New Public Management in Health Care
- its effects and implications

Thesis Proposal
By
Margit Malmmose Peyton

September 1st, 2009

Committee: Gudrun Baldvinsdottir
Falconer Mitchell
Hanne Nørreklit (supervisor)
1. Introduction

New Public Management (NPM) in the public sector has become an international trend within the OECD countries during the past 20-30 years (Pettersen, 2003; Brorström et al, 2008; Groot et al, 2008; WHO, 2000). NPM is a specific management philosophy used by governments. It is a concept used to describe several organisational control systems which origin in the private sector. The main reason is to become more market oriented by holding public institutions accountable for their work performance and increasingly base resource allocation on performance. Thus, one of the core issues is that of performance measurements. Performance measures are implemented in various governmental reforms to encourage public institutions to become more productive and efficient with financial and qualitative results by making their performance more transparent, comparable and measurable (Pettersen, 2003; Linneberg et al, 2007; The Danish Ministry of Health, 2005; Lee, 2008).

Health care is one of the major governmental institutions that have faced several changes due to implementation of NPM. Health care refers to all public health institutions such as hospitals and clinics. The public health care sector differs in structure, availability and governmental influences across nations. However, the overall aim of public health care is to ensure equal medical treatment to the public. Implementing NPM in public health care has showed several differences in perception, implementation, usage and knowledge, which has resulted in various opinions about NPM. There seem to exist conflicts between core opposing values such as service quality treatment and financial objectives. The consequences of introducing NPM vary depending on the context and setting in which the health care system is operated. One of the main arguments against the introduction of NPM in the health sector is the emphasis on economic discursive ways of thinking and the neglect of social relations (Linneberg et al, 2007; Castaneda.Mendez, 1999; Metawie et al, 2005; Llewellyn et al, 2005).

Several aspects of NPM have been adopted in Denmark through a so called structural reform introduced in 2004 and realized in 2007. The Danish health sector has been changed in several ways. Originally, the Danish health care was a service provided by several small counties. Today, 5 large Municipals are responsible of the health care in each of their region (Structural Reform, 2004). The criteria for receiving funding, to the hospitals have changed, along with the structural reform, to become more performance based. Furthermore, with a large focus on service, each
hospital has to deliver certain information in order to make the hospitals comparable. This makes the patient able to freely choose a hospital of treatment, which has not been possible before. The administration has therefore been rearranged with more focus on registration of Performance Indicators. Due to these large fundamental changes with quantitative emphasis, the Danish health sector is facing challenges and obstacles in integrating the new reform since it challenges the original medical and service perspective (Strandberg Larsen et al, 2007). This raise the issue of what the implications these changes have on the service provided to the public, and ultimately what effect does this have on the major stakeholders such as the employees and the users of the public health care; that is the citizen.

The setup of Public health care systems is often very complex, since the political aspects and powers play a major role. Furthermore, the line of authority and command is distinctively long, with various layers of decisions making and with a great distance between top political decision making and bottom daily working experience. Therefore, the initial intentions of the politicians may very often change down through the hierarchy and it may often conflict with the daily routine experiences, which results in complete different outcomes than first anticipated.

The overall objective is to provide explanations to the challenges of implementing NPM in health care sectors. It is to identify differences between the intentions of implementing such an accounting philosophy and the consequences of implementing this, and moreover the differences in core perceptions of NPM and the setting in which these are implemented. Furthermore, it is to analyze and explain why such differences exist and to create awareness and understanding of the complexity of implementing NPM in the Health System. This objective derive from the problem that when reforms or changes are implemented in the public sector, the initiators such as the politicians often expect quick results. When the quick results do not appear because the conflicting perceptions, further pressure is often used, which makes the conflicts even more vivid and acute. Thereby, the expected results may very well never appear. However, the changes made may be affecting the stakeholders such as the employees and users in ways which is not apparent.

Creating awareness of this problem and the importance of it should provide basis and incentive of being more proactive and aware when implementing new accounting methods and PM in the public health sector. False expectations, pressure and not anticipated outcomes could then to some extend
be avoided, which in a holistically view would safe the society both monetary and social expenses. With this PhD thesis, I hope to offer some insights into these matters by providing some basic understanding for the conflicting issues using three different approaches and three different issues within this framework.

This PhD dissertation will focus on the implications of adopting NPM in the Health Care sector using Denmark as a case study in two of the papers. The specific focus is on the changes occurring in the health sector when implementing NPM and more specifically PM. It will analyze the fundamental discursive changes and its effects on different perceptions of central concepts within health care. It will moreover look upon what these changes mean for the main stakeholders involved; that is the employees and the users. Using a discursive approach, the thesis will look at the different power relations among the stakeholders and how NPM has affected and changed this. The overall research question is: **What are the changes and implications among the stakeholders in health care by introducing New Public Management techniques?** Drawing from a socio-ideological perspective, the intentions are to investigate different aspects and consequences by introducing accounting methods deriving from NPM. NPM consists of various rational economic tools which are implemented in a social service with emphasis on human relations. It is the aim to examine conflicting perceptive and ideologies and what impacts these may have.

The PhD dissertation will consist of an introduction to the subject with a literature review along with three articles. It will be structured as the following: firstly, a literature review is completed with the aim of illustrating both issues within management accounting literature on NPM in health care, but also showing gaps within the literature. The literature review will make the foundation for the research questions purposed in the three articles. Secondly, the scene is set by describing the Danish context and governmental reform. Thirdly, the methodology used in the thesis will be presented. This will illustrate from which stand point and view the thesis is made upon and what methods will be used in the articles. Subsequently the research questions for the articles will be presented with an emphasis on the relevancy. Finally, an overview of what has been accomplished so far along with the progresses of the articles will be presented. Preliminary editions of the articles are then presented.
2. Literature review

There exist various literatures on New Public Management\(^1\). New Public Management is a broad concept and therefore has various aspects and accession to the topic, both theme wise but also in different scientific directions such as sociology, history, philosophy, educational, health, economics and several business areas. It is therefore not a limited issue in management accounting. It is consequently necessary to limit the literature review to relevant issues within New Public Management and Management Accounting. In order to understand the phenomenon and purposes of NPM, the history of New Public Management is briefly studied overall. Furthermore, the historical development is related to some global meta discourses that has influenced perceptions during the past 30 years. Otherwise, the literature review focus on specific literature on NPM in health care and also specifically on the influences of performance measures. Moreover, management accounting journals are the prior sources for literature. Given the aim of the paper to study the consequences for various stakeholders, the literature review is moreover focused on articles pursuing a more qualitative point. Journals within management accounting have been studied for relevant issues. In particular the following have been found to deal with issues of NPM in general and in particular within the health care: Accounting, Organisations and Society (AOS), Management Accounting Research (MAR), The International Journal of Accounting (IJA), Financial Accountability and Management (FAM), A Journal of Accounting, Finance and Business Studies (ABACUS). In order to get alternative views and full understand of the social aspects, different public and health journals have been reviewed as well. These are International Journal of Public Administration (IJPA), Public Administration (PA), The American Review of Public Administration (ARPA), and Health Economics (HE). Moreover, few other journals have had single relevant articles which have been studied. Finally, an attempt to reflect on some national issues which influences the implementation of specific methods has been made. This seems relevant in this study since it emphasises on the relevance of different issues in a specific Danish context.

---

\(^1\) This literature review is preliminary. Since there are still 3 and a half years left of this PhD dissertation, the literature review will naturally, at this stage, not be complete and is likely to become more fulfilled and intense.
2.1 NPM description and historical review

The ideas of New Public Management developed in the 60’s in the US. Dwight Waldo\(^2\) and others initiated NPM at a conference on future public administration (Stivers, 2008; Gruening, 2001). They saw a need for a more democratic structure to avoid discrimination and injustice (Gruening, 2001). The three main themes of NPM are decentralization, improved competitiveness and accountability for performance (Groot et al, 2008; Gruening, 2001). In order to pursue these themes the focal point is adopting market-based models with a large focus on performance measurements (Brorström et al, 2008). One of the main reasons for this was a need to be able to hold people in the public sector financially accountable. The term of NPM is rather loose within the above described areas and several different approaches and tools are subordinate to the concept of NPM. The structures of public administration, political reforms and different types of management accounting systems have played a major role in the transcend of NPM (Christensen et al, 2007). Different management accounting tools such as balanced scorecard, ABC and particular a focus on performance measures have entered the public scene. Moreover, in several cases these performance measures are used as economic incentives.

In practice, New Public Management was adopted in the UK in the 1980’s under Prime Minister Margaret Thatcher (Groot et al., 2008). Furthermore, it was adopted in Australia and New Zealand, which historically and basically is closely linked to the UK. Later on Canada, Holland, Norway, Finland, Germany, Italy and Sweden have made attempts to adopt New Public Management and finally Denmark. Attempts to implement NPM in other countries may have occurred. However, there seem to be no literature within management accounting on these. Even Italy, Germany, Sweden and Denmark as mentioned are rather limited in management accounting literature.

Denmark started with minor aspects of NPM in the 1980s, but these have severely intensified after 2003 with a quality reform. The Danish quality reform’s objective is to make the health sector more efficient with a higher service level and quality (Danish Ministry of Health, 2005; Strandberg-Larsen et al, 2007). Furthermore, it is based on a need for documentation to ensure efficient resource allocation. The reasoning behind this is the limited financial resources within the health sector and increase in demands and expectations (Danish Ministry of Health, 2005).

---

\(^2\) Dwight Waldo (1913-2000) was an American Political Scientist. He was a large figure in modern public administration. He has published several books on the issue. The latest being “The novelist on organization and administration; an inquiry into the relationship between the two worlds” Berkeley, Institute of Governmental Studies, University of California, 1968.
The introduction of NPM has been widely studied and discussed on a scientific level in the above described countries within the past 10-15 years. Several challenges in implementing this management control system have been discovered. The challenges arise because of the high weight on financial indicators, which historically have not been the main focus in public organisations (Metawie et al, 2005). The private sector’s market approach has been a part of New Public Management (Jansen, 2008). However, the Public Sector differs in various aspects: Firstly, the Government is a part of a larger social constitution where they have to both act in the best interest of the public and at the same time legitimate themselves, both to the external world and to the public which has elected them (Jansen, 2008). Furthermore, the public sector differs since it works with governance and policy, which the private sector does not (Talbot, 1999). Moreover, the public sector outcomes are social results, which are more difficult to measure than financial (Talbot, 1999). The way the public pays for the public sector services is through taxes and therefore far more complicated and not transparent as in a typical private organisation. The health sector is even more different and difficult to measure, since need for care is unpredictable and can be extremely costly at times (WHO, 2000). The composition of the health sector is particularly complex, which makes it far more difficult to hold people accountable in the same way as in private organisations. Therefore when researching performance measurements in the public sector it is important to understand the large variety of social, institutional and political dimensions (Johnson et al, 2006).

The above description of NPM show large influences by three meta discursive changes in society in the past 20-30 years, which are democratisation, commodification and technology (Fairclough 1992). Democratisation is the removal of inequalities and asymmetries in society and groups of people. Removal of inequalities is one of the ideas of implementing PM in the health sector. It tries to systemise and somehow equalise hospitals in equalising measurements. The information and knowledge power that the professions used to have are being challenged. However, removing these overt power markers, as Fairclough (1992) calls it, seems to only be transferring the power to the administration. Commodification is where the service industry becomes increasingly similar to the enterprise culture of businesses producing goods, which is closely related to the above mentioned market approach of the health sector. Technology is a third factor Fairclough (1992) mentions as a general discourse change in society. Technology is a core factor enabling the increase of registration, since the registration is technology based. Furthermore technology has increased
information availability giving ordinary people more knowledge and power. This itself has resulted in revolutionary changes in organisational structures. The global increase of knowledge and power to the public has put a lot of pressure on organisations. It is therefore important for organisations; both private and public, to incorporate externally legitimated structures (Meyer et al, 1977). The introduction of performance measurements and balanced scorecards in the health sector is closely related to these international trends. Several aspects of New Public Management can be compared to these trends and discourses. All of which has origin in the US.

2.2 NPM in health care

This part of the literature review is focused upon qualitative studies on NPM in health care. Firstly, it briefly sums up the different difficulties and limitations there seem to be with NPM according to various literature. Secondly, it looks at literature analysing NPM’s influence on the profession. Thirdly, it will more systematically try to capture some of the studies made depending on nationalities in order to get an overview. Here a major theme seems to be socio political. The main focus is on management accounting articles. However, few articles from other journals have been reviewed as well.

2.2.1 General problems with NPM

There exists massive critical studies and literature on NPM. Especially, the aspect of implementing performance measures, which is criticised for ignoring social relations and not understanding social behaviours resulting in lack of motivation among employees (Metawie and Gilman, 2005). The reason is that PM as an integrated management tool is static and uniform and thereby lacks to differentiate between people but rather categorise them in an inappropriate manner (Llewellyn et al, 2005). Moreover, it ignores the fact that public employees are not trained in the economic discursive way of thinking, which several aspects of NPM assumes (Linneberg et al, 2007; Castaneda. Mendez, 1999). One particular outcome of this decoupling is that they generate lists of strategies and goals as if they are independent of each other and they have a tendency of selecting measures before they decide how to use them (Castaneda-Mendez, 1999). Moreover, the implementation of NPM in the Nordic health institutions has given a large increase in administrative work and is a massive obstacle for the employees (Pettersen, 2003; Jyllandsposten, 2007\(^3\)). Frequently, performance measurements are assumed to measure predictable links, causes

\(^3\) A Danish Newspaper: Jyllandsposten; “Documentation: Public employees are drowning in paper”. May, 13th, 2007
and effects. However, human beings can act powerfully and unintentionally (Walthers et al, 2003), which is not an integrated factor of the PM. This is one reason why economic development and outcome of planned social interventions can end up being powerful compositions of control, which may never have been intended (Ferguson, 1994). The conclusion is that financial and non-financial measures ignore organizational behaviour theories (Metawie et al, 2005), which creates different conflicts when implementing NPM. One of the larger conflicts is that of the profession.

2.2.2 Profession
Adding to the lack of understanding employee relations is the fact that within health care there are strong professions such as physicians. This strong profession tend to resist changes when being challenged (Brorström et al., 2008). In restructuring health sectors in several European countries physicians are being highly challenged since there has been a power switch away from physicians to administration (Jones, 1999). The physicians’ professions and basic assumptions about their purpose are being highly opposed by this restructuring, since within PM their basic purpose of functioning as physician is ignored. Physicians’ basic assumptions of their professions are qualitative results rather than quantitative results. A Danish study by Strandberg-Larsen et al (2006) finds that it is primarily economic measurements being used and the focus has moved from quality to financial performance as duty. Moving the focus from quality to financial performance the basic philosophy and purpose of physicians are challenged greatly, since quantitative measures are not the physician’s basic objective. Moreover, collective rewards, within a health care sector, contribute far more to the learning organisation than financial rewards (Modell, 2000). This is because people working with social outcomes have complete different basic assumptions than the usual private sector, which focuses largely on competition, changing environments and financial outcomes. This is not the case in health institutions. Several studies have shown that physicians would like and need more stability, less administration and close contacts to patient and colleagues (Brorström et al, 2008) which are in conflict with implementing new models and specifically performance measurements and earned autonomy (Brorström et al, 2008; Mannion et al, 2007). A study done by Mannion et al (2007) in the UK shows that chief executives and directors in the Health Care are not motivated by financial rewards and personal reputation, but rather more responsive service to patients, opportunity to increase staff moral and increased quality of results. Furthermore, a study done in Norway by Østergren (2006) shows that performance measurements are de-motivating for the staff because of time of registration and because of the focus on goals rather than quality. This
creates passive and responsive staff. Another study by Chang (2006) in the UK also shows decoupling between national targets and local needs and that performance measurement are seldom all incorporated locally, however, they are merely used to survive and legitimate themselves. Therefore to be able to still fulfill their core duties and basic professional assumptions, physicians tend to only adopt PM because of obligation and legitimatization. In other words, to keep the pressure at a distance, so they can focus on their prime duties. One of the major consequences of this is manipulation of numbers. In the UK there was a large case with manipulation of waiting lists in 2003 (Chang, 2006). This is adding yet another question and perspective, what are the registration and numbers really used for and are they useful at all. Few studies have looked into this. Jansen (2008) made a study of 3 hospitals in Holland. He found that in most cases politicians were unable to use the Performance Information received from the hospitals since they were too standardised. Furthermore GASP-NAPA 1997 reports that local governments in the US do not use outcome measures (Lee, 2008). In Australia a study was done by Lee (2008) on performance information, which showed that qualitative measures are highly undeveloped, yet rