (83%) during this stage. Over half the respondents

also felt that accountability (61%) is often challenged and that abuse of administrative discretion

(59%) is likely to occur during this stage. A little fewer than half the respondents indicated that

conflict of interest (48%) concern and the public value of equity (43%) are often challenged

during this stage. Overall, the respondents felt that of all the ethical dilemmas that can be

encountered at this stage, accountability (approximately 57%) was of greatest concern during

this stage.

Step Seven: Contract Renewal/Restart Process

After the entire process has been completed, and a contract is due to expire, the agency

must then decide to either renew the contract or to restart the process. **Table 4.7** provides the

cumulative percentages of strongly agree and agree and mode for responses to the questionnaire

item that pertains to the contract renewal/restart process stage.

Table 4.7 Contract Renewal/Restart Process

Survey Statements and Questions	N	% Strongly Agree and Agree	Mode
Which ethical issue is of most concern when restarting the process?	52	**Accountability: 34.6%** Transparency: 23.1% Integrity: 19.2% Conflict of Interest: 11.5% Equity: 9.6% Abuse of Discretion: 1.9%	**Accountability**

As the decision to renew the contract or to restart the process would involve many of the

same steps previously taken, respondents were simply asked which ethical dilemma they felt was

of most importance during this stage. Of the fifty two responses received for this question,

approximately a third of the respondents indicated that accountability (approximately 35%) was

the ethical issue of most concern when restarting the process.

Chapter Summary

Analysis of the data clearly shows that, in general, each of the ethical dilemmas is

identified as being of concern during the seven stages of the contracting out process. It is also

clear, however, that respondents felt that some dilemmas were more significant or had a bigger

impact at some stages of the process than at others. Overall, the issues of accountability,

integrity, and abuse of discretion were cited most often as being of greatest concern. In the

subsequent chapter a recap of the research purposes; summary of the research; and steps for

further research shall be discussed.

Chapter 5: Conclusion

Chapter Purpose

This chapter summarizes and relates the findings to the overall research purpose. In addition, recommendations for future research and predictions will be made. The proposed future research recommendations are based on the results of the survey.

Summary of Research

As stated previously, the purpose of this research was fourfold. Thus, the research was to describe the steps in the contracting out process; identify key ethical concerns that arise from contracting out; draw a connection between the contracting out process and ethical concerns; and explore the interplay of ethics and the contracting out process from the point of view of practitioners. This research fulfilled the aforementioned purposes and also shed some illumination on a largely undocumented connection between ethical concerns and the contracting out process.

A review of the literature identified a seven step contracting out process: deciding to contract out a service; making a request for qualifications; making a request for proposals; making a proposal selection; negotiating a contract; monitoring contract compliance; and renewing a contract or restarting the process. The literature also revealed the following ethical dilemmas as of particular importance in the contracting out process: equity, transparency, conflict of interest, accountability, integrity and abuse of discretion. Therefore, these contracting out process steps and the ethical dilemmas identified became the descriptive categories for this study.

In order to track the level of concern for each of these ethical dilemmas during each step, survey questions where developed, and respondents were asked to indicate their level of

agreement on the impact of each concern during each step of the process. In addition, in an effort to isolate which ethical dilemma was of most concern for each of the process steps, respondents were asked to identify which of the six dilemmas was of most concern during that step.

The population selected for the survey was the MPA Alumni Listserv, as they were accessible and also had a similar educational background. An added advantage of utilizing this Listserv was that members worked in a variety of agencies representing local, state, and federal government or in other agencies. Out of the total population of 247, only 70 surveys were submitted, and only 52 were completed.

On the whole, each of the ethical issues was identified as being of concern at most of the process steps. A summary of the survey results is presented in **Table 5** listed below.

Table 5 Summary of Survey Results

Contracting Out Process Step	Ethical Dilemma	*Ethical Dilemma of Most Concern
Making the Decision to Contract Out	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Accountability (46.8% and 60%)
Developing and Announcing a Request for Qualifications	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Integrity (21.4% and 88%)
Making a Request for Proposals	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Integrity (25.9% and 89%)
Selecting a Proposal	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Integrity (26.9% and 89%)
Negotiating a Contract	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Abuse of Discretion (23.1% and 61%)
Monitoring Contract Compliance	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Accountability (57.7% and 61%)
Contract Renewal/Restart Process	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Accountability (34.6%)

Overwhelmingly, each of the ethical dilemmas was identified with responses of strongly agree and agree as being of concern at one or all of the different stages of the contracting out process. However, this table allows us to see which ethical dilemmas of those listed respondents felt overall was of most concern. In order to determine which ethical issues were of most concern, percentages for strongly agree and agree from the question pertaining to the ethical dilemma on the likert scale were combined with percentage that selected that dilemma as being of most concern. Accountability, integrity, and abuse of discretion were all identified in at least one stage as being of highest concern. For making the decision to contract out, monitoring contract compliance, and contract renewal/restart process stages accountability was identified as the ethical issue of most concern. Integrity was also identified as the ethical dilemma of most concern for developing and announcing a request for qualifications, making a request for proposals, and selecting a proposal stages. Respondents felt that for the contract stage of negotiating a contract abuse of discretion was the ethical issue of most concern. It is clear that the research has demonstrated that the ethical dilemmas of accountability and integrity are important, and consideration must be given to them before, during, and after the contracting out steps. The next section highlights future research that is needed.

Future Research

While this research is exploratory in nature, the results it has generated indicate that there is a need to look further into this aspect of contracting out. In order to more fully explore these ethical dilemmas and the role they play, in research is necessary.

First and foremost, a greater population and survey return rate must be reached in order to warrant more research in this area. There must be more survey responses from each of the government categories, local, state, and federal, to explore exactly how each of these dilemmas

affect the contracting out process steps differently for each level of government. This separation is a critical component. One respondent who works at the state agency level indicated that upon discussing the survey with co-workers that those in his office generally believe that there exist tremendous differences in process depending on the agency one works for. Thus, a distinction should be made at this point as to the size of the agency and the type of agency, as size and function may have an impact on how the contracting out process is carried out.

In addition, interviews of people actually working in the contracting out process should be conducted. Many of the comments received from respondents indicate a need to interview people with a working knowledge of these issues in the field. Often, respondents stated, "I just don't know about this subject" or "I am confused by the terms." Several respondents indicated that they discussed the survey with others in there office in order to gain a better understanding of what was being asked. While it is important that the survey generated discussion about this issue it would be preferable for individuals to give information based on their own opinions. By achieving a greater response rate and then using that data to format an interview structure a more accurate assessment of important ethical issues can be identified and focused on.

Once a greater response rate and detail has been achieved, and if survey results indicate a need to further examine ethical dilemmas and their impact on the contracting out process, a modified survey must be completed. The modified survey should examine in greater detail only those ethical dilemmas identified as of most concern. The breadth of the ethical dilemmas encompasses many aspects. Each aspect of the ethical dilemmas identified as of great concern should be developed and explored fully.

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The goal of this survey is to determine the opinion of public administrators on the importance of specific ethical issues at different steps of the contracting out process. The survey process should take approximately 30-45 minutes to complete. Refusal to participate in this survey will involve no penalty or loss of benefits to which you are entitled. Participation in this survey is voluntary and any responses given will remain confidential. I alone will have access to the information you provide. Please feel free to stop filling in this survey at any time you feel uncomfortable. Your participation is greatly appreciated. If you should have any questions about your rights or any other questions please feel free to contact me, Jessica Dovalina, at 210-415-9752 or jmdovalina@hotmail.com
Thank you.

*Listed below are a series of questions please either fill in the blank or check the response that most closely represents you.

1. What type of agency do you work for?

       ___Local government   ___State Government
       ___Federal Government   ___Other (Please Specify) _____

2. Number of years you have worked for your agency: _____

3. Number of Years you have worked in the field of public administration:_____

4. Position: _____

Step one: Making the Decision to Contract Out
*Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
4. The public value of equity is often challenged at the decision to contract out step.	1	2	3	4	5
5. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5
6. The possibility of conflict of interest concerns arising at the decision to contract out step is high.	1	2	3	4	5
7. Public accountability is often challenged at this stage.	1	2	3	4	5
8. Integrity is an important issue during the decision to contract out step.	1	2	3	4	5
9. Abuse of administrative discretion is likely at	1	2	3	4	5

the decision to contract out step.

Please circle your response to the following question.
10. Which ethical issue is of most concern while making the decision to contract out a service?

___Equity   ___Transparency   ___Conflict of Interest   ___Accountability
___Integrity   ___ Abuse of Discretion

Step Two: Developing and Announcing a Request for Qualifications (RFQs)

Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
11. The public value of equity is often challenged during the RFQ stage.	1	2	3	4	5
12. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5
13. The possibility of conflict of interest concerns arising at the RFQ stage is high.	1	2	3	4	5
14. Public accountability is often challenged at this stage.	1	2	3	4	5
15. Integrity is an important issue during the RFQ stage.	1	2	3	4	5
16. Abuse of Administrative discretion is likely at the RFQ stage.	1	2	3	4	5

Please circle your response to the following question.
17. Which ethical issue is of most concern while making a Request for Qualifications?

___Equity   ___Transparency   ___Conflict of Interest
___Accountability   ___Integrity   ___ Abuse of Discretion

Step Three: Request for Proposals (RFPs)

Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
18. The public value of equity is often challenged during the RFP stage.	1	2	3	4	5
19. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5

	SA	A	N	D	SD
20. The possibility of conflict of interest concerns arising at the RFP stage is high.	1	2	3	4	5
21. Public accountability is often challenged at this stage.	1	2	3	4	5
22. Integrity is an important issue during the RFP stage.	1	2	3	4	5
23. Abuse of administrative discretion is likely at the RFP stage.	1	2	3	4	5

Please circle your response to the following question.
24. Which ethical issue is of most concern while making a Request for Proposals?

___Equity   ___Transparency   ___Conflict of Interest
___Accountability   ___Integrity   ___Abuse of Discretion

Step Four: Select Proposal
Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
25. The public value of equity is often challenged during the proposal selection stage.	1	2	3	4	5
26. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5
27. The possibility of conflict of interest concerns arising at the proposal selection stage is high.	1	2	3	4	5
28. Public accountability is often challenged at this stage.	1	2	3	4	5
29. Integrity is an important issue during the proposal selection stage.	1	2	3	4	5
30. Abuse of administrative discretion is likely at the proposal selection stage.	1	2	3	4	5

Please circle your response to the following question.
31. Which ethical issue is of most concern while making a proposal selection?
___Equity   ___Transparency   ___Conflict of Interest

___Accountability   ___Integrity   ___Abuse of Discretion

Step Five: Negotiate Contract
Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
32. The public value of equity is often challenged during the contract negotiation stage.	1	2	3	4	5
33. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5
34. The possibility of conflict of interest concerns arising at the contract negotiation stage is high.	1	2	3	4	5
35. Public accountability is often challenged at this stage.	1	2	3	4	5
36. Integrity is an important issue during the contract negotiation stage.	1	2	3	4	5
37. Abuse of administrative discretion is likely at contract negotiation stage.	1	2	3	4	5

Please circle your response to the following question.
38. Which ethical issue is of most concern while negotiating the contract?

___Equity   ___Transparency   ___Conflict of Interest
___Accountability   ___Integrity   ___Abuse of Discretion

Step Six: Monitoring Contract Compliance
Listed below are a series of statements. Please indicate your level of agreement with the statements by circling one of the following options for each statement: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

	SA	A	N	D	SD
39. The public value of equity is often challenged during the contract compliance monitoring stage.	1	2	3	4	5
40. It is important to ensure transparency is maintained at this step in the process.	1	2	3	4	5
41. The possibility of conflict of interest concerns arising at the monitoring of contract compliance stage is high.	1	2	3	4	5

	SA	A	N	D	SD
42. Public accountability is often challenged at this stage.	1	2	3	4	5
43. Integrity is an important issue during the monitoring of contract compliance stage.	1	2	3	4	5
44. Abuse of administrative discretion is likely at monitoring contract compliance stage.	1	2	3	4	5

Please circle your response to the following question.
45. Which ethical issue is of most concern while monitoring contract compliance?

      ___Equity   ___Transparency   ___Conflict of Interest
      ___Accountability   ___Integrity   ___Abuse of Discretion

Step Seven: Contract Renewal/Restart Process
Please circle your response to the following question.
46. Which ethical issue is of most concern when restarting the process?

      ___Equity   ___Transparency   ___Conflict of Interest
      ___Accountability   ___Integrity   ___Abuse of Discretion

Thank you for your Participation!

