

## Chapter 8

# Designing Measures for Managing the Effectiveness for Integrated Service Delivery: The Case of a Geriatric Outpatient Clinic

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### ABSTRACT

*Health and social services are increasingly produced in cooperation among several specialized organizations. This has increased the importance of service integration in the sector. While the literature acknowledges the need for performance measurement addressing outcomes and effectiveness of service integration, not enough is known about applying such measurement practices. This paper examines the design of a performance measurement system to support the effectiveness management of an integrated service delivery. The research identifies three aspects of effectiveness – community, client and network level. Empirical examination reveals that success factors for design of measures for integrated service delivery include consensus on the targets, coordination and fluent cooperation among actors in the network. The paper contributes to performance measurement literature by illustrating how the design of system level measurement is carried out in practice and analyzing the lessons learned.*

### INTRODUCTION

#### Need for System-level Management of Welfare Services

Effectiveness has become a focal performance criterion in health and social services. One reason for this has been the New Public Management, which emphasizes the need to modernize the public sector. Public organizations are expected to be managed more like enterprises and become more customer-oriented, focused on outcomes rather than inputs, and be more efficient and effective (Barretta & Busco, 2011; Jansen, 2008).

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Outcomes and effectiveness in many fields of welfare are produced in cooperation among different organizations in the health and social sectors (e.g. Axelsson & Axelsson, 2006; Hansson et al., 2010). Since the 1990's increased attention has been paid to cooperation as a means to achieve more effective and efficient public sector services (e.g. Kurunmäki & Miller, 2011). Along with the increasing cooperation, service integration has become an important issue in welfare services (e.g. Axelsson & Axelsson, 2006; Hansson et al., 2010). Integrated service delivery strategies are deemed a solution to rising costs, low quality of care and dissatisfied clients (Evans & Baker, 2012), and in recent years much research on collaboration (e.g. Qvretveit, 2002) and the evaluation of integration of services has been conducted (e.g. Ahlgren & Axelsson, 2005; Axelsson & Axelsson, 2006; Standberg-Larsen & Krasnik, 2009). The management and coordination of intra- and inter-organizational cooperation are challenging, and research generally aims to find concrete tools and guidelines for collaboration and service integration (e.g. Qvretveit, 2002; Hansson et al., 2010). Better tools for managing integration are needed, since many integration efforts have failed (Qvretveit, 2002). There may be concern that service integration has become means without ends or an end in itself. The academic literature emphasizes process rather than outcome in initiatives to apply service integration in practice, ultimately producing relatively scant evidence of the outcomes of integration (Wistow & Dickinson, 2012).

Increasing cooperation and integration in health care and other welfare services indicate that performance management at the organizational level is not sufficient to ensure high performance of the service system. Organizations may have conflicting goals and focus primarily on their own performance rather than the overall ability of the system to serve customers. This puts performance management activities in a new perspective. Managers need information on system-level performance (e.g. Callender, 2011). This has been recognized in public management literature and the focus is moving towards inter-organizational governance, which emphasizes the role of long-term inter-organizational relationships and the governance of processes as solutions for more effective public services (Osborne, 2006). However, limited attention has been paid to studying how management control practices like performance measurement are applied in practice within inter-organizational relationships, or what public network performance is (Barretta & Busco, 2011).

Effectiveness of welfare services at the service system level is usually assessed by utilizing different types of evaluation approaches. The role of economic evaluation is established especially in the field of healthcare (Drummond et al., 2005; Brazier et al., 2007), but applied also in social services (Flatau and Zaretsky, 2008; Jones et al., 1994). Key motivation for conducting economic evaluation is its ability to provide systematic analysis of different alternatives in service production for decision makers at the service system level (i.e. public administration). Economic analyses seek to identify and to make explicit the set of criteria that is useful in deciding among different uses of scarce resources. Key characteristics of economic evaluations, regardless the area it is applied in features the inclusion of the costs and consequences of activities (Drummond et al., 2005, p. 9). Focal benefits of evaluation approach relate to its ability to provide information of effectiveness of operation. However, since evaluations are usually conducted on an ad hoc, retrospective basis by external evaluators, and results are communicated in the format of extensive evaluation reports, their usability as managerial tools is limited (Nielsen & Ejler, 2008). Managerial purposes require different types of performance measurement systems. Performance measurement, which can be defined as *“the process of defining, monitoring, and using objective indicators of the performance of organizations and programs on a regular basis”* (Poister, 2003, p. 1) tracks the results as an integral part of operation and is conducted by internal managers, appears as a more

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