Outsourcing Strategies in Public Services under Budgetary Constraints: Analysing Perceptions of Public Managers

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Abstract

This work aimed to study outsourcing strategies in public services and their relations with business continuity and resilience during budgetary constraints. A qualitative analysis was conducted using semi-structured interviews. This methodology was conducted with 51 public managers from the state of Pernambuco, Brazil. Findings showed that, during budget cuts periods, in the short term, due to the urgency of decision-making, it is common for outsourced services to suffer reductions or interruptions first, which directly affects public services continuity. Only a long-term view is able to correctly analyse this situation, but this does not always occur when the main factor observed is the law of fiscal responsibility. Therefore, this work brings new light to the literature concerning the problem situation, and may be useful for the planning of outsourcing strategies in public services.

Keywords Public administration · Third parties · Budgetary constraints · Business continuity · Resilience · Qualitative analysis

Introduction

Public and private entities constantly transfer their activities and services to third parties. This process, called outsourcing, is the transfer of activities, functions and/or processes, previously performed internally, to an external partner, who assumes responsibility for execution under certain contractual conditions. One of the main

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advantages of outsourcing is that the contracting company can focus on its core competences (Fontana et al., 2019; Gunasekaran et al., 2015; Murthy et al., 2015).

On the other hand, in the wake of economic crises, countries face the challenge of making budgets sustainable. These crises economically affect public sectors (e.g., lower tax collection and prioritized resource allocation), private sectors (e.g., drop in sales, increased costs, bankruptcy and mass layoffs) and can also impact social and environmental initiatives (Becker et al., 2016; Chzhen, 2016; Seles et al., 2019).

Previous research indicates that the negative results of budgetary reductions are overcome by managers through outsourcing (Borowska et al., 2020; Dekker et al., 2020; Morrow Jr. et al., 2007; Polzin et al., 2016). Outsourcing allows companies to respond quickly and adapt to changes in the environment (Scherrer-Rathje et al., 2014). This is possible because outsourced companies can carry out activities at a reduced cost due to economies of scale, investments in technology and innovations (Gunasekaran et al., 2015; Murthy et al., 2015; Tsay et al., 2018).

However, cost-cutting can hinder the outsourced services management in the public sector (Aparicio et al., 2018). “While outsourcing reduces the role of government in delivering public services, government retains control over the contracting process” (Vyas et al., 2018). Unlike the private initiative, public organizations involve complex and multidimensional goals, encompassing, for example requirements such as equality and efficiency (Pakarinen & Virtanen, 2016). The reduction or discontinuation of activities, even if they are outsourced - not constituting core competences - represents a significant threat to business continuity (Niemimaa et al., 2019). Business continuity (BC) is understood as the organization’s ability to continue its operations under any circumstances (Lindström, 2012). Continuity planning is necessary for all types of business (Rebmann et al., 2013). Its absence is generally considered a recipe for poor crisis management. Thus, a doubt arises: “In practice, do budgetary constraints (e.g., as a result of economic crises) influence the outsourcing of activities or induce their reduction?” and “does this impact BC?”

Therefore, the aim of this work was to qualitatively analyse the outsourcing strategy in public services in situations characterized by budgetary constraints based on the perception of public managers. Moreover, this study also assesses the relationship between outsource and public service business continuity and organizational resilience strategies. For this purpose, semi-structured interviews were performed with 51 public managers from the state of Pernambuco, Brazil.

According to the studied literature, research related to outsourcing and business continuity strategies in the public sector is limited. Therefore, the originality of this work is to analyse the adverse conditions and its influence on third parties in public sector, through a qualitative analysis of the public managers’ perception. The findings in this work increase the understanding of the importance of business strategies for the public services continuity and seek to help reduce uncertainties and better inform the government’s decision-making process. In addition, the relationship between outsourcing strategies and business continuity and organizational resilience was observed. From a theoretical and practical point of view, these contributions are important, because increasingly common possibilities of adverse events (e.g., budgetary constraints, natural disasters and pandemics) impose effective response strategies on public organizations to ensure business continuity. Therefore, the chances of a successful response include, among others, having the necessary knowledge about the problem situation.

In addition to this introduction, this work is structured as follows: Section 2 presents a literature overview. In Section 3, the research context and the data collection instrument are described. Then, the main results of the research analysis are exposed (Section 4). In Section 5, the findings are discussed. General conclusions are shown in Section 6.

Literature Overview

In the literature, health is one of the areas that most adopts outsourced activities in the public sector (Czerw et al., 2014; Ikediashi et al., 2015; Ikediashi & Ekanem, 2015; Ikediashi & Ogunlana, 2015; Lydon et al., 2015), followed by information technology (IT) (Cordella & Willcocks, 2010; Duhamel et al., 2014; Joha & Janssen, 2010) and logistics (Bolaane & Isaac, 2015; Rönnbäck & Witell, 2009; Waal & Kerklaan, 2010; Zhu et al., 2017).

Many authors emphasize costs reduction as the main reason for adopting outsourcing (Czerw et al., 2014; Joha & Janssen, 2010; Polzin et al., 2016; Puolokainen et al., 2018; Zhu et al., 2017). There is an assumption that the private sector is more economical, efficient and effective than the public sector and that the latter can learn from the private initiative through the transference of some activities (Vyas et al., 2018). On the other hand, Alonso et al. (2017) revealed that outsourcing policies can result in greater government spending. According to Polzin et al. (2016), this is because the advantage of outsourcing occurs in an environment presenting financial and/or capacity limitations. In general, outsourced services become cost-efficient over time and not immediately (Lieberherr & Leiren, 2017). In this decision making, outsourcing costs must be compared with the costs of producing in-house (Lydon et al., 2015).

Another motivator for outsourcing is increasing the quality of public services. Assaf et al. (2011), Bolaane and Isaac (2015), Cabral et al. (2013); Ikediashi et al. (2015), Puolokainen et al. (2018) attributed the gain in quality of services due to the presence of trained civil servants supervising the outsourced workers. However, Dahlström et al. (2018) showed that the excessive use of outsourcing in public services can decrease quality. For these reasons, several authors have proposed that service performance evaluations are already outsourced in the public sector (Ahimbisibwe et al., 2012; Cordella & Willcocks, 2010; Duhamel et al., 2014; Ikediashi et al., 2015; Ojugbele & Bodhanya, 2015; Rönnbäck & Witell, 2009; Waal & Kerklaan, 2010).

During a crisis it can be sensible to lower priority or even suspend any non-critical infrastructure (outsourced). In turn, focus and resources can be redeployed to support essential services that are critical to business continuity (BC) (Papagiannidis et al., 2020; Tracey et al., 2017). However, critical activities are supported by non-critical activities. Therefore, it can be asked whether the discontinuity of support services, such as those outsourced, directly impact BC as a whole.

Companies are increasingly subject to disruptions caused by external and internal threats (Fani & Subriadi, 2019; Zeng & Zio, 2017). It is extremely difficult to predict

their nature, time and extent (Sahebjamnia et al., 2015). Common disturbing events include (Zeng & Zio, 2017; Zio, 2018):

- Technological disruptions, caused by component or system failures;
- Natural disruptions, caused by natural disasters, e.g., floods, earthquakes, diseases, etc.;
- Social disruptions, caused by social movements, e.g., human error, strikes, supply chain disruptions, etc.

These risks may present a significant threat to BC (Niemimaa et al., 2019). Therefore, organizations need a proactive approach, through a decision support framework, to protect themselves against threats (Sahebjamnia et al., 2015). The key to dealing with disturbing events and remaining in business is to build resilience and plan for the continuity of all business functions (Jafar & Taneja, 2017). Organizational resilience can be defined as the ability of an organization to anticipate, prepare, resist, respond, absorb, recover, and adapt to the altered environment and sudden disruptions to survive and thrive (Papagiannidis et al., 2020; Tracey et al., 2017). To sum up, it requires organizations to develop effective plans for both short-term resuming (i.e., Business continuity plans) and long-term restoration (i.e., Disaster Recovery plans) (Sahebjamnia et al., 2015).

Thus, BC can be defined as “the capability of an organization to continue delivery of products or services at acceptable levels following disruptive events” (ISO 22300, 2018; Zio, 2018). Business Continuity Management (BCM) is an integrated risk management strategy to manager risk prior, on the moment, and after disaster (Kim & Amran, 2018; Zeng & Zio, 2017), that aims at ensuring that no disruptive events can lead to unexpected or unwanted interruptions of production or service activity (Zio, 2018).

BCM can identify potential threats to an organization and their impacts to business operations, in order to mitigate the disturbing effects and build organizational resilience, protecting the interests of its key stakeholders, its reputation, brand and value-creating activities (Kim & Amran, 2018). Building resilience ensures continuity (Papagiannidis et al., 2020). Thus, evaluating the resilience of business models against these threats should be a core area of BC (Niemimaa et al., 2019). Planning for operations continuity is necessary for all types of businesses, including industry, academic institutions, and health care agencies (Rebmann et al., 2013), although most business continuity plans were designed to deal with the private sector.

Therefore, there is a gap regarding studies that address outsourcing strategies in periods of budgetary constraints, as well as their relationship with building resilience and BC strategies in the public sector, especially in emerging countries.

Research Methodology

Context

In 2017, Law No. 13,429 came into force in Brazil, amending Law No. 6019/1974, providing for labour relations in the company to provide services to third parties along

with other measures. The main change concerned the possibility of outsourcing not only support activities, but also core activities, i.e., outsourcing is allowed for all activities or services, as long as they are determined and specified. This was not restricted to the private sphere; its application is intended for public administration as long as specific provisions are observed, such as the requirement to bid on the contracting of service providers (Brazil, 1974; Brazil, 2017).

In a scenario characterized by the possibility of extensive outsourcing, the Brazilian institutional sphere is faced with a variety of activities or services that can be transferred to third parties. Thus, outsourcing risks are inherent to the inadequate choice of the service provider, opportunistic behaviour, inexperience and the lack of skills to perform the activities (Ahimbisibwe et al., 2012; Ikediashi & Ogunlana, 2015).

Risks resulting from periods of instability, such as financial and health crises, entail budgetary constraints that affect various public sectors. For example, in 2019, the Brazilian federal government announced the retention of approximately 30% of the budget for funding and investments of federal public education institutions, a fact that led to the suspension of outsourced services. In 2020, the pandemic caused by the new coronavirus (Covid-19) emerged as a new threat in an already economically unfavourable scenario.

Therefore, understanding the point of view of Brazilian public managers on outsourcing strategies and their impacts in a scenario characterized by several uncertainties, which result in risks for the public service business continuity, must be considered essential. The non-continuity of public businesses resulting from the suspension of outsourced services violates the citizens' individual rights and guarantees.

Survey Design

The problem situation is complex and social in nature. Thus, this empirical research was based on qualitative analysis. A qualitative approach enables the researchers to handle social processes and relationships (Vyas et al., 2018) and analyse a situation where it is difficult to gain access to data (Carassus et al., 2014). In addition, this research did not seek to report representativeness of responses with the population, so there was no need to seek 'statistical integrity' (Arku, 2013).

In this research, face-to-face semi-structured interviews were used. This type of approach is useful in gathering more detailed insight and allows respondents to use their own languages and express their own points of view (Rowley, 2014), i.e., they allow the respondents to express their opinion more easily without being induced by quantitative techniques with pre-established options, such as the Likert scale. Interviews may provide new information or confirm and complement literature (Hansson & Weinholt, 2019).

Based on the methodology developed by Synodinos (2003), initially the objective of the interviews was defined as "to collect information on the perception of public managers toward outsourcing strategies in the public service during periods of budgetary constraints". In addition, the relationships between public outsourcing and business continuity and resilience strategies were observed.

A first version of the interview was prepared and evaluated by specialists in the public management field. The experts analysed the level of understanding and the content of each question. Based on the experts' recommendations, a second version of

the interview was built. From the second version, a pilot test was carried out. Convenience sampling was used to select respondents from the pilot test. The level of understanding of the questions and the average time in the interview were verified.

Finally, the interview was semi-structured in 09 basic questions, divided into three categories: (i) outsourced service discontinuation; (ii) the relationship between public service business continuity and outsourcing; (iii) public sector resilience.

Thus, the universe of research was limited to public managers in the state of Pernambuco, Brazil, at the federal, state and municipal spheres, who occupied functions linked to senior management. The selection of public managers interviewed was based on a random approach.

At the beginning of each interview, the objective and importance of the research were highlighted. The public managers interviewed were assured that the information provided would be used only for academic purposes, and under no circumstances would information be disclosed to third parties. This fact encouraged public managers interviewed to provide realistic and truthful information. The interviews were conducted between October 2019 and January 2020 and lasted 30 to 45 min. Interesting findings are shown in the following section. Some responses obtained in the interviews were transcribed to maintain the accuracy and consistency of the data analysis (Islam & Farazmand, 2008). Public managers interviewed were identified by I_n code, where n corresponds to the interviewee's number.

Findings

In total, 51 single interviews were conducted. The demographic profile of the interviewed are showed in Table 1.

The following sections present the results of the semi-structured interviews in detail.

Outsourced Service Discontinuation

Initially the public managers interviewed were asked about the presence of outsourced service in their department; 76.47% stated that there are outsourced services which are: cleaning services, building security, building maintenance, human resources, customer service, transport and project management.

According to 12 of the public managers interviewed, there are no outsourced services in their department. The main reasons cited for that were: lack of an internal structure to support outsourced workers; lack of budget; predominance of commissioned positions; outsourcing is no longer attractive to positions of trust; there is no need to outsource; and a long bidding process.

Regardless of the presence or not of outsourced services, we asked which service or activity was reduced or interrupted first when there were budget cuts. 37 public managers interviewed (72.54%) stated that the discontinuation starts with outsourced services, such as security and transportation, as explained by respondent I1:

“Services considered non-basic (support) are reduced first. These services, in most cases, are outsourced, so they are not directly linked to legislative purposes”. (I1)

Table 1 Demographic profile

Demographic profile		Public managers (N= 51)
<i>Gender</i>		%
	Male	54.90
	Female	45.10
<i>Level of government</i>		%
	Federal	13.73
	State	23.53
	Municipal	62.74
<i>Current position</i>		%
	Directorate	37.26
	Managing	35.29
	Coordinator	13.73
	Technical Advisor	9.80
	Other	3.92
<i>Years in current position</i>		%
	Below 1 year	9.80
	1–2 years	15.69
	3–4 years	17.65
	5–6 years	19.61
	Over 7 years	37.25

Source: Authors, 2020

On the other hand, 27.46% of the public managers interviewed believe that the budget cuts affect primarily: the overtime of employees; new appointments; benefit programs for employees; expenses with travel and professional courses; the reduction in electricity and water consumption; the reduction of commissioned positions; the delay in the payment of salaries; the delay in the payment of suppliers; and the reduction of selective processes for hiring personnel. Public manager I14 reported that:

“There are services, activities and processes that are discontinued before outsourced workers are ... there is a decrease in the number of workers in general, as well as cuts in funds for coffee, disposable cups, sugar, toilet paper, soap and office supplies”. (I14)

The public managers interviewed, who stated that budget cuts do not primarily affect outsourced services, were asked when the reduction or discontinuation of outsourced services is considered. As reported by public manager I2, the outsourced service reduction or discontinuation is considered when the budget cuts are greater than planned.

“The outsourced services discontinuation is considered after the expenditure cuts in the purchase of consumables. In case this cut is not enough, it starts with the reduction of outsourced workers”. (I2)

Another point of view on the outsourced services discontinuation was observed by public managers I33 and I6, who claimed that the reduction or interruption is only considered when these services no longer meet the demands and interests of the government plan and, therefore, they are reassessed.

In addition, the outsourced public service discontinuation is considered when: there are no more revenues for payment of outsourced services; after cutting the technical staff; and when civil servants can perform the service.

However, outsourced services must undergo a rigorous assessment before being discontinued or reduced, as explained by public managers I4 and I24:

“There are sectors in which outsourced services are essential to the functioning of public services, especially when the civil servants do not have enough knowledge to continue the services performed by the outsourced workers”. (I4)

“Studies should be carried out to ensure that the stoppage of outsourced services does not affect other public services... Often outsourced workers are seen as non-fundamental compared to the services performed by civil servants, and this is a mistake”. (I24)

In addition, I40 claimed that, in general, outsourced services are not reduced or discontinued when they are part of basic government programs, such as health, education, sanitation and public security.

Public Business Continuity in Outsourcing Context

In the business continuity context, the interview sought to verify the public managers' opinions on the main factors that could threaten the public service operation continuity. Eighteen public managers interviewed (35.29%) highlighted the lack of strategic planning, in the sense of creating and executing effective strategies that guarantee the functioning of the institutional sphere, as one of the main factors of business non-continuity. As explained by public manager I3:

“The lack of a clear definition of goals, resulting in uncertain decision-making, provides public management with flawed strategies that interfere over the years in maintaining public service continuity. Thus, public services are culturally stigmatized as inefficient”. (I3)

The high turnover of public managers was also observed, according to 21 public managers interviewed (41.18%). The change of managers usually occurs after electoral periods and often due to political changes in the staff. Public managers I7 and I23 reported that:

“The high turnover of people in the public sector hinders service continuity... It is a common practice that a new employee will not continue the activities carried out by the previous one; this is mainly due to the fact that this employee was politically appointed ... people tend to satisfy the needs of the politicians who provided their jobs more than exercise their functions for the commonwealth”. (I7)

“The lack of commitment of many civil servants and managers, individualism, resistance to changes and the lack of an effective body of civil servants are some obstacles that prevent actions carried out from being continued ... Changes in government represent breaks of business continuity”. (I23)

Linked to the high turnover of public managers, according to the same 21 public managers interviewed, the following factors stand out: the deficiency in change of management; the exclusive interest of current management; the poor distribution of the workforce, which includes work overload; the lack of technical skills of civil servants, e.g., information technology; the lack of effective positions in strategic positions; and public instability in management positions.

Economic aspects are also highlighted as factors that interfere in the operations continuity in public service. These were evidenced by 7 public managers interviewed (13.73%), as explained by public managers I1, I18 and I34:

“The poor distribution of resources or even cuts in investments directly affect essential public services”. (I1)

“The lack of resources directly affects service continuity. Without money it is impossible to make the payments of suppliers; the salary of workers is affected, it makes it impossible to hire new services and, consequently, services tend to be reduced or stopped”. (I18)

“The lack of public policies impacts the taxpayer's ability to pay and, as a result, there is a drop in tax collection”. (I34)

In addition to these factors mentioned, the other public managers interviewed highlighted the following as threats to business continuity: poor organization and standardization of internal processes; privatization movements; the international economy; natural disasters; and political crises.

Based on the identified factors, public managers interviewed were asked whether they believed that the reduction or discontinuation of outsourced public services could affect the continuity of other public operations, i.e., non-outsourced ones. Thirty-nine (76.47%) believes that the “essentiality” of the outsourced service is a factor that predicts whether its complete discontinuation or reduction will affect the public business continuity. In general, outsourced services are non-core competence. However, some are extremely important for the functionality of the other services, as explained by public manager I30:

“It (outsourced service discontinuation) affects business continuity because it harms the entire work environment of which the outsourcer is a part. When services are outsourced in the public sector, in addition to a reduction in public spending, these services are expected to have a higher quality. Based on this assumption, services that are outsourced are necessary and essential for the functioning of the public agency”. (I3)

The work overload on civil servants, commissioned and contracted, was another factor reported by 25 public managers interviewed (49%) who believe in public service discontinuity when there is an outsourced service discontinuation. When reduced or,

mainly, discontinued, all service activities that were previously performed by third parties are transferred to non-outsourced workers (civil servants). This point of view is expressed by public managers I9 and I28:

“Outsourced services greatly ease the workflow of non-outsourced workers ... When those outsourced services are stopped, non-outsourced workers end up taking on new services, resulting in an overload of work”. (I9)
“Public service delivery involves several areas in a holistic way. The lack of a certain outsourced public service will eventually have to be relocated to another area, which will lead to a discontinuation or delay of several services in a chain effect”. (I28)

Therefore, there is a symbiotic relationship of dependence between outsourced and non-outsourced public services when the former is discontinued or reduced. In order to highlight the existing relationships between the outsourced service discontinuation and the discontinuity of other public activities, some examples were reported, according to public managers I4 and I12:

“If an information system maintenance service contract is discontinued, it may affect the productivity of the agency as a whole, seriously affecting the work that depends on information contained in the system”. (I4)
“Drivers, school security and cleaning are outsourced services. Without these services, most schools are in a precarious condition to continue classes”. (I12)