Step One: Making the Decision to Contract Out

SQ #	Survey Question	SA	A	N	D	SD
5	The public value of equity is often challenged at the decision to contract out step.	4 (6%)	23 (37%)	20 (32%)	14 (23%)	1 (2%)
6	It is important to ensure transparency is maintained at this step in the process.	30 (48%)	26 (42%)	4 (6%)	2 (3%)	0
7	The possibility of conflict of interest concerns arising at the decision to contract out step is high.	14 (23%)	30 (48%)	10 (16%)	6 (10%)	2 (3%)
8	Public accountability is often challenged at this stage.	6 (10%)	31 (50%)	11 (18%)	13 (21%)	1 (2%)
9	Integrity is an important issue during the decision to contract out step.	35 (56%)	20 (32%)	4 (6%)	2 (3%)	1 (2%)
10	Abuse of administrative discretion is likely at the decision to contract out step.	5 (8%)	18 (29%)	18 (29%)	18 (29%)	3 (5%)

SQ#	Survey Question	Response Total
11	Which ethical issue is of most concern while making the decision to contract out a service?	Equity 5 (8.1%) Transparency 7 (11.3%) Conflict of Interest 6 (9.7%) Accountability 29 (46.8%) Integrity 9 (14.5%) Abuse of Discretion 6 (9.7%)

Step Two: Developing and Announcing a Request for Qualifications (RFQ)

SQ #	Survey Question	SA	A	N	D	SD
12	The public value of equity is often challenged at the RFQ Stage.	0	14 (25%)	22 (39%)	18 (32%)	2 (4%)
13	It is important to ensure transparency is maintained at this step in the process.	14 (25%)	33 (59%)	7 (12%)	1 (2%)	1 (2%)
14	The possibility of conflict of interest concerns arising at the RFQ stage is high.	3 (5%)	24 (43%)	14 (25%)	13 (23%)	2 (4%)
15	Public accountability is often challenged at this stage.	1 (2%)	14 (25%)	22 (39%)	17 (30%)	2 (4%)
16	Integrity is an important issue during the RFQ stage.	20 (36%)	29 (52%)	7 (12%)	0	0
17	Abuse of administrative discretion is likely at the RFQ stage.	8 (14%)	16 (29%)	18 (32%)	14 (25%)	0

SQ#	Survey Question	Response Total
18	Which ethical issue is of most concern while making a request for qualifications?	Equity 12 (21.4%) Transparency 11 (19.6%) Conflict of Interest 4 (7.1%) Accountability 12 (21.4%) Integrity 12 (21.4%) Abuse of Discretion 5 (8.9%)

Step Three: Request for Proposals (RFP)

SQ #	Survey Question	SA	A	N	D	SD
19	The public value of equity is often challenged at the RFP Stage.	2 (4%)	18 (33%)	14 (26%)	18 (33%)	2 (4%)
20	It is important to ensure transparency is maintained at this step in the process.	11 (20%)	33 (61%)	7 (13%)	2 (4%)	1 (2%)
21	The possibility of conflict of interest concerns arising at the RFP stage is high.	3 (6%)	29 (54%)	12 (22%)	9 (17%)	1 (2%)
22	Public accountability is often challenged at this stage.	1 (2%)	22 (41%)	16 (30%)	14 (26%)	1 (2%)
23	Integrity is an important issue during the RFP stage.	19 (35%)	29 (54%)	5 (9%)	1 (2%)	0
24	Abuse of administrative discretion is likely at the RFP stage.	5 (9%)	24 (44%)	13 (24%)	11 (20%)	1(2%)

SQ#	Survey Question	Response Total
25	Which ethical issue is of most concern while making a request for proposals?	Equity 10 (18.5%) Transparency 8 (14.8%) Conflict of Interest 6 (11.1%) Accountability 13 (24.1%) Integrity 14 (25.9%) Abuse of Discretion 3 (5.6%)

Step Four: Select Proposal

SQ #	Survey Question	SA	A	N	D	SD
26	The public value of equity is often challenged at the proposal selection stage.	9 (17%)	23 (44%)	11 (21%)	8 (15%)	1 (2%)
27	It is important to ensure transparency is maintained at this step in the process.	22 (42%)	24 (46%)	4 (8%)	2 (4%)	0
28	The possibility of conflict of interest concerns arising at the proposal selection stage is high.	15 (29%)	24 (46%)	7 (13%)	5 (10%)	1 (2%)
29	Public accountability is often challenged at this stage.	13 (25%)	23 (44%)	11 (21%)	4 (8%)	1 (2%)
30	Integrity is an important issue during the proposal selection stage.	29 (56%)	17 (33%)	5 (10%)	1 (2%)	0
31	Abuse of administrative discretion is likely at the proposal selection stage.	15 (29%)	20 (38%)	11 (21%)	6 (12%)	0

SQ#	Survey Question	Response Total
32	Which ethical issue is of most concern while making a proposal selection?	Equity 5 (9.6%) Transparency 5 (9.6%) Conflict of Interest 6 (11.5%) Accountability 8 (15.4%) Integrity 14 (26.9%) Abuse of Discretion 14 (26.9%)

