Stakeholders’ Expectations on Health Services: 
In Search of an Assessment Model of Performance

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ABSTRACT

Performance assessment in profit and not-for-profit organizations has been on the agenda for scholars and practitioners for the last thirty years or so. Despite this effort, a comprehensive model of organizational performance for all kinds of organizations does not exist. This paper aims to contribute to this field by presenting findings from a constructive and interpretative investigation carried out in public organizations at the local level. This research aims to identify the dimensions of performance that addresses stakeholder interests in public organizational performance. To this end, data was collected by semi-structured interviews and analyzed using content analysis. The theoretical framework is based on resource dependence, institutional theory, agency theory, and social network theory. Evidence from the investigation indicates that stakeholders assess public service performance on criteria of efficiency, effectiveness, and equity. This paper provides practical and theoretical contributions by suggesting ways of assessing performance in public organizations, which can contribute to strategic planning by setting milestones related to stakeholder expectations and by defining the dimensions of stakeholders’ assessments of the performance of public service organizations.

Keywords: Case Study, Performance Assessment, Performance Measurement, Public Services, Stakeholder Analysis

INTRODUCTION

Performance assessment in profit and not-for-profit organizations has been on the agenda for scholars and practitioners for the last thirty years or so. A consistent body of knowledge has been created that can help practitioners devise feasible and appropriate performance indicators for measuring and managing performance. Among these, are the Balanced Scorecard (Kaplan & Norton, 1996), the Business Excellence Model (McAdam, Reid, & Saulters, 2002), and the Performance Prism (Neely, Adams, & Kennerley, 2002). With the exception of the last one (regarded by Neely and colleagues as a second generation tool), these techniques were
developed from the inside of an organization using Morgan’s metaphor of a machine searching for efficiency (Morgan, 2006). That means, performance indicators are means for improving processes and targets. There are few tools that look at the external constituencies (Connolly, Conlon, & Deutsch, 1980) that give resources and legitimacy to the organization, namely their stakeholders (Gomes, 2006; Gomes & Gomes, 2009).

In general, performance measures are developed looking at input, output, and outcomes, the so-called IOOs model (Boyne, 2002), or trying to explore the economy, efficiency, and effectiveness aspects of an organization’s operation, the so-called 3Es model (Boyne, 2002). In the first model, which we would describe as a functional perspective, an organization works like a machine that needs inputs in order to be able to produce outputs and outcomes. In the second model, there is a concern with the control of the several stages of the management process. Though these approaches have been endorsed by the literature on performance measurement, we contend that they are not the best way for devising measurement tools, because they do not address the perceptions of the key actors, those to whom they owe their survival (Pfeffer & Salancik, 2003): the constituencies.

To this end, this paper presents the results of a constructivist and interpretative investigation carried with local authorities, with the aim of identifying how stakeholders assess public service performance (the dimensions of performance they employ for doing so) and to devise more adequate and appropriate indicators that take into account stakeholder expectations.

In order to answer the research question of how stakeholder perceptions influence the development of performance indicators in public organizations, the investigation employed a phenomenological approach (Lee & Lings, 2008) to collect and analyze the data. In such an approach, “researchers begins with the direct, lived experience as a starting point, not just the ‘articulation’ of that experience” (Lee & Lings, 2008, p. 61). We interviewed several managers and stakeholders trying to find out how they assess the public services delivered by a number of local authorities.

This paper is structured as follows: it starts with a literature review which highlights the principal tenets of the organization-environment literature. In this investigation, the theoretical framework is drawn from resource dependence theory (Pfeffer & Salancik, 2003), institutional theory (Selznick, 1966), new institutional theory (DiMaggio & Powell, 1983), agency theory (Hill & Jones, 1992), and social network theory (Nohria, 1992; Rowley, 1997). The literature review is followed by the ontological and epistemological elements of the research, in order to clarify the principles of the investigation. Findings are presented and discussed in the following section. The paper concludes with theoretical and practical contributions made, as well as with some directions for further investigations.

**Theoretical framework**

According to a seminal study in the organization-environment literature, “The key to organizational survival is the ability to acquire and maintain resources” (Pfeffer & Salancik, 2003, p. 2). In order to be able to acquire and to maintain the needed resources, a given organization needs to engage in negotiations and transactions with entities from its environment. This idea makes external entities an important element in the strategic management process of every organization, because of their importance for the organization’s survival and success.

If the entity is from the technical environment, the organization needs the resources it possesses. On the other hand, an entity in the institutional environment may be able to influence the organization because it has the power in some way to define and to set rules, norms and standards of behaviour that the organization must comply with in order to achieve legitimacy (Kanter & Summers, 1987).

In order to reduce the complexity of the organization’s environment, we employed stakeholder theory as an operational theory, because it can provide a map for organiza-
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