Therefore, public managers interviewed were asked whether it was important for the institutional sphere to have a set of tools and techniques to help ensure service continuity, and if these tools and techniques must consider the particularities of the outsourced services. Most of the public managers interviewed (80.39%) answered affirmatively. The main justification was to guarantee continuing to offer essential services to the population with the required quality, as explained by public manager I10:

“The support of tools and techniques can increase the ability to continue providing essential products and services to society in the event of an unfavourable circumstance, such as floods, power cuts, failures or intentional damage to computer systems, financial crises, budget cuts, among others”. (I10)

Another important point mentioned was the qualification of civil servants. Only the proper training for civil servants enables the effectiveness of the tools that support business continuity, as explained by public manager I17:

“There must be a constant concern with the qualification of civil servants. They are key parts in the execution and maintenance of public services” ... “The effectiveness of the continuity models is conditioned by the quality of the personnel involved”. (I17)

More specifically, regarding business continuity methodologies, contextual aspects of outsourced services were indicated as an important aspect, and they must be

incorporated into the business continuity methodologies, as reported by public managers I4 and I22:

“Outsourced services have characteristics that differ from most other public services. Because they are selected via bidding, companies meet the criteria established in the bidding notice. However, the winning company that will provide the services does not always guarantee the necessary quality for the institutional sphere. Often the workforce is not sufficiently qualified, or the culture of the contracted company is not even compatible with the dynamics and particularities of the public sector”. (I4)

“The scope of outsourced services differs from the scope of non-outsourced services” ... “The scope of work in non-outsourced services is inspection, while the scope of outsourced services is operation. Because they have different scopes, the continuity tools must differ”. (I22)

Therefore, the particularities of outsourced public services, associated with the planning, monitoring and evaluation of processes, must be inserted in a business continuity model in the institutional sphere. The model must start from the particularity of the parties involved to associate themselves with the common interests of society.

Those who do not believe that a set of these business continuity tools and techniques are important, account for 10 public managers interviewed (19.61%). They justified that the adoption of tools and techniques by public management can be expensive. In addition, the public system already has its complexities and bureaucratic processes, which would make the adoption of business continuity models unfeasible.

Organizational Resilience

In view of outsourced public service discontinuation and the problem of business continuity, public managers interviewed were asked whether they believed that the institutional sphere is capable of being resilient, i.e., to prepare and adapt to the gradual transformations and sudden discontinuations in order to maintain the continuity of the operations and services offered.

Thirty-eight public managers interviewed (74.50%) stated that the institutional sphere is capable of being resilient, supporting their points of view in strategic planning. It is important that the institutional sphere can think about the future and develop smart action plans, because only then can resilience be achieved, as explained by public managers I8 and I28:

“The public sector can be resilient if it plans the guidelines and foresees possible lapses in the provision of services, such as financial and political crises”. (I8)

“If the government has the potential to plan in advance for possible threats, vulnerabilities and possible damage caused, the operational consequences and their impacts on public affairs are mitigated, configuring a capacity to be resilient”. (I28)

On the other hand, 13 public managers interviewed (25.50%) argued that the institutional sphere is not capable of being resilient; their opinions stem from different perspectives, as reported by public managers I3 and I20:

“Public sector resilience is virtually impossible. The lack of various incentives results in an inefficient, inert public power, without planning and vision that meets future needs”. (I3)

“Currently, there is no possibility of resilience” ... “There are no formal methodologies to assist public governments in what should be done when there is an impasse in the execution of services. In these situations, improvisation is recurrent”. (I20)

Based on this, the public managers interviewed were asked whether the resilience of the institutional sphere was an easy or difficult task. Only 6 public managers interviewed (11.76%) believe that public sector resilience is an easy task, since it is already present, as for example public manager I40:

“Public administration alone is already experiencing constant changes, both in laws, projects and management. In this sense, the institutional sphere, by nature, is resilient”. (I40)

Meanwhile, 45 public managers interviewed (88.24%) claimed resilience to be a difficult task and highlighted the main reasons: difficulty in planning; lack of agility in the execution of services; excessive bureaucracy in day-to-day activities; constant internal changes in personnel; lack of communication and sense of team; lack of training for civil servants; resistance to change; lack of incentive for civil servants; lack of clarity of objectives; lack of operations control; excessive empiricism in decision-making; and dependence on other institutional spheres.

One reason, that deserves to be highlighted, concerns purely political issues. The lack of understanding of society's aspirations makes public resilience difficult, as explained by public manager I6:

“Being resilient is a difficult task because it requires a general change that permeates political factors ... Changing or restructuring an action plan designed before or during a political speech to the community, affects society's expectations”. (I6)

To sum up, the lack of planning as a risk factor for business continuity directly implies in the capacity for resilience of the institutional sphere. This type of risk, according to Sahebjamnia et al. (2018), increasingly imposes the ability to be resilient on organizations (Bouwman et al., 2018; Haaker et al., 2017).

Discussion

Although outsourcing acts as a softener for negative impacts in environments characterized by financial limitations, budgetary cuts can make it difficult to manage outsourced companies (Borowska et al., 2020; Dekker et al., 2020; Polzin et al., 2016). Thus, in these situations, outsourced services can be the first to be affected, as stated by 72.54% of public managers interviewed in this survey, since the resources that would be used to fulfil contractual obligations with third parties are transferred to basic government services. This is because in times of budget cuts many decisions are made

on an urgent basis; this raises the concern with spending cuts, directing attention to those which are more expressive, such as outsourced activities. However, a more comprehensive and careful analysis shows that this tends to be a wrong decision, especially when there are no public servants to supply this service. This points to structural problems which involve only the immediate and the concern to comply with tax liability laws above the needs of society with the adequate provision of public services.

In this context, the main outsourced public services in Pernambuco, Brazil, are cleaning, security, maintenance and transportation. These are essentially support services. This fact corroborates the literature, which highlights outsourcing as a strategy aimed at non-critical services (Fontana et al., 2019; Gunasekaran et al., 2015; Murthy et al., 2015). However, these services are important, as they provide support for the development of services and activities considered essential.

Therefore, this research showed that thinking about outsourced public services as something non-critical can be a mistake, since the reduction or discontinuation in outsourced services usually directly impacts the quality and continuity of the other services offered, which are considered essential. This fact reinforces the view of Halvorsen (2016), Niemimaa et al. (2019), Page et al. (2019) and Seles et al. (2019), that indicate that the discontinuation or decrease in resources that guarantee the functioning of certain services can affect public service continuity.

One way to ensure public business continuity is through organizational resilience. This study indicated that in situations of budgetary constraints, that affect outsourced services, the ability to be resilient is essential for the continuity of government operations. This fact was also observed by Bouwman et al. (2018) and Haaker et al. (2017).

Since outsourcing in the public sector is expected to follow a formal decision-making process, considering all the interviewees' statements and literature studied, this study proposed guidelines capable of helping public managers, academics and other professionals to understand the problem situation, providing an effective response in decision making to ensure public service continuity, as can be seen in Fig. 1.

Source: The authors (2020).

Fig. 1 Public service outsourcing guidelines

Conclusion

Economic recessions, changes in government and even pandemics have generated several reductions in financial resources that affect outsourced public services, characterizing a significant threat to business process continuity. Qualitatively analyzing public service outsourcing strategies in situations characterized by budget constraints, based on the perception of public managers, proved to be important, bringing contributions to the literature and government decision-makers.

From a theoretical perspective, this study indicated that when the public sector suffers from budgetary constraints, outsourced services may be the first to suffer negative impacts, affecting public service continuity. This discovery brings a new light to the literature on the topic, hitherto little explored.

From a managerial perspective, this study helps public administrators to obtain an effective response in times of budget constraint, leading to a better use of outsourced services and, consequently, public budgets. The guide reported in Fig. 1, assists public managers in maintaining business continuity. Other researchers are encouraged to develop research on the topic as well.

However, this study has some limitations. The authors recognize the limitations resulting from the transversal nature of the information collected and the focus of the analysis of public outsourcing only in periods of budgetary constraints, without incorporating other aspects, such as personal and procedural aspects.

Therefore, future research can expand this one by analysing the relationship of public outsourcing from different perspectives, such as legal complexity, personal and procedural aspects, or risk-based analysis.

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Declarations

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