STUDYING HEALTH CARE ORGANISATIONS

PROGRAMME OF RESEARCH ON THE IMPACT OF GOVERNANCE AND INCENTIVE ARRANGEMENTS ON ORGANISATIONAL PERFORMANCE

Introduction

Studying health care organisations to understand the most effective ways to organise health care services is a fundamental programme of work for the SDO. The research programme has to-date covered broad themes examining the relationship between form, function and organisational performance. The SDO wishes to develop this programme of work by building on the emerging findings and research agendas uncovered following three SDO-funded literature reviews: an examination of organisational factors and performance (Sheaff, SDO/55/2003); the incentive effects of different forms of governance in health and social care (Davies, SDO/66/2003); and the impact of decentralisation and devolution in publicly funded health services (Peckham, SDO/67/2003). The reviews revealed that one of the most extensive and important areas for future research is to examine the impact of new governance and incentive arrangements on organisational and system performance.

Current call for proposals

The SDO Programme is inviting research proposals related to the performance of new and emerging organisational structures with a specific emphasis on the impact of governance and incentive mechanisms. This programme of research cuts across, and relates closely to, the other themes that the SDO programme has begun to develop, for example, on continuity of care, access to health services, and change management (see http://www.sdo.lshtm.ac.uk/commissionedprojects.htm). Up to EIGHT pieces of research will be funded.

Applicants should familiarise themselves with relevant research already commissioned by other NHS R&D programmes (such as the Policy Research Programme and the Health Technology Assessment Programme) to ensure that they can demonstrate that their proposals do not duplicate other research. In particular, applicants should read and show familiarity with SDO-commissioned research that has been used to inform this call for proposals. Applicants should also refer to the general criteria for prioritising research topics, developed and agreed by the SDO Programme Board, and which is available on the SDO website (http://www.sdo.lshtm.ac.uk/pdf/prioritisation.pdf).
Those interested in submitting a proposal for any of the topics should note that a two-stage commissioning process is being used and applicants are invited to submit outline research proposals by **Wednesday, 13 April, 2005.**

**OP110 – The impact of governance and incentive arrangements on the performance of professionals, health care organisations and health systems**

The bureaucratic and hierarchical structures underpinning the organisation of the NHS have been increasingly challenged in recent years through the development of more competitive and market-based arrangements and the growth of more relational approaches, such as professional and clinical networks. In part, this experimentation reflects the search for those governance and incentive structures that help to induce professionals and/or health care organisations to be responsive to change.

Three SDO commissioned literature reviews on organisational factors and performance (Sheaff et al, 2004), the incentive effects of different forms of governance (Davies et al, 2004), and the impact of devolution and decentralisation policies (Peckham et al, 2005), each came to the conclusion that professionals and professional organisations within health care systems responded to differing incentives in varying circumstances and contexts. Moreover, they revealed that there was little empirical evidence of the relative effectiveness of different governance and incentive mechanisms to understand which approach works best, where, when and for whom.

For these reasons, the SDO is looking to commission a connected series of **up to eight** empirical research projects that examine the role of governance and incentive mechanisms on professionals and on health care organisations in a variety of settings. The purpose of the call is to understand the relative effectiveness of different governance and incentive mechanisms. In particular, the SDO is seeking research projects that examine how governance and incentive arrangements impact at each of three levels of enquiry:

- the responsiveness of individual professionals (up to 2 studies);
- the performance of health care organisations (up to 4 studies); and
- the overall performance of the wider NHS system (up to 2 studies).

These three levels of enquiry are not mutually exclusive and the SDO recognises the need to study the alignment of the governance arrangements between these organisational layers. For these reasons, the number of studies to be commissioned under each level of enquiry is only illustrative of the weight we attribute to the different fields. The SDO would be interested in receiving proposals that integrate investigations across the three levels of enquiry.

**The responsiveness of individual professionals**

At the level of the individual professional, the SDO would be particularly interested in applications that looked at how ‘mixed modes’ of governance can, and are, being employed to address both the intrinsic value-based ideals of individuals as well as more ‘knavish’ responses due to contractual incentives and/or penalties (Bate et al,
Empirical attention in such research should aim to tease out how individuals understand and react to different incentives and how this, in turn, affects organisational procedures and outcomes. In this sense, the research needs to look ‘below’ the level of markets, networks and hierarchies to examine the incentivises inherent in different governance practices actually existing in current organisations. The purpose of such research will be to examine how ‘mixed modes’ of governance are employed and to draw conclusions as to the most effective blends of governance activity that can be developed that incentives professionals to attain key organisational objectives.

All studies proposing to examine the responsiveness of individual professionals to different forms of governance arrangements will need to develop a framework for studying the incentives within them. These should take account of both direct and indirect incentives, intended and non-intended, financial and non-financial, and rewards versus punishments. Applicants are free to choose the location of their research (for example, in primary/secondary/tertiary care and/or by particular specialty) but all need to develop an approach that examines the impact of different ‘modes’ or ‘blends’ of governance and incentive arrangements. Specific questions that need to be addressed might include:

- What is the nature of the ‘mixed modes’ of governance that are explicitly and implicitly being used to influence professional activity within professional organisations?
  o What are the different characteristics of the modes of governance used (for example, direct and indirect; financial and non-financial; etc)?
- How do professionals makes sense of the policies and governance arrangements that are intended to shape the activities of their organisation?
  o In what ways do these interpretations impact on day-to-day practice and with what impact on meeting organisational outcomes?
  o To what extent do professionals re-interpret, or work within, different governance and incentive arrangements?
  o To what extent do governance arrangements change over time and why?
- Which forms of governance appear most powerful in determining the actions of professionals?
  o To what extent do modes of mixed governance complement each other to help achieve certain outcomes? To what extent might they be in conflict with each other?
  o Do blends of governance approaches work better than singular forms?
- What factors influence the relationship between governance, incentives and outcomes in terms of professional actions?
  o To what extent can/do organisational incentives impact on professional activity?
  o What other motivators of behaviour exist in the organisation, and to what extent do these have merit in working towards or against organisational objectives?
- To what extent have different organisational incentives impacted upon the activities of different staff groups?
  o Do incentive arrangements correspond to the motivations of professional staff?
Can incentive arrangements change the motivations and activity of professional staff members?
How do individual responses to governance arrangements impact on the quality of care provided to the end users of services?

The performance of health care organisations

Under this heading the SDO is particularly interested in research that examines the impact of governance arrangements on the performance of organisations in both primary and secondary care. The purpose of this research, therefore, is to examine the ability and strategies used by health care organisations in local NHS systems and how this affects performance. In particular, the research to be commissioned is interested in discovering the mechanisms, or potential blends, of managerial and governance approaches through which more corporate responses from health care organisations can be engendered to meet local needs and/or to foster change in service delivery. The SDO would welcome research applications in the following areas:

- The performance of PCTs
- The impact of new local contracts in primary care
- The impact of practice-led commissioning
- The performance of provider organisations

The SDO would welcome research applications that combined two or more of these areas to enable comparisons to be made of the impact of governance arrangements on organisational performance.

The performance of PCTs

The SDO would like to receive applications that examine the abilities and strategies of PCTs in engendering corporate responses from or within providers that facilitate performance and change. This should attempt to examine the best method, or mixes, of techniques that PCTs need to employ to engender corporacy, governance and change across the spectrum of local care providers. Specific questions that might be considered include:

- How can PCTs best use their influence to shape service provision in primary and secondary care?
  - How can the conditions conducive to desirable change be developed?
  - What incentives or regulatory regimes appear most appropriate?
- How best, and with what degree of confidence, can the commissioning process be used to engender change and meet service goals across a plurality of providers?
  - How can work across providers be influenced to achieve common service objectives and health priorities?
  - Can provider behaviours be aligned or incentivised to meet regulatory standards and policy priorities?
  - To what extent should commissioning agencies become brokers in the management of a local health care 'market' of providers?
  - What enables innovation to be achieved?
• What are the best mechanisms for involving professionals in the administration and functions of PCTs?
• How can the involvement of public and patients be developed?
• To what extent have strategies for improving public health and tackling health inequalities remained a priority, and what are the best mechanisms for ensuring such strategies are prioritised?
• To what extent have new partnerships between health, local authority and other community agencies been used to help integrate primary and community services? What are the best methods for ensuring this objective?

The use and impact of new local contracts in primary care

The revised GMS contract for GP practices in 2004, and plans to introduce local contracts for primary care dental practices and community pharmacies in April 2005 (Department of Health, 2004 a,b,c), represent a move towards the use of new local contracts in primary care. The use of such local contracts builds upon the premise that a more direct PCT-practice contractual relationship might allow primary care organisations greater managerial and financial leverage to secure better access to care, provide a wider range of locally-based services, and to engage more in prevention and public health activities.

The SDO would consider funding applications that analyse the development of new local contracts in either primary care practices, primary dental services, community pharmacies or a comparative analysis across the three fields. Specific questions that would need to be addressed include:

• To what extent do new local contracts enable the development of greater clinical engagement?
  o To what extent have new local contracts enabled a more collective response between practices and providers of primary care services?
  o To what extent are GPs, community pharmacists and primary care dentists being involved at a strategic level in PCT decision-making?
• How best can new local contracts be constructed to meet key targets?
  o To what extent are new local contracts being incorporated into Local Development Plans and strategies?
  o What has been the impact on costs and workload?
• What is the most effective method of administering the contract process?
  o What is the degree of formality/informality?
  o How are contract disputes resolved?
• To what extent have new local contracts changed the nature of activity being performed within primary care practices?
  o What has been the degree of specialisation and substitution?
  o Has the nature and volume of activity being performed changed?
  o Has there been a shift in emphasis to greater preventative care and to tackling health inequalities?
  o To what extent have new local contracts led to the development of multi-professional team-working in practices?
  o Have new local contracts led to an improvement in the working lives of primary care professionals and associated staff?
• Have new local contracts improved access to care?
To what extent have new services been created in primary care settings, and in what areas (e.g. chronic disease management; out-of-hours; preventative care; enhanced treatment services)?

What has been the impact on outpatient appointments and waiting times?

- To what extent have new local contracts helped foster patient choice?
- To what extent have new local contracts encouraged the development of limited companies and new provider organisations?
- Has the quality of services to patients improved through the use of new local contracts?

Practice-led commissioning

Practice-led commissioning was announced in the recent NHS Improvement Plan (Department of Health, 2004) placing responsibility on PCTs to develop schemes in which real and/or indicative budgets are devolved to GP practices to commission services directly from providers. The SDO would welcome submissions examining the development and use of practice-led commissioning, particularly as a mechanism for encouraging chronic disease management strategies and primary care-based alternatives to hospital care. Specific questions that need to be addressed include:

- To what extent have practice-led commissioners been able to effect change in the way services have been provided and, if so, in what ways?
  - What has been the impact on the level and quality of services?
  - Have new primary or community-based services been provided and, if so, in what areas?
  - Has there been a shift to preventative type treatments and more specialist activity in primary care practices?
  - Has practice-led commissioning increased the construction of ‘care packages’ for individual patients?
  - To what extent has practice-led commissioning enabled patients to express choices and preferences on treatments and locations of care?
  - What has been the impact on access to care?

- Has practice-led commissioning improved the level of clinician involvement in PCT activities?
  - Has practice-led commissioning acted as a catalyst to improving morale and empowering GPs within the local health system?
  - Are the incentives for engagement in practice-led commissioning effective and appropriate?

- How have practice-led commissioners used and viewed their budget?
- What has been the contribution of practice-led commissioners to chronic disease management strategies and the control of referrals?
  - Has the level of referrals to hospital care reduced? Have waiting times reduced?
- What are the information needs of practice-led commissioning to enable effective commissioning?
  - Is this information available, and what happens when it is not?
- What management and policy lessons can be taken forward to help the development of practice-led commissioning in the future?
The performance of provider organisations

The SDO is also interested in commissioning research examining the impact of governance arrangements on the performance of a range of primary and secondary care providers (such as primary care practices, NHS Trusts, Care Trusts, Foundation Hospitals, and other private and independent providers). This should look both at the external and internal governance arrangements and the incentives these place on the functioning of the provider organisation. The research may involve an examination of one type of provider (such as a Foundation Hospital) or a comparative analysis between different provider forms.

Specific questions that might be considered include:

- What is the range and relative strength of governance and incentive arrangements that impact on the way provider organisations deliver services?
  - How, and to what extent, do funding agencies and regulatory authorities influence service provision objectives in provider agencies to meet regulatory standards and policy priorities?
  - In what ways, for what reasons, and with what degree of effectiveness do governance arrangements impact on the way professional staff work within provider organisations?
  - Which forms of governance appear most powerful in determining the actions of professionals in provider organisations?
- To what extent does devolved power and responsibility, and ‘earned autonomy’, influence organisational performance.
- How is the involvement of public and patients being developed?
  - To what extent have patient choice models been used as a way of gaining leverage over the activities of provider organisations?
  - How should innovations in systems and governance arrangements be used to their best advantage?
- What is the overall impact of governance arrangements on the performance of provider organisations?

The overall performance of NHS systems

The NHS as a health care system operates using a mix of governance tools both locally, regionally and nationally in order to achieve similar objectives. Hence, bureaucratic and hierarchical arrangements run side by side with network-based activities and the re-emergence of patient choice and provider competition. As Peckham et al (2005) and Davies et al (2004) describe, decentralisation and devolution policies in the NHS have led to greater diversity in this regard showing that, even within the NHS itself, there are very different ways of organising the health care system. Both studies concluded that there was the need and scope for comparative analyses which examined the relative performance of the NHS system in different locations where different approaches to the organisation and governance of the NHS existed. This could either be undertaken at the meso-level (for example, inside specific parts of the NHS) or at the national level where, since devolution, each of the four home countries of the UK have been developing distinctly different
NHS systems providing the opportunity for a natural policy experiment on governance activities and the performance of NHS systems.

There have been few long-term comparative studies of differing health systems (Smith et al, 2004) so the SDO is seeking to commission a comparative study of system performance in the NHS. Applications might wish to examine governance and the performance of the wider NHS system at the meso-level for a specific aspect of NHS activity, or across the four home countries of the UK to enable comparative learning for policy-makers, managers and clinicians to be made. The purpose of such research will be to describe and assess the performance and effectiveness of policies, commissioning activities, service developments, and health outcomes. The research should develop a set of performance indicators through which to compare the impact of different systems with the purpose of ‘learning from the best’. Specific questions that need to be addressed include:

- How and why have the different health care systems developed over time?
  - What are the key similarities and differences in the approaches used in terms of policies, commissioning activities, service developments, governance and management?
  - To what extent, and why, have local and regional contexts and cultures played a role in defining the nature of these health care systems?
- What are the key performance indicators and measurement criteria that need to be used in a comparative analysis of devolved health care systems?
- What are the key factors that enable certain services or objectives to be realised, and to what extent is the ability to achieve these objectives related to the nature of the health care system (e.g. centralized commissioning vs practice-based)?
  - To what extent are key factors influenced by existing contexts (e.g. political, geographical, cultural etc)?
- To what extent do differing levels of local autonomy and decentralisation affect organisational performance?
- Where are the key functions of health systems management (such as commissioning, financial management, and public health) best located?
  - Does ‘one size fit all’ or is there a trade-off between different criteria?
- What lessons and learning can be derived from the experiences and performance of the NHS systems to inform the future development of policy and practice?

**Methods**

Applicants for the studies outlined in this topic area should provide a clear conceptual and theoretical grounding for this research, and should be encouraged to explore a variety of research methods. Applicants should clearly outline their proposed methods for carrying out empirical research and detail, where relevant, the methods by which assessment criteria will be created to assess the impact of governance on the performance of professionals, organisations and/or systems. The nature of the research study may require the development of a variety of qualitative and quantitative research methods and may include the collection of statistical and other data where appropriate.
Applicants should demonstrate that they have a research team in place with the appropriate research skills. Indication should be provided about how they will work with the SDO Programme and relevant stakeholders to build in an active programme for disseminating their research findings in policy, practice and research contexts.

**Outputs**

The principal output of this research project will be a detailed report containing details of the research and its findings. The report will also need to include:

- A short and coherent executive summary of no more than three pages;
- A full account of the methods used in the research project, including a critical appraisal of these methods;
- Rigorous and detailed conclusions that examine the impact of governance and incentive arrangements on the performance of professionals and professional organisations;
- A commentary that indicates how these findings relate to current policy and practice; and
- An agenda that establishes the key areas for further research and the appropriate methods that should be used in this research.

Successful applicants may be required to present their completed work to the SDO Programme Board.

**References**


**Application process and schedule**

The process of commissioning each of these three studies will be in **two stages** and applicants should submit **outline proposals** using the **A4 Outline Proposal application form**, which is available as a Word 97 file or Rich text format from:

- the SDO website: [http://www.sdo.lshtm.ac.uk/calls.htm](http://www.sdo.lshtm.ac.uk/calls.htm), or
- by Email from: Donna.Cox@LSHTM.ac.uk

Please do not use any previously obtained version of an SDO Programme application form.

To ensure the efficient and equitable answering of additional queries, all questions about this research call should be sent by e-mail only to Donna.Cox@LSHTM.ac.uk with the words ‘**OP110 query**’ in the subject/header.

Questions received by 11 March 2005 will have generic answers posted on the SDO website ([www.sdo.LSHTM.ac.uk](http://www.sdo.LSHTM.ac.uk)) by 18 March 2005.

**No other correspondence about this research call can be entered into.**

Applicants are asked to submit proposals by **Wednesday, 13 April 2005 at 1pm to**:

**Donna Cox**  
Commissioning Manager  
NCCSDO  
London School of Hygiene and Tropical Medicine  
99 Gower Street  
London WC1E 6AZ

**AN ORIGINAL PLUS TWENTY-FIVE HARD COPIES** of the completed **A4 Outline Proposal application form** should be submitted together a copy on disk or CD. Please note we will not accept electronic submissions or hand written proposals. **No late applications will be considered.**

Guidance notes for the completion of the **Outline Proposal Application Form** can be found at the front of the application form.

Funding to a maximum of **£300,000** is available for each of **up to eight** projects in this topic area. **Applicants should note that value for money is an important consideration in respect of this research.** Proposed costs of the project should not exceed the limits stated above.
Following submission of outline proposals successful applicants will be notified no later than **June 2005**. They will then be invited to submit full proposal by **late July 2005**. The outcome of the review of full proposals will be notified by **October 2005**. The project should take no longer than **3 years** to complete and start no later than **December 2005**. Please note that these dates are approximate and may be subject to change.

In addition, applicants should indicate how they will work with the SDO Programme and relevant stakeholders to build in an active program for disseminating their research findings in policy, practice and research contexts.

The SDO Programme will look favourably on proposals that include an element of research capacity building.

Please clearly label the outside of the envelope in which you submit your proposal with the following: ‘**Tender Documents OP110**’. This will enable us to identify proposals and keep them aside so that they may all be opened together after the closing date and time.

Teams should ensure that their proposal complies with the Research Governance Framework, which can be found on the Department of Health website, or via a link on the SDO website under the ‘Call for Proposals’ page.

**Before funding, successful teams will be required to provide proof of research ethics committee approval for their project, if this is required** (information regarding this can be found on the SDO website under the ‘Calls for Proposals’ page).

We anticipate that there will be informal discussions with NCCSDO throughout the duration of the project regarding the final report.

Applicants should visit the SDO website: [http://www.sdo.LSHTM.ac.uk](http://www.sdo.LSHTM.ac.uk) to familiarise themselves with the work of the SDO Programme in general and with previous scoping exercises in other topic areas.
Addendum
This document was published by the National Coordinating Centre for the Service Delivery and Organisation (NCCSDO) research programme, managed by the London School of Hygiene & Tropical Medicine. The management of the Service Delivery and Organisation (SDO) programme has now transferred to the National Institute for Health Research Evaluations, Trials and Studies Coordinating Centre (NETSCC) based at the University of Southampton. Prior to April 2009, NETSCC had no involvement in the commissioning or production of this document and therefore we may not be able to comment on the background or technical detail of this document. Should you have any queries please contact sdo@southampton.ac.uk.