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# Management practices and the quality of primary care

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## ABSTRACT

Using the World Management Survey method, the authors mapped and analysed management quality in Swedish primary care centres. On average, private sector providers were better managed than public providers. Centres with a high overall social deprivation among enrolled patients also tended to have higher management quality. Management quality was positively associated with accessibility (length of waiting times), but not with patient-reported experience.

## IMPACT

The authors explored the use of management practices at the operational (care centre) level in Swedish primary care. The paper relates management quality to provider characteristics (public or private) and quality of care. At the system level, the expansion of private care centres seems to have increased the average level of management quality in Swedish primary care. The findings suggest that suitable applications of management practices, especially in the area of people management, might produce a higher quality of care.

**Keywords:** Accessibility; management quality; primary care; quality of care; World Management Survey

## Background

This paper explores the use of management practices in Swedish primary care, based on the World Management Survey method (Bloom and Van Reenen, 2007). Management has increasingly come into focus in healthcare, as the sector's growing share of global gross domestic product (GDP) has called for a more efficient organization of care. Efforts to increase efficiency have involved new systems for organizing service delivery and managing organizations. Management practices affect the ability to respond to the needs and expectations of patients in a cost-effective manner (Prentice *et al.*, 2007; Bloom *et al.*, 2015b) and since there is an inherent tension between meeting objectives and providing inexpensive care, management practices are extremely important.

Primary care has unique characteristics that affect the implementation and use of management practices. Primary care is 'that level of a health system that provides entry into the system for all needs and problems, provides person-focused (not disease-oriented) care over time, provides care for all but very uncommon or unusual conditions, and co-ordinates or integrates care provided elsewhere by others' (Starfield, 1998, pp. 8–9). Primary care managers have a particularly difficult task, since the services provided are complex, and physicians, nurses and other employees enjoy large degrees of autonomy in their contacts with patients (Chase and Apte, 2007; Eissens-van der Laan *et al.*, 2016). Formal control is typically kept at a relatively low level. There is considerable uncertainty about the use of management practices to exercise formal control (De Blok *et al.*, 2010, 2014).

Swedish primary care is particularly relevant to the study of management practices. A health sector reform inspired by New Public Management (NPM) was gradually introduced between 2007 and 2010 in Sweden (Anell, 2011). This reform established standardized regulation of local free choice systems to facilitate entry of private providers and to allow users to choose between providers. In this so-called quasi-market, local governments have to co-ordinate their own production as well as hold both public and private providers accountable based on deliverables stipulated in contracts (Pollit and Bouckaert, 2011). This builds on the decentralization, measurement and audits typical of early NPM applications (for example Hood, 1991, 1998; Holmes and Shand, 1995), but with an emphasis similar to the later NPM applications which focused on markets and competition (for example Pollitt, 2001; Ferlie and Steane, 2002; De Vries and Nemeč, 2013). The consequences of such public sector reforms in Sweden and other countries in northern Europe, involving the introduction of private providers

and the accompanying separation of payment and provision, has been the subject of much debate (see Lapsley, 2009). In particular, providers risk having a heavy administrative burden and overly tight control, because they need to act in accordance with evidence-based clinical guidelines, targets and clinical performance indicators (Fredriksson et al., 2014; Glengård and Anell, 2017). Like the UK, Swedish primary care has expanded while hospitals and beds have been cut back (Anell *et al.*, 2012; Ewbank *et al.*, 2017; Lövtrup, 2017). In both countries, reductions are due to long-term policies to move patients out of hospital and provide care in the community, as well as in pursuit of more patient-focused care. Both have a comprehensive and inclusive systems approach to healthcare. Fewer hospital beds are thus needed, and this reduction acts as a mechanism for change, as also advocated by Lean health principles (NHS Confederation, 2005; Ham *et al.*, 2017; Quilter-Pinter, 2017). Primary care in the USA will have to expand, but in this case to ensure care for patients covered by the Patient Protection and Affordable Care Act 2010. There is a perceived need for new models of primary care in which practitioners are required to spend more of their time and effort on management practices (Bohmer, 2010).

It is difficult to predict the impact of increasing private involvement in primary care. Comparisons of public and private care mainly deal with hospitals. Among hospitals, the main difference seems to be between private for-profit and private not-for-profit hospitals. According to systematic reviews, for-profit hospitals perform worse than not-for-profit hospitals in terms of mortality and payments, while there are no clear differences between private and public hospitals (Herrera *et al.*, 2014). According to a German study, ownership conversions from public to private for-profit increase the efficiency of hospitals (Tiemann and Schreyögg, 2012). For our purposes, note that the increasing private involvement in Swedish primary care has been due to the entry of private for-profit providers. As primary care centres are much smaller than hospitals, the private expansion has not involved any public-private partnerships (PPP), such as the private finance initiative (PFI) in the UK (see Pollock *et al.*, 2011, for background and a critical perspective).

The academic literature on the use of management practices in healthcare has primarily focused on hospitals. Hospitals typically operate on a larger scale with organizational and functional characteristics that differ from primary care. Primary care units have a comparatively broad person-focused scope and a flatter organizational structure, with a single manager presiding over clinical staff (for example doctors, nurses and physiotherapists) who work with a variety

of patients. The management practices contained in the World Management Survey are usually grouped into three categories, focusing on monitoring operations, ensuring that set targets are met, and enabling capability development. Together, these three categories provide managers with a set of comprehensive tools to keep operations efficient and effective. This might mean a quality focus, or other prioritized objectives, such as reduced waiting times or costs, or improved user experience. In a healthcare setting, this might mean improved care quality, as well as reduced administrative work needed to ensure such care is given. Regardless of the objective, management practices need to be designed to support the successful achievement of the set targets in a systematic way. The management practices under study were initially developed for manufacturing companies and later adapted to service production. Since these are examples of using practices found in the private sector to improve public sector services, most of the practices can be included under the broad umbrella of NPM (Lapsley, 2009).

The management practices typically constitute key elements of comprehensive approaches to a systematic organization of operations, such as Lean or agile systems, but the practices can also be employed independently. The use of management practices, such as those found in performance measurement systems and Lean operations, has increased in the healthcare sector and particularly in hospitals (Thomson *et al.*, 2003; Westwood *et al.*, 2006; Proudlove *et al.*, 2008).

Only a few studies based on the World Management Survey have focused on the public sector, specifically on healthcare, education and elderly care (McConnell *et al.*, 2013; Angelis and Jordahl, 2015; Bloom *et al.*, 2015a, b). In healthcare, there is evidence suggesting that standard management practices improve operations and care at hospitals in the UK and the USA (McConnell *et al.*, 2013; Bloom *et al.* 2015b). However, management differences between public and private hospitals have not been addressed. To our knowledge, we are the first to apply the World Management Survey method to primary care. Our purpose is to relate the scope and quality of management to different types of primary care providers and the quality of care.

## **Method**

We used the World Management Survey method, developed by Bloom and Van Reenen (2007), to measure management quality in Swedish primary care centres. By relying on a large, interview-based and quantitative survey of individual management practices, the method allows

for comprehensive coverage of applied management practices. Our survey follows others using the World Management Survey method (see Bloom *et al.*, 2015b), with some modifications to fit the context of primary care in Sweden and is available in full in Angelis *et al.* (2017). Changes we made to the survey included removing a question on staff roles and resource allocation within units because our primary care units were flat organizations without middle management and with functionally flexible staff. The division of the questions into three areas (operations, targets and people) was retained.

Conceptually, our survey was based on theories of operations, performance and healthcare management. The survey used semi-structured, open-ended questions to measure the application of management practices. For each management practice, follow-up questions were used, typically by asking for practical examples. Potential bias was mitigated by having the interviewers interpret and score management practices without the respondents knowing how they were being scored and by the interviewers not having any information about the performance of individual primary care units. The survey consisted of 19 management practices, each of which was scored from 1 ('worst practice') to 5 ('best practice'). An overall measure of management quality was calculated as the average over the 19 practices. We also calculated simple averages to obtain measures for operations, targets and people.

The sample consisted of Swedish primary care centres that were listed by the Swedish National Board of Health and Welfare in 2014. All of the 1197 primary care centres in that list were contacted, and 119 replied—a response rate of 10%. Our response rate was lower compared to other studies using the same method (Bloom and Van Renen, 2010). An important reason for this was that we, unlike previous studies, only conducted interviews with unit managers. Given the relatively small organizational size of Swedish primary care units, they will typically only have one manager, with no one in a substitute or parallel management role. This means that, unlike many organizations covered by other World Management Survey studies where there are several relevant managers to interview, our survey response was relying on the participation of a single, typically rather busy individual. In most cases of non-response, we were not able to get in direct contact with the unit manager. We addressed possible selection bias by conducting a non-response analysis with respect to variables that are observed both for respondents and non-respondents and by comparing the responses of managers who were easy and who were difficult to contact. The non-response analysis did not identify any serious selection problems.

Nevertheless, our results should be interpreted with caution due to the small sample of care centres.

As for the justification of selecting Sweden as the case to study, the country has a comprehensive, homogeneous and publicly-funded healthcare system. Similar to the situation in the UK, Swedish primary care is organized as a regulated market with freedom of choice of provider for individuals and competition between providers. Providers are typically organized in teams comprising general practitioners, nurses and other staff who are predominantly salaried employees. This differs from the UK where primary care is organized into units with self-employed physicians (Roland *et al.*, 2012). Sweden faces similar challenges as the UK and the USA in that primary care needs to expand and become more productive. A distinguishing feature of Swedish healthcare is the comparably small share of resources allocated to primary care (about 20% of total healthcare expenditure); a share which is expected to increase. The results for our sample of primary care centres are generalizable to other centres in Sweden (which are organized similarly) and, in many respects, also to other countries, particularly the UK. Ferguson (2004) examines the concepts of external validity and generalizability, focusing on the practical use of research findings.

The survey was conducted by five engineering graduates from the Royal Institute of Technology in Stockholm with prior work experience in operations and performance management. Initially, an email was sent to the manager of each primary care centre with information about the study. The email was followed by a telephone call to book an interview of approximately 45 minutes. During this interview, the interviewer scored each of 19 practices according to pre-determined scoring criteria (see Bloom *et al.*, 2015b). To ensure comparability in scoring, the initial interviews were conducted with one of the interviewers listening and scoring the responses independently. The identity of the interviewer and the time of the interview were recorded to filter out systematic variation unrelated to the care centres.

We used regression analysis to relate management quality to both explanatory and outcome variables at the care centre level. Since the data are cross-sectional, the results should be interpreted as correlations, which might suggest rather than demonstrate causal relations.

## Empirical setting and data

Forty per cent of the primary care centres in Sweden are privately owned and operated. County councils control the establishment of providers by regulating conditions for accreditation (focusing on opening hours and clinical competencies) and payment. Any provider fulfilling the accreditation conditions can establish a practice and receive payments from the county council. As the responsibility for financing and organizing healthcare is decentralized to the local authorities (county councils), governance models, including principles for resource allocation, differ across Sweden. The general principle for allocating resources to (public and private) primary care providers is a combination of fixed payment for their enrolled individuals (capitation), fee-for-service (mainly for visits) and performance-related payment for achieving quality targets (for example, patient satisfaction and compliance with guidelines related to evidence-based medicine) (Glenngård, 2019).

The average care centre in our sample had 32 employees, including eight medical doctors, and had about 8700 enrolled individuals on its client list (Table 1). The average public sector care centre had eight more employees (but not more doctors) and about 600 more listed persons than the average private sector care centre. Public sector care centres in Sweden are, on average, 20 years older than private sector care centres. The share of public care centres was somewhat underrepresented at 32% in our sample, compared with 40% among all centres in Sweden.

**Table 1. Descriptive statistics of primary care centres included in this study.**

	<i>All primary care centres</i>	<i>Public sector care centres</i>	<i>Private sector care centres</i>
No. of employees	32	34	26
No. of doctors	8	8	7
Age of care centre (years)	27	33	13
No. of enrolled individuals	8731	9013	8102
No. of care centres	119	81	38

Note: Table entries are mean values. Three of the private care centres were not-for-profit.

Of the unit managers, 65% were nurses, with a higher share (76%) among managers in public care centres compared to private centres (40%). A majority of managers (76%) were female; again with a higher share in public care centres (83 compared to 61%).

