

## *PhD Research Proposal*

# ***Evaluating the Process Efficiency of Government Contracting of Social Services***

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### *Abstract*

The efficiency of social services is currently unknowable because contracts which buy them do not require the definition or measurement of the outcomes they intended to achieve. Rather, they define and pay for the delivery of service outputs like number of staff employed or number of referrals received. Not knowing the efficiency of such services is a problem because the opportunity to improve happiness, health and wellbeing is spent, along with billions of tax dollars at the expense of potentially more efficient means of providing them.

There is growing sentiment among governments to change the contract requirements of social services to focus more directly on the outcomes they intend to achieve, but changing a very large service system containing millions of participants, billions of dollars and ill-defined goals is a very complex project. Manufacturing and other industries use formal quality management systems to control efficiency and maximise profit in complex environments, but until now social services have not been able to do this because they lack a hard analogue of success like profit.

The intention of this research is to define a model for implementing an industry style, formal quality management system to control the processes and efficiency of social services, replacing profit as the guiding quality principle with a recently developed wellbeing goal framework.

*word count: 5944*

## **INTRODUCTION**

Billions of dollars of tax revenue is spent every year in Australia implementing social policy for services like child protection, community building, disability services and domestic violence (NSW Treasury 2016) yet, current contracts lack a means of measuring their impact and therefore can neither claim to be effective nor continually improve (Gruen 2016). These services are offered to the community in pursuit of the aims of social policy and are provided both directly, through front line government services and indirectly through Non-Government-Organisations (NGOs) using contracts government awards them through the procurement process.

The success of a private business is measured by the financial return it makes for its owners. However, the success of services run with the intention of improving some social condition, like reducing the incidence of child abuse, is not measured by financial return. So those services must rely on non-financial data to judge their relative success or failure. The problem is that the data gathered from many such social services is either not applied to judging or improving the service, or is only 'output' data, which measures work done rather than results achieved, and is at best a very indirect measure of success (Head 2015).

Despite well written policy being implemented by a well resourced public sector, specific and measurable outcomes are neither defined during their authoring, nor collected during their procurement and management. The lack of a hard analogue of success like 'profit', leaves social services without the means of formally knowing their result. For example, the New South Wales (NSW) Department of Family and Community Services (FACS) spent \$1.7 billion on grants in the 2016/17 financial year (NSW Treasury), with the stated policy outcome that:

*Children and young people are protected from abuse and neglect.* (FACS 2016)

But this policy outcome does not specify which conditions qualify as 'protected from abuse and neglect', nor does it quantify a baseline of the incidence of 'abuse and neglect' or an associated numeric goal for its reduction. Because of this there is no way of telling from the policy outcome itself how to judge success or failure. Thus, there is no way to tell if the resources allocated to achieve that goal have been used efficiently or effectively.

It may or may not be the role of policy makers to set the specific means by which the intended outcomes of social policy can be achieved. Nevertheless, that task must fall to someone in the chain of people that design, procure or deliver the service to the end user. To deliver value for money to the tax payer, the process of designing and procuring services must specify the nature of the service being purchased, including the conditions that indicate success (Moore 1995). Specifying exactly what service should be delivered and how its success is judged is the first step to managing the quality of that service.

Specific units within government departments have the responsibility to define the terms of service and the success criteria set out in tenders and contracts. It is their action that determines the form of these services and sets the foundations to judge the relative success or failure of the resulting services.

But unless a reliable indicator of success can be agreed upon in the delivery of social services there is no way to either judge or manage their quality. More generally, the current lack of agreed success parameters in contracted social services is a barrier to effective and efficient program delivery because there is neither an objective way to judge nor manage quality. This is an insurmountable barrier to the efficiency and effectiveness of government.

## **LITERATURE REVIEW**

### **How are the conditions that indicate success defined now?**

Historically, government has used its law making and purchasing power to influence social outcomes like the impact of race, gender and disability discrimination, including at the end of slavery in North America and more recently to reduce human impact on the environment (McCrudden 2004). Passing laws that limit people's actions is one way that government can influence behaviour, and paying for various services is another.

By paying businesses and NGOs to pursue social outcomes, governments have linked the desired social outcomes described in policy with payment, through contracts. This is an important point as it shows how the contract abstracts the intention of policy through the award of payment. As such, contracts are tools that make payments to contractors contingent on them doing the work defined in the contract. That work is intended to bring about the desired policy outcomes. To continue to use FACS as an illustrative example of a government purchaser of social services: most FACS contracts provide payment for 'work done' rather than 'results achieved' so it is hard to tell directly if the intent of the contract was delivered, or to what extent.

The methods and effectiveness of public procurement was discussed at length by the British Government in their Public Administration Select Committee (PASC) Report on Government Procurement (2016). The PASC enquired about procurement practices by talking to a broad range of stakeholders across Britain and Europe. Their findings included comment that the public service in Britain;

- lacks the skills and ability to define the requirements or outcomes of their procurements,
- lacks the policy detail and data gathering systems to set, monitor or evaluate outcome measures,
- focuses too much on processes and not at all on outcomes,
- relies on risk assessment as a means of delivering social value to the extent that it actually costs money, wastes time and potentially precludes the outcomes sought in the first place, and
- that these failures of public procurement are in fact a failure of government.

The PASC sites ineffective, process-heavy procurement practice as the cause of these issues and urges the government to review and improve procurement process across all departments in favour of one that better sets, monitors and evaluates outcomes. Yet, as with other criticisms of past procurement failures there is no specific proposal about the kind of outcome measures that might be used or even how they would be determined.

The PASC Report finds that public procurement in Britain and Europe often fails to communicate specific information about the outcomes it is trying to achieve (PASC, 2016, p.3). Not communicating

your specific outcome goals in a contract is a barrier to delivering value for money because performance measures in the contract cannot be mapped to outcomes. This means that the contractors themselves lack meaningful benchmarks to work towards, so they can neither direct their effort in an agreed direction nor track and improve the quality of their effort over time.

But in fact, it is quite difficult for governments to specify how social outcomes can be mapped to performance in contracts because the literature and precedents on these details are scant (Head, 2015, p.473). While there is a growing body of literature on the determinants of desirable social outcomes (Marmot 2016) there is little research on instances where governments have systematically defined and collected data on the outcomes of public procurement pursuant to social policy. The main problem is not necessarily that data on the success of public procurement of social policy is unattainable, but rather that there is no convention about what evidence to gather (Head, 2015, p.472). As such, even when evidence about effectiveness is available, it is not used to inform an evaluation and improvement process. Although data concerning the impact of policy is increasingly gathered in developed countries, there is a lack of agreement about how to use that data to evaluate performance or improve outcomes. Maybe because these issues have been difficult to agree on, the conventions around what information is gathered and how it is used is a very thin area of research (Head, 2015, p.475).

### **Outputs are not outcomes**

Success criteria are actually written into government contracts now, but usually in the form of outputs (Barrett 2015). Outputs are the actions intended to make the Outcomes happen and Outcomes are the resulting change in the individual or community which are the intended aims of the policy and service contract (Duignan 2002)

*An example of a contract output is:* Number of referrals received by contractor.

*An example of a contract outcome is:* A person feels safe in their home environment.

The current convention for guiding and managing the performance of FACS contracts is to have contractors collect and report output data and to use this as the sole mechanism to judge success. Setting outputs as performance criteria would be a reliable way to ensure performance in contracted social services if the set output is certain to bring about the desired outcome. But in almost all cases, it is not.

### **One example of an output based performance contract**

The difference between contract Outputs and Outcomes can be illustrated through an example; for the sake of continuity I will continue to use FACS. FACS currently purchases the 'Intensive Family Preservation Service' using an Outputs-based contract. This service was first funded in 2014 to help the NSW State Government achieve several goals it had identified under its 10 year plan, 'NSW 2021', and as a response to the Keep Them Safe Report on the Royal Commission into Child Protection (FACS 2014).

Specifically, FACS policy goal for the Intensive Family Preservation Service is to:

*Implement Intensive Family Preservation and support services to reduce entry into out-of-home care. (Goal 13 of the state plan 'NSW 2021' commits the State government to actions that "better protect the most vulnerable members of our community and break the cycle of disadvantage")*

(FACS 2014)

Policy initiatives like this are interpreted by units within FACS, and translated into a specific service contract that can be purchased. This interpretation of the policy operationalises notional, moral outcomes into a set of service activities that can be funded, produced and measured against a set of analogous data that represents the performance of those activities. The resulting document is known as a Program Guideline.

As you can see from the policy goal above, the specific aim of the Intensive Family Preservation Service is to stop children from entering the Out-of-Home-Care (OOHC) system. Bearing this in mind, consider the likely effectiveness of the following performance criteria and data reporting requirements that FACS prescribes for Intensive Family Preservation Service contracts:

#### Service activities

- Advice & referral
- Assessment & case planning
- Family focused case work
- Home visiting
- Counseling
- Skills focused groups
- Parent support groups

Data collected from contractors as a representation of the performance of those activities

- Number of children who participated
- Number of parents who participated
- Percentage of parents who say they learnt new things through the program
- Number of families referred
- Number of families that were accepted into the program
- Number of families that participated in the program for the planned duration
- Number of Aboriginal Families
- Number & percentage of families where the worker assessed increased strengths

(FACS 2014)

#### **What's wrong with that?**

The issue with this approach is that the collected data measures outputs, not outcomes.

Outputs in this contract are the activities that the contractee pays the contractor to perform (FACS 2014), but they are not the goal of the contract. Outputs are assumed to bring about conditions that achieve the goal, but outputs only imply the intended outcome. In fact, outputs may have no effect at all on the outcome the policy intended to achieve. For example, the data collected for the Intensive Family Preservation service measures the number of service participants (families, children, etc.); this says nothing about whether a child of that family benefited from the service or if they ended up entering OOHC.

Outcomes of this contract are the actual changes the policy intended to bring about as a result of outputs (Murray 2014). In this case, if we expressed the required outcome of the policy it would be that;

*Fewer children need to enter OOHC than otherwise would have*

But the performance requirements of this service are stated as outputs so no data is collected on the number or percentage of families who did NOT enter OOHC either during, or after that family's involvement with the Intensive Family Preservation service. Therefore, the sole intended outcome of this service remains unexpressed and unmeasured in the performance parameters of the contract.

Not knowing the outcome of the outputs, means that we are unable to make judgments about the performance of the service, the policy or its procurement. This in turn means that we have no prospect of improving the performance of the service in achieving its intended social outcomes over time. This lack of an expressed outcome undermines contract performance in two ways; both the goals and the knowledge of methods to achieve them are unknown (Turner & Cochrane 1993). FACS currently deals with the problem of underspecified services by asking the market to solve it. Tenders are announced that contain details of the broad intentions of the funding without imposing any means to provide them or performance measures which could be used to judge efficacy in the performance of the contract.

The problem with this is that agents in a market economy tend to favour their own viability, so when potential contractors propose the parameters of service delivery during the tender process they tend to define the most easily achievable goals. Projects with poor goal and method definition are unmanageable and should at least have their goals defined if at all possible (Turner & Cochrane 1993). This at least allows for a trial and error style management to take place until effective methods of achieving stated goals can be found through data trends.

Deciding on the direction and detail of public policy intervention is a complex business. Policy makers and service designers make decisions based on input from stakeholders with various levels of power, like lobby groups and industry (Gruen 2016) who may see a funding grant as an outcome in itself. Decisions about policy and procurement details must also be made relying on a broad range of information sources, well beyond the limit of rational arguments for technically difficult to gather outcome data (Duignan 2003). Decision making in matters of public policy and procurement would be far better supported by focusing on the intended outcomes of policy, rather than the current practice of focusing on secondary indicators of success using outputs like correct financial acquittal (Shergold 2015).

The result of focusing contract performance measures on outputs is that precious resources are spent year after year regardless of the whether the intended outcomes of policy were delivered by the contract. This means we have used our opportunity to impact social issues without knowing whether we did.

So if not knowing the outcomes of social policy is a problem, why don't we start measuring them?

**Arguments for and against outcomes based contracting**

One of the barriers to setting tangible goals in the kind of 'soft' outcome project of social policy is knowing what to measure and how to measure it. At the moment, this is an area of much research and opinion without the benefit of practice examples where outcomes based contracting directly replaces output based contracting (Donaldson 2016). Given this lack of an example to draw from, it may be naive to believe that an ideal-sounding, but untested, system can offer any improvement at all. Uncertainty and divisions in society, politics and policy are probably too complex to apply a one-

size-fits-all prescription so instead of indulging the hope that untested and radical system change can solve all problems it may be better that public servants address known problems in a systematic and incremental way. This approach requires consultation, creativity, a passion for solutions and bravery in implementing them and offers a far more certain alternative to provide the tax payer with value for money by exploring the possibilities for value in the circumstances that we find ourselves in (Moore 1995).

There may be a number of methods for knowing the broad quantitative outcomes of social policy but all would involve picking a suite of mathematical analogues of success and measuring them over time until you can make a judgement about the relative effectiveness and efficiency of inputs (money) to outcomes (health & happiness or similar). It seems self-evident that trying to observe the effectiveness and efficiency of FACS funded programs is a good thing to do, but it is also risky for politicians and public servants because once you name outcomes and the way you will measure them, there is a way to prove failure. This makes the main argument in favour of implementing outcome evaluations also the main deterrent (Murray 2014).

Government contracts and the organisations who run them are exposed to the political process, including scrutiny of the public, the media and opposing politicians, all of whom may cast the work being done in an unfavourable light. This risk to policy makers of being characterised as a failure means that the wording and methods of accountability in many government contracts avoid concrete terms (Weinstein 1977). So far, this dynamic of the social / political system that government contracting operates in has excluded the possibility of imposing quality measures that reveal client or social outcomes because evidence of policy failure reflects badly on both the politician who writes it, and the public servant who reports it (Gruen 2016).

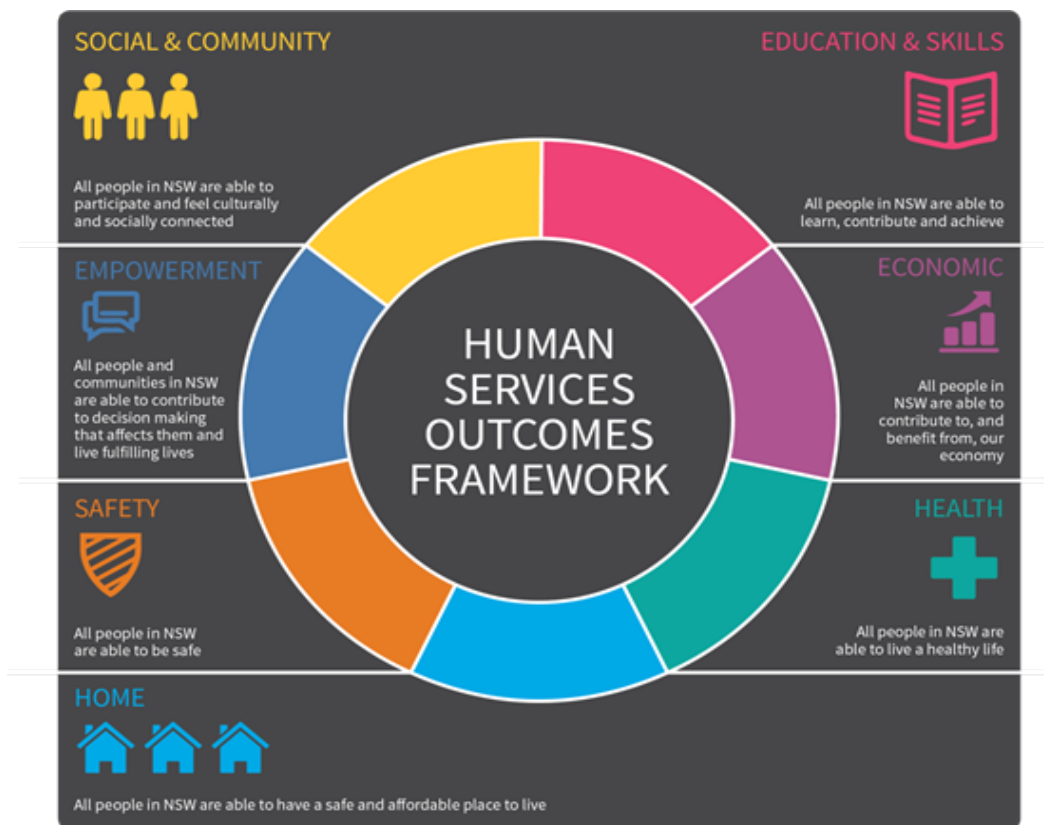
But failure, under this analysis is only evaluated from the perspective of the government's reputation and not from that of the tax paying public, whom are reliably failed by the lack of transparency in the performance of government. The failed Commonwealth Home Insulation Program for example had an inadequate document management system. Lack of process and control around document management failed to provide transparency and fostered a culture in which public servants were unwilling to give advice in writing on the implementation of programs as robustly as they did verbally (Hanger 2014). Advice from public servants is meant to be 'frank and fearless' so it should be analytically rigorous and unbiased in its assessment of evidence, especially if it exposes failure and thereby provides a way to observe and improve performance (Shergold 2015).

From this perspective, defining and imposing measurable outcomes on the contractors of social services increases our ability to judge effectiveness because it facilitates monitoring and transparency. However, limiting the definition of 'effectiveness' to something that can be reduced to numbers and percentages necessarily ignores a large amount of qualitative information that is available to the contractor providing the service. More than a limit, this might constitute a misrepresentation of the effect of a policy altogether, rendering measurement based judgements counter-productive to the end of continual improvement (Donaldson 2016). If this is the case then there is an argument that defining the outcomes of a funding program may limit the flexibility and creativity of the people who are delivering it. Measuring only outputs at least allows workers in social contexts to adapt their practice to best suit the needs of the client without having to change their practice to match reporting requirements. Thus, imposing badly designed outcome measures runs the risk of mandating practice contrary to the needs of specific clients and could actually be a force against performance (World Health Organisation 2000).

### What are the right outcomes?

The Analysis and Research unit within FACS (FACSAR) have defined client relevant outcomes whose achievement can be tracked and evaluated in the NSW Human Services Outcomes Framework (HSOF) (FACS 2017).

The HSOF provides a set of population-level wellbeing outcomes and indicators which government can use as success criteria for contracted social services. The seven wellbeing domains were designed by agencies and NGOs and informed by a review of national and international research on what determines a person's wellbeing. As there are potentially many different outcomes that apply in different circumstances, outcomes have been arranged into the seven domains of Safety, Home, Health, Education and Skills, Economics, Social and Community and Empowerment.



**Figure 1.** The NSW Human Services Outcomes Framework, FACS 2017.

FACSAR argue that the HSOF provides a way to understand and measure the extent that FACS makes a long-term positive difference to people's lives and can facilitate building evidence about which programs contribute to the wellbeing of their clients (FACS 2017).

But even if the goals of HSOF facilitate government performance, how can government use the kind of outcome information delivered by the HSOF to inform its cumbersome and rigid processes and improve the quality of its services? Bureaucracies deliver standardized and rigid services that cannot adapt to the changing needs of their clients. This makes bureaucracies inefficient. Bureaucracies need to become more entrepreneurial in the sense that they must move towards a business model that identifies need and shifts resources to best meet it. This requires focus on goals, results and their impact on clients (Osborne 1993). But what kind of methods can Government use to do this?



Formal Quality Management Systems may be able to help government achieve the kind of process oversight that facilitates the continual improvement of its social services over time.

### **Formal Quality Management Systems**

Formal quality management systems (QMS) are an effective management strategy in industry because they use evidence to evaluate performance and improve outcomes (Cohen 1990). There are many variations of QMS that have been adapted to suit certain applications but there is one international standard that states the necessary and sufficient principles in a general enough way that they can be used by any industry (International Organization for Standardization, 2015).

### **The International Standard for Quality Management Systems**

ISO9000:2015 defines seven principles of quality management:

1. **Customer focus** The main focus and effort must be to meet the requirements of customers. Achieving this means that customers have confidence in your products or services.
2. **Leadership** Highest level management must culturally lead the drive to quality with their words and actions. This gives everyone else in the organisation confidence to do alike.
3. **Engagement of people** All organisations rely on all the people in the organisation for success, for this reason all people in the organisation must be genuinely engaged and respected.
4. **Process approach** The various work required to deliver the end product or service is of reliably higher quality if it is integrated into a process whose stages are known and controlable .
5. **Improvement** Organisations must adopt the principle of permanent improvement to maintain the highest possible quality products or services over time.
6. **Evidence-based decision making** Decisions must be based on reliable data or the decisions are unreliable.
7. **Relationship management** Maintaining the viability and interest of all business partners is vital to providing consistently high quality products and services over time.

(International Organization for Standardization, 2015)

But although these quality management principles have been applied widely in industry, there remain barriers to implementing quality management in government. One barrier is that it is harder to define quality in the industry of government because it is strongly weighted towards service provision whose outcomes are social, and therefore hard to measure. This makes determining quality measures and processes very complex. Reducing variation is also harder in services than in products because the quality of outcomes are more liable to subjective judgement by their consumer. Understanding who is government's client is also difficult because of the interests of various competing clients, for example, the interests of taxpayers and users of social services can clash. Yet another difficulty is monitoring and controlling the quality of processes and outcomes, this is because of the high degree of complexity in government services; there are too many people and too much variability involved in judging the effectiveness and appropriateness of the outcomes. Lastly, government culture is not well suited to Quality Management as turnover rates of high level management is much higher in government than in private industry (Swiss 1992).

### **Application of QMS in government**

Despite these difficulties, several governments have made limited attempts to implement quality management systems, including in Malaysia, Greece and USA.

*Malaysia*; implemented a quality management initiative across its national government called "Guidelines for strategies for quality improvement in the public service" in its various departments in the 1990s (Kok Fei & Rainey 2003). The initiative had several components including:

- An annual Prime Minister's Quality Award
- A quality management and improvement manual
- Training workshops on quality management
- Talks and discussions on quality management to increase awareness of the importance of quality in the public service.
- Promotions stressing the importance of quality, such as "quality is conformance to customer requirements," and "quality through prevention."

It also funded a special department to oversee the implementation of quality management and administer award programs across government agencies; the Modernisation and Management Planning Unit (MAMPU). The awards took into account elements of quality management such as how leadership, data, quality standards and customer satisfaction supported quality.

Implementation of quality management in the Malaysian government was most successfully when top level management was both fully committed to implementation and to communicating clear goals and methods of achieving them (Kok Fei & Rainey 2003). Outcomes of quality management around overall performance (customer satisfaction), client voice and improvement of process efficiency however were not taken into account by the Malaysian QMS.

*Greece*; implemented a limited quality management system in local government agencies, however only some aspects of a complete quality management system were adopted, including those around employee and customer satisfaction. All others, notably including process management were excluded. The benefits of an incomplete quality management system implementation are minimal (Psomas 2017). The resulting QMS had minimal benefits due to its incompleteness.

*USA*; implemented a more complete quality management system in its agency for Environmental Protection. Mainstream management usually takes a top-down approach to goal setting and problem solving. This is ineffective because top management don't do the work so don't have the required knowledge to solve the real problems that occur. Rather, front line workers do the work and are therefore best placed to come up with solutions as problems arise but getting approval to implement a solution through layers of management is both time consuming and disempowering for workers. A properly implemented QMS empowers workers to implement solutions by defining the methods of achieving the goal (Cohen & Brand 1990). This suggests that one of the most important aspects of quality management is worker participation.

### **General findings about application of QMS to government**

Despite the limited case history and the difficulty of applying a quality management system in a complex environment, a useful quality management system for Government is still possible provided it can retain the core elements of:

- **Worker participation** Formal promotion of a culture of inclusion and consultation of front line workers in problem solving and decision making
- **Client voice** A mechanism to reliably collect information about the impact of services on client's lives. This information would include client satisfaction
- **Performance tracking** Collection of meaningful information about the efficiency and effectiveness of the processes and outcomes of services
- **Continuous improvement** A reliable process for using performance information to improve internal processes and service outcomes

(Swiss 1992)

- A fifth element which may be instrumental in facilitating the benefits of the previous four is systematicity: Described by ISO9000:2015 as the 'Process Approach'.

### **Conclusion**

Both in Australia and globally, the existing government contracting system is large, complex and entrenched but it currently operates without a reliable way to meaningfully observe the result of its investments (Hanger 2014) (Shergold 2015) (Gruen 2016) (PASC 2016) and implementing a system that does is a giant undertaking.

To meaningfully observe and improve the result of government investment in social outcomes there are several issues to address:

1. Which goals to pursue
2. How to efficiently contract the services that deliver those goals
3. How to observe and improve the effectiveness of those services over time

Although there is strong sentiment in the government sector in favour of meeting the challenges to move towards a contracting system whose goals, process and results are transparent (Audit Office NSW 2016) there is little research on how to use the resulting outcome data to manage overall program quality either Australia or elsewhere (Head, 2015, p.47).

How can the quality of an outcome based contracting system be observed and improved over time within such a large and complex environment as government? This is a complex problem but aversion to complexity is not legitimate grounds for spending billions of tax dollars per annum in exchange for output data like 'hours worked'.

The HSOF provides seven evidence based domains of wellbeing as areas to inform the construction of contractable outcome measures, but as yet no contracts for social services have been issued with outcome based performance goals. Furthermore, no comprehensive system of managing the resulting data to improve program effectiveness has been formally proposed or implemented.

A formal quality management system like that described by ISO9000:2015 may be able to deliver the kind of process framework to use feedback information from the measurable goals provided by the HSOF through an outcomes-based contracting system but as yet, there is no research published on the feasibility or effectiveness of this kind of system.

### **The gap in knowledge**

There is no research currently published that examines:

1. How effective are the current methods of managing the quality of government contracted social services at producing the aims of policy?
2. How do current methods of managing the quality of government contracted social services compare to the methods prescribed by formal quality management systems?
3. Is it possible to improve the efficiency and effectiveness of government contracted social services by;
  - use of a goal system like the HSOF as a performance guideline,
  - in outcomes based contracted social services,
  - within a process managed by formal quality management system?

The aim of this study to answer to these questions.

## **METHODOLOGY**

### **What I will do**

I will work with one State Government Department concerned with social outcomes in Australia; the NSW Department of Family and Community Services (FACS) as well as State Government politicians and clients associated with that department to:

1. Build a detailed systems model of the current contracting system for social services.
2. Compare the current process with standard quality management system requirements.
3. Establish the methods and viability of incorporating any missing elements of a formal quality management system to improve the effectiveness of social services contracting.

### **How I will do it**

1. *Build a detailed systems model of the current contracting system for social services.*

A description of current system that adequately captures its real functions, consequences and complexity is necessary to understand its effectiveness, efficiency and any ways to improve it.

Through a series of interviews and meetings I will use Soft Systems Methodology (SSM) to build a detailed systems model of the current contracting system.

SSM is an approach to problem solving which was first conceived by Peter Checkland in his 1972 paper, 'Towards a system-based methodology for real-world problem solving' (Checkland 2000). SSM is based on carefully defining problems using input from as many sources as possible, observing how the problem operates in the real world, then designing and testing models to correct the problem before implementing it. I will apply SSM in consultation with as many stakeholders in the system of the procurement of social services that I can access to build Causal Loop diagrams and a comprehensive system model of the current contracting system that follows the seven stages of SSM:

1. Problem situation discovered - research and record the problem as much as possible
2. Problem situation expressed - use rich pictures to explain the problem and the interrelationships
3. Create a root definition of the problem situation - use a CATWOE (analysis; a checklist to assist thinking about what constitutes the root definition of the problem and how the solution will affect the people involved in the system.
4. Build a conceptual model - build a logical model of the system that describes the root definition
5. Compare conceptual model with reality - you can make more than one model
6. Assess the feasibility of change - is the proposed change feasible & desirable?
7. Take action to improve the problem situation - apply the model

(Jackson 2003)

Through a first round of interviews my SSM analysis will consider &/or consult:

- Clients
- Non-Government Organisations who deliver the services
- FACS Government contracting staff, business units, contracting methods, communication methods and performance data systems and their interrelation as allowed or blocked by the existing structure and functions of the organisation
- Senior bureaucrats
- The Minister for Family and Community Services
- The stated intentions of the contracted social services
- Any perceived inefficiencies and opportunities

To do this I will work with key stakeholders using the principles of Action Learning to build a detailed systems model of the current contracting system for social services in FACS. The Action learning approach particularly suits this research problem because it asserts that the most powerful solution to a problem is invented by the people working on it. People close to the situation can collaborate to come up with innovative solutions. But the same people will inherently distrust an external expert opinion, even if it happens to be correct. Because of this, imposed expert knowledge has little positive effect compared to empowering the people suffering the problem to solve it themselves. Thus, providing answers is not as persuasive as asking questions. Questions allow people the opportunity to contribute their own expert knowledge and to own the solution (International Foundation for Action Learning 2012).

The output of this research stage will be:

- A collection of Models of Purposeful Activity (SSM) and Causal Loop Diagrams
- A CATWOE Analysis (SSM)
- A root definition of the problem situation (SSM)
- A detailed Systems Dynamics Model

Together which will describe the social service contracting system through the eyes of the people directly involved with it (Checkland 2006).

*2. Compare the current process with standard quality management system requirements.*

Using data gathered from the previous stage I will compare how the current contracting process manages quality with standard quality management system requirements as described by ISO9001:2015. As a qualitative research method SSM has the capability of discovering yet unknown qualities of this situation and finding strengths and weaknesses that can be exploited or avoided. SSM can also help specifically in the understanding of complex soft human situations by imposing a schematic framework that allows the researcher to understand the situation as a system of interdependent components (Checkland 1990).

The output of this stage will be;

- A qualitative systems dynamics model and related causal loop diagrams that show the relationship between the existing process and how it compares to ISO9000/9001
- A discussion the dynamics and efficiencies of the existing process and how it compares to ISO9000/9001.

This output will be used in stage three of the research.

*3. Establish the methods and viability of incorporating any missing elements of a formal quality management system to improve the effectiveness of social services contracting.*

I will collaborate with key stakeholders in a second round of interviews to discuss the output from the previous stage and establish the methods and viability of incorporating any missing elements of a formal quality management system to improve its effectiveness. Again, I will use the tools and principles of Action Learning and SSM.

The output of this research stage will be:

- A qualitative systems dynamics model that shows in detail if and how quality can be controlled by a modified formal quality management system that uses a social outcomes framework like the NSW Human Services Outcomes Framework and outcomes based contracting to realistically monitor, evaluate and control the effectiveness of procured social services.
- A discussion of the findings.

## **Research Aims**

I intend to build evidence about how a QMS might be used as the basis of observing and improving the efficiency of government in designing and contracting social services. I will do this by applying strategies that increase efficiency in the other industries, like;

- Business, which uses project management and quality management systems, and
- Engineering, which uses systems dynamics modelling.

In exploring ways that formal quality management systems could be used by government to more effectively and efficiently allocate resources to contracted social services I will build:

- A comprehensive system model of government social contracting, its processes and a high-level indicator of its efficiency, and any barriers or opportunities.
- A collaboratively built model for observing and potentially improving efficiency.

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