Step Five: Negotiate Contract

SQ #	Survey Question	SA	A	N	D	SD
33	The public value of equity is often challenged during the contract negotiation stage.	6 (12%)	17 (33%)	17 (33%)	10 919%)	2 (4%)
34	It is important to ensure transparency is maintained at this step in the process.	19 (37%)	22 (42%)	8 (15%)	3 (6%)	0
35	The possibility of conflict of interest concerns arising at the contract negotiation stage is high.	8 (15%)	23 (44%)	10 (19%)	10 (19%)	1 (2%)
36	Public accountability is often challenged at this stage.	8 (15%)	22 (42%)	15 (29%)	6 (12%)	1 (2%)
37	Integrity is an important issue during the contract negotiation stage.	23 (44%)	23 (44%)	5 (10%)	1 (2%)	0
38	Abuse of administrative discretion is likely during the contract negotiation stage.	11 (21%)	21 (40%)	10 (19%)	9 (17%)	1 (2%)

SQ#	Survey Question	Response Total
39	Which ethical issue is of most concern during the contract negotiation stage?	Equity 4 (7.7%) Transparency 7 (13.5%) Conflict of Interest 6 (11.5%) Accountability 12 (23.1%) Integrity 11 (21.2%) Abuse of Discretion 12 (23.1%)

Step Six: Monitoring Contract Compliance

SQ #	Survey Question	SA	A	N	D	SD
40	The public value of equity is often challenged during the monitoring contract compliance stage.	5 (10%)	17 (33%)	14 (27%)	15 (29%)	1 (2%)
41	It is important to ensure transparency is maintained at this step in the process.	17 (33%)	26 (50%)	6 (12%)	2 (4%)	1 (2%)
42	The possibility of conflict of interest concerns arising during the monitoring contract compliance stage is high.	7 (13%)	18 (35%)	16 (31%)	9 (17%)	2 (4%)
43	Public accountability is often challenged at this stage.	9 (17%)	23 (44%)	6 (12%)	12 (23%)	2 (4%)
44	Integrity is an important issue during the monitoring contract compliance stage.	21 (40%)	27 952%)	4 (8%)	0	0
45	Abuse of administrative discretion is likely during the monitoring contract compliance stage.	9 (17%)	22 (42%)	13 (25%)	8 (15%)	0

SQ#	Survey Question	Response Total				
46	Which ethical issue is of most concern during the monitoring contract compliance stage?	Equity 4 (7.7%) Transparency 6 (11.5%) Conflict of Interest 1 (1.9%) Accountability 30 (57.7%) Integrity 7 (13.5%) Abuse of Discretion 4 (7.7%)				

Step Seven: Contract Renewal/Restart Process

SQ#	Survey Question	Response Total
47	Which ethical issue is of most concern when renewing the contract or restarting the process?	Equity 5 (9.6%) Transparency 12 (23.1%) Conflict of Interest 6 (11.5%) Accountability 18 (34.6%) Integrity 10 (19.2%) Abuse of Discretion 1 (1.69%)

Summary of Survey Results

Contracting Out Process Step	Ethical Dilemma	Mode	Ethical Dilemma of Most Concern
Making the Decision to Contract Out	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Agree (43%) Agree (90%) Agree(71%) Agree(60%) Agree (88%) Agree, Neutral, Disagree	Accountability (46.8%)
Developing and Announcing a Request for Qualifications	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Neutral (39%) Agree (84%) Agree (48%) Neutral (39%) Agree (88%) Agree (43%)	Equity (21.4%), Accountability (21.4%), and Integrity (21.4%)
Making a Request for Proposals	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Agree(37%) and Disagree(37%) Agree(81%) Agree(60%) Agree (43%) Agree (89%) Agree (53%)	Integrity (25.9%)
Selecting a Proposal	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Agree (61%) Agree (88%) Agree (75%) Agree (69%) Agree (89%) Agree (67%)	Integrity (26.9%) and Abuse of Discretion (26.9)
Negotiating the Contract	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Agree (45%) Agree (79%) Agree (59%) Agree (57%) Agree (88%) Agree (61%)	Accountability (23.1%) and Abuse of Discretion (23.1%)
Monitoring Contract Compliance	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	Agree (43%) Agree (83%) Agree (48%) Agree (61%) Agree (92%) Agree (59%)	Accountability (57.7%)
Contract Renewal/Restart Process	Equity Transparency Conflict of Interest Accountability Integrity Abuse of Discretion	N/A	Accountability (34.6%)