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Private child welfare agency managers' perceptions of the effectiveness of different performance management strategies

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ABSTRACT

In all states, public and private child welfare agencies partner in an effort to deliver effective and accountable services to children and families (Collins-Camargo, Ensign, & Flaherty, 2008). While anecdotal information suggests that managers in competitive markets have incentives to carefully select and implement performance management strategies (McBeath, Briggs, & Aisenberg, 2009; Smith, 2010), little is known about the effectiveness of these strategies. This paper explores managerial perceptions regarding the usefulness of three techniques for performance management: supervisory review within the human resources model; priority review within internal processes; and outcomes management within the rational goal model. Managerial perceptions of the effectiveness of these efforts are examined in relation to organizational characteristics, capacity, and interagency competition.

1. Introduction

In the human services there is a clear expectation that service providers should be accountable to public and private funders for meeting performance expectations in their own work and that which they contract to the private sector (Gronbjerg, 2010). The idea that public agencies should have a publicly accessible 'score card' to track contract performance and promote continuous quality improvement has been suggested (Moulin, 2009). There is an obligation to the general public to provide evidence of efficient and effective services, including impartial comparison of providers to help document "sufficient evidence to justify government decisions free of political or personal pressures" (Kramer & Grossman, 1987, p. 34). In a high-stakes field like child welfare, where poor agency performance may have considerable consequences for children and families, this obligation may be of even greater importance than in other sectors. This paper examines managerial perceptions of an array of performance management strategies and the factors associated with perceived effectiveness based on a survey of private child and family serving agencies.

Since the 1990s there has been a significant increase in the privatization of public human service programs (General Accounting Office, 1997; Oliver, 2002; Salamon, 2002), where functions and responsibilities are shifted from the government to the private sector (General Accounting Office, 1999; Smith, 2012). Sometimes these decisions are driven by the desire to promote efficiency in service delivery (Brodkin & Young, 1989; Salamon, 1995, 2002). Concurrent with the increase in contracting to the public sector has come a focus on market-based and outcome-oriented control mechanisms (Sandfort, 2000; Van Slyke, 2003) which have largely replaced the non-competitive arrangements of the 1960s (Nightingale & Pindus, 1997). The literature has begun to refer to the "hollow state" in which the traditional scenario of public agencies implementing all public policies and programs is exchanged for contractually-bound networks of public and not-for-profit organizations which are jointly responsible for the production of publicly financed services (Bingham, Nabatchi, & O'Leary, 2005; Milward & Provan, 2003).

The shift to private sector delivery of public services has changed the relationship between public and private agencies (Austin, 2003). This article focuses on the field of child welfare, which has also seen a significant increase in contracting core services to the private sector over the last decade. In all state child welfare systems, some level of public/private partnership exists in the delivery of services to at-risk children and families (Collins-Camargo, McBeath, & Ensign, 2011), typically operationalized through purchase of service contracts (McCullough & Schmitt, 1999; Westat & Chapin Hall, 2002). The federal Child and Family Services Review process has put considerable pressure on state child welfare agencies to meet performance standards, despite criticism of the measures used (i.e., Courtney, Needell, & Wulczyn, 2004; Zeller & Gamble, 2007) as well as long-standing questions concerning whether this field had mastered the mechanisms and technology to track contract outcomes (Courtney, 2000).

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To measure performance, managers must select from an array of performance measures that fall across a continuum: outputs that are more process-oriented (e.g., unit of service, episode, material or service completion); quality (i.e., outputs with quality dimensions or client satisfaction); and outcomes (i.e., numeric counts of changes experienced as a result of the program, using standard measures such as level of client functioning, representing the desired state the program is designed to achieve) (Martin & Kettner, 2010). The manner in which public agencies structure purchase of service contracts and how contracting can be used to promote performance at the federal (e.g., Governmental Accounting Standards Board, 1993; Martin, 2003) and state levels (Benton, Field, & Millar, 1978) has been an area of interest. However, such contracts in child welfare have traditionally specified the service outputs rather than outcomes of services on children and their families (Wulczyn, 2005).

Administrators in the public and private sectors face significant challenges in these new service provision networks to ensure accountability of contractors within the context of the principal–agent relationship (Bloom & Milkovich, 1998; Eisenhardt, 1989). It is important that clusters of contracts (which together support the deployment of public resources towards implementation of programs and policies) do not become viewed as separate, disconnected contracts in which progress in achieving overall program outcomes cannot be assessed (Frederickson & Smith, 2003). Agencies must use available data related to the contractual provision of services to respond to the call for accountability, and can benefit from the assistance of agency-based and external researchers to help them mine the data they have productively (Ward, 2004).

Organizational performance analysis is “a managerial tool used by organizations to improve performance through describing, monitoring, understanding and evaluating organizational performance with a goal of understanding what causes performance and developing subsequent strategies to improve it” (Wang, 2010, p. 12). Performance analysis is particularly complex for public human service agencies and their not-for-profit contractual partners due to multiple stakeholders with an interest in performance, short-term, fiscal year-based funding and decision-making cycles, intangible and non-financial service outputs and outcomes, and monopolies over service delivery (Wang, 2010). Other difficulties associated with tracking and assessing performance relate to the often-indeterminate nature of service delivery in the human services, where managers and front-line practitioners may have difficulty in determining how best to serve at-risk clients and where agencies may as a result face difficulties in identifying practices that are client-preferred and lead to desired outcomes (Hasenfeld, 1982).

In child welfare, public and private agencies often partner in an effort to deliver effective and accountable services to children and families (Collins-Camargo, Ensign, & Flaherty, 2008) but the literature has called for more focus on outcome achievement (Devaney, 2004; Hannah, Ray, Wandersman & Chien, 2010; Tilbury, 2007). Some agencies implement evidence-informed practice or performance management strategies. One study found a statistically significant relationship between use of such performance measurement data and staff skill in child welfare, particularly in the private sector (Collins-Camargo, Sullivan, & Murphy, 2011). Anecdotal information suggests that managers in competitive markets have incentives to implement performance management strategies (McBeath, Briggs, & Aisenberg, 2009; Smith, 2010), although there is conflicting evidence regarding the relationship to competition (Lamothe & Lamothe, 2008; Peat & Costley, 2000).

Unfortunately, however, little is known about the use of performance measurement data in public/private partnerships (Alexander, Brudney & Yang, 2010) or the effectiveness of performance management strategies, although reliance on performance management has been linked to strategic decision-making (LeRoux & Wright, 2010). Child welfare agencies may incorporate an array of strategies such as review of automated outcome reports, peer record review, or program evaluation to improve performance, but little is known about why they are selected or their effectiveness. Devaney (2004) advocated a qualitative approach to connecting outcomes to system objectives in child welfare. For child welfare and other traditionally-delivered public human service arenas, there is a tremendous benefit to determining a manageable process for organizational performance analysis.

Given that many programs are driven by statutory mandate, the availability of comparative data provides an opportunity for policy discourse, and development of an argument to support a vision for change related to what client- and service-focused data tells agency administrators and staff about current practices and their relationship to measured outcomes (Tilbury, 2007). Recent research (Kelman & Friedeman, 2009) has countered the myth that there can be dysfunctional effects of performance measurement, such as agencies focusing on performing to the specific indicator rather than the overall goal, which can result in other outcomes failing or gaming as was described by Hua Tan and Rae (2009). However, more research is needed in this area. Well-designed performance analysis processes can incorporate ways to assess the validity of such concerns. Certainly the ability to select from an array of performance management strategies in order to focus efforts and conserve resources is a valuable tool to human service administrators. A first step might be measurement of administrator perceptions regarding commonly used strategies.

Performance measurement has been demonstrated to affect the behavior of the contractor as well as the market (Figlio & Kenny, 2009). Across providers, performance improvement has been associated with the intensity of shared goals, and the level of investment in the partnership (Gazley, 2010). This suggests that effective collaboration focused on systemic performance could play a role in addition to performance management on an individual agency level. The federal Child and Family Service Review (CFSR) process represents an example of an initiative that assesses and promotes overall system improvement to some degree, as systemic factors include service array and collaboration with stakeholders, and some of the practices and outcomes measured may actually be performed by private providers under contract. The field could be moving toward focus on measuring collective impact (e.g., Hanleybrown, Kania, & Kramer, 2012; Mitchell et al., 2012) on desired outcomes rather than only considering individual agency performance, in which case considering interagency relationships and their association with system level performance management may be important.

Recognizing that states were contracting with private agencies to provide significant portions of the child welfare service array, the Children's Bureau funded the National Quality Improvement Center on the Privatization of Child Welfare Services (QIC PCW) in 2005 to conduct multisite research around public/private partnership and promote knowledge development of interest to the child welfare field (Wright & Radel, 2007). In interaction with the public and private sectors and through review of the literature, it became clear that little was known about the current status and characteristics of private child and family serving agencies in the child welfare system. As a result, the QIC PCW, in collaboration with the Child Welfare League of America (CWLA) and the Alliance for Children and Families (The Alliance), developed the National Survey of Private Child and Family Serving Agencies (NSPCFSA) in 2011 to expand the knowledge base regarding the private sector's role in child welfare service delivery and private agencies' interorganizational relationships within the broader child welfare system. (For more detail on the broader results of this research, see McBeath, Collins-Camargo, and Chuang, 2012).

One of the domains in the survey focused on performance measurement and in particular on managerial perceptions of the use and utility of an array of performance management strategies. This paper explores results of the survey to answer the following research questions: which performance management strategies do managers perceive as most