To describe the patient mix at each primary care centre in terms of socio-economic deprivation among enrolled individuals, we used the Care Need Index (CNI), which measures social deprivation related to seven factors, including education and unemployment (Sundquist *et al.*, 2003). A majority of county councils in Sweden use the average level of CNI of a care centre to adjust the fixed payment to expected needs among its listed individuals.

We used two measures to describe care quality: a process measure of accessibility and a patient reported experience measure (PREM) of care quality. We defined accessibility as the proportion of patients contacting a primary care centre who gained an appointment with a general practitioner within seven days, as measured by a national waiting time survey (SALAR, 2015a). Our measure of patient-reported experience comes from an annual national patient survey (SALAR, 2015b). We used a question about the overall satisfaction with the care centre from the 2014 patient survey.

## **Results**

### *Total management quality*

For each primary care centre, an overall measure of total management quality (from 1 = worst practice to 5 = best practice) was calculated as the average over 19 management practices for operations, targets, and people. The total management quality varied between 2.68 and 4.79, with a mean of 3.73 (SD = 0.47). The highest scores were found for operations, with a mean of 4.20. The mean score for targets was 3.89. For both of those areas, there were many care centres with excellent management quality and only a few with a score below 3. The scores were considerably lower in the people area, with an average of 3.06 and six care centres scoring below 2. The detected pattern of the highest scores in operations and the lowest scores in people corresponds to the performance of Swedish companies in previous international studies (Bloom and Van Reenen, 2010).

### *Management quality and characteristics of care centres*

Next, we investigated differences in the total management quality among primary care centres. The regression estimates, reported in Table 2, contain two notable results. First, private care

centres have a higher management quality than public care centres. Second, management quality tends to be higher at care centres with a high level of socio-economic deprivation among their enrolled individuals (especially so for the area targets). By contrast, total management quality seems to be uncorrelated with the age of care centres, with their number of employees, and with their number of enrolled individuals.

**Table 2. Management quality of Swedish primary care centres.**

	1	3	4
Private care centre	0.174 (0.102)	0.237* (0.138)	0.248* (0.136)
CNI		0.120* (0.060)	0.144** (0.062)
Age of care centre		0.003 (0.002)	0.004 (0.002)
No. of employees		0.005 (0.004)	0.003 (0.003)
Enrolled individuals (in thousands)		-0.011 (0.015)	-0.016 (0.014)
Regional controls	No	No	Yes
Noise controls	No	No	Yes
R <sup>2</sup>	0.03	0.07	0.32
No. of observations	119	113	113

Notes: The dependent variable was total management quality. Regional controls were log of population, population growth, population density, share of population older than 64, share of population with at least a three-year tertiary education, and median income. Noise controls were dummies for interviewer, month, and time. All regressions include an unreported constant. Standard errors clustered at the regional level are in parentheses. \*\*\*, \*\*, \* Denote statistical significance at the 1, 5 and 10% level.

### *Management quality and quality of care*

Management practices aim to improve production efficiency. Therefore, we investigated whether management quality was related to measures of care quality (it should be noted that cost data were not available at the care centre level). We found that primary care centres with higher total management quality had significantly shorter waiting times. We also found that primary care centres with higher management quality received higher scores in the PREM of care quality, although that result was not statistically significant (see Table 3). Subjective quality was, however, lower at care centres with high CNI and with a high number of enrolled individuals.

**Table 3. Management quality and quality of care.**

Quality measure	Accessibility (waiting time)			Care quality (PREM) evaluation		
	1	2	3	4	5	6
Total management quality	0.037* (0.018)	0.032 (0.024)	0.048** (0.023)	1.673 (1.110)	1.418 (1.268)	1.265 (1.644)
Private care centre CNI		-0.001 (0.026)	-0.004 (0.020)		4.279** (1.516)	3.501 (2.079)
Age of care centre		-0.016 (0.018)	-0.010 (0.022)		-2.220* (1.113)	-4.135*** (1.350)
No. of employees		0.0004 (0.0007)	0.0003 (0.0007)		-0.008 (0.037)	-0.046 (0.045)
Enrolled individuals, thousands		-0.0003 (0.0011)	-0.0010 (0.0013)		0.057 (0.036)	0.068 (0.041)
Regional controls	No	No	Yes	No	No	Yes
Noise controls	No	No	Yes	No	No	Yes
R <sup>2</sup>	0.02	0.05	0.20	0.01	0.27	0.42
No. of observations	112	108	108	115	110	110

Notes: The numbers in this table give coefficients of total management quality and other variables from regressions with share of appointments within seven days (columns 1–3) and subjective patient evaluations (columns 4–6) as the dependent variable. Regional controls were log of population, population growth, population density, share of population older than 64, share of population with at least a three-year tertiary education, and median income. Noise controls were dummies for interviewer, month, and time. All regressions include an unreported constant. Standard errors clustered at the regional level are in parentheses. \*\*\*, \*\*, \* denote statistical significance at the 1, 5 and 10% level.

Regarding non-response, we have investigated the sensitivity of the regressions in Tables 2 and 3 by using weights that are inversely proportional to the inclusion likelihood of a private and a public care centre. Overall the differences are minor. We have also investigated the relationship between total management quality and the number of phone calls required to conduct an interview. The logic is that managers at care centres with high management quality could be more prone to take part in the survey, which would lead us to overestimate overall management quality. However, the relationship between total management quality and number of phone calls is far from statistically significant. Since the relationship is positive, the risk is, if anything, to underestimate overall management quality.

## **Discussion**

### *General findings*

This study adds to previous research on the management of healthcare by surveying management practices in the neglected area of primary care. We have identified how management practices are applied to run primary care centres in Sweden, including factors that are associated with higher management quality. Overall, our data suggest a high level of management quality in Swedish primary care and are broadly in line with previous studies of hospitals in the USA (McConnell *et al.*, 2013) and in England (Bloom *et al.*, 2015b), as well as in studies of nursing homes in Sweden (Angelis and Jordahl, 2015). We also found that management quality was higher at private sector primary care centres than at public sector primary care centres.

Another notable result was that higher social deprivation among enrolled individuals was associated with higher management quality. In addition, social deprivation was also associated with less satisfied patients, in line with previous studies from Sweden and the UK (Campbell *et al.*, 2001; Kontopantelis *et al.*, 2010; Glenngård, 2012; Glenngård and Anell, 2017). Individuals with a poor socio-economic situation are likely to have greater needs for primary care, especially preventive measures and co-ordination with social services and relatives. The association between management quality and social deprivation among enrolled individuals was particularly strong for management practices in the targets area. A potential explanation is that care centres with patients who have more complex health situations cannot focus on a few narrow performance measures or goals, but have to work with broad and comprehensive measures.

We also found that management quality was positively associated with accessibility. The proportion of patients who gained an appointment with a general practitioner within seven days after having contacted the care centre was higher at care centres with a high level of management quality. We detected a positive, but statistically insignificant, correlation between management quality and patients' reported experiences of overall care quality.

Sweden is a good case to study to assess private versus public primary care management practices. After a health sector reform which established local free choice systems, private involvement has increased in primary care. As in the UK and the USA, Swedish primary care will need to expand to handle changing patient volumes. There is also need for productivity

improvements, which directly relates to management practices. The homogeneity of Swedish primary care—with comparable tax-financed units of similar size—strengthens both the internal and the external validity of our results. Careful generalizations are within reach, not least to the UK, which has a similar quasi-market structure. Our results therefore add to previous studies on the importance of management practices in hospitals.

The use of management practices is a delicate topic in healthcare given that it involves both formal and informal control mechanisms. Formal control relates to visible factors of the control system, such as information-based routines and the procedures managers use in organizational activities, while informal control is grounded in an organization's employees and culture (Simons, 1995). Informal control is crucial in healthcare since medical personnel have strong professional roles and are subject to diverse motivational factors. Doctors might even be considered to be 'double agents', because they have to weigh patients' needs and expectations against monetary costs and other social objectives (Blomqvist, 1991). Publicly-funded healthcare providers operate in a broader governance context where priority-setting and decisions on payment are mostly made outside of the organization. The application and consequences of management practices in healthcare depend on the context in which they operate, including the beliefs and values held by the individuals who are subject to the control system.

### *Management and control*

Management quality was found to be highest in the operations area, which relates to administrative controls (i.e. to organization, monitoring and accountability). The freedom to implement operations management practices is constrained by the broader governance structure in which care centres operate. For example, managers are obliged to include processes for incident reporting to the Swedish Health and Social Care Inspectorate in their management control systems. Moreover, many Swedish county councils use a small proportion of performance-based payments, forcing the providers to report their fulfilment of goals related to specific quality targets. Management practices can be (and often are) used to reduce the degree of staff task discretion in the pursuit of efficiency gains, with significant and possibly negative implications for the staff. In this respect, Swedish primary care constitutes a particularly interesting context. Providers are subject to national and local evidence-based guidelines and performance targets to increase their performance (Anell and Glenngård, 2014; Fredriksson *et al.*, 2014). This has an impact on the assessment and treatment of patients, as well as on

managers being able to employ management practices that directly affect the work that individuals perform. Moreover, task control over clinical procedures is not necessary since the clinical component can be compartmentalized and hence detached from the other operations required to manage a primary care unit. For instance, employing management practices to standardize routines for how patient information is handled or how staff development is organized only indirectly affects how patients are treated. Taken together, management practices might have limited consequences for the day-to-day work of primary care unit staff. As long as they follow clinical guidelines, clinical staff may still perform their assessment and treatment in an individual manner, which has been highlighted as a key issue in the process or patient-focused implementation in healthcare settings (for example Proudlove *et al.*, 2008; Bamford *et al.*, 2015). This is important, since it reduces a key factor in staff disinterest in being managed through management practices, and increases the potential for their application. It could have been, but was not, the case that management practices were ignored at primary care centres.

As in the cross-country study by Bloom *et al.* (2014), management quality was found to be lowest with regard to people, suggesting room for improvement. The people area relates to cultural controls, which are about values, beliefs and social norms that influence employee behaviour (Simons, 1995; Malmi and Brown, 2008). Management practices that seek to directly change or control the behaviour of individuals through rewards or sanctions directly related to their performance might have both positive and negative consequences - motivation is affected by intrinsic as well as extrinsic drivers (Ryan and Deci, 2000). Intrinsic motivation is about doing something because it is personally rewarding, such as acting out of a belief about doing the right thing from a moral perspective, or to feel pride in a job well done. Management control systems might encourage but not control intrinsic motivation. Extrinsic drivers are external factors that shape behaviour, such as financial rewards or fear of punishment. Management practices might be more powerful when it comes to extrinsic drivers as they are easier to control. However, there is a risk that management practices encourage extrinsic motivation to the extent that intrinsic motivation is crowded out. Healthcare staff often have strong professional roles and are motivated by intrinsic drivers. Strong intrinsic motivation might also be associated with resistance towards being controlled by external factors. Hence, although the lower management quality in the people area suggests that this area has the greatest potential for improvement, caution is called for when introducing methods to directly control or change the behaviour of healthcare staff.

### *Limitations*

The rather low response rate in this study calls for a cautious interpretation of the results, although the non-response analysis did not indicate any serious selection problems. Moreover, our study was limited by the measures of quality available at the national level in Swedish primary care. Results from patient surveys are often uncertain due to low response rates, particularly in vulnerable groups, and patient views are affected by factors not necessarily reflecting the quality of services. The quality of process measures is influenced by registration practices and linkages with end objectives or outcomes and might be weak. Future studies on the relationship between management quality and the quality of care should ideally address these limitations. Finally, it is unlikely that we have taken account of all of the factors associated with management quality in our analysis. For example, several managers in the survey said that county councils organized and allocated resources in ways that affected the feasibility of applying certain management practices. This link between the purchaser's control of the provider and the provider's application of management practices remains unexplored and is recommended for further studies.

### *Conclusion*

To conclude, we found a high overall level of management quality in Swedish primary care. Management quality was higher in private sector primary care centres and also in centres with a high overall social deprivation among enrolled patients. Management quality was positively associated with accessibility but did not relate to responsiveness to patients. At the system level, this implies that the expansion of private care centres has increased the average level of management quality in Swedish primary care. Relevant to providers, our findings suggest that suitable applications of management practices, especially in the area of people management, might produce a higher quality of care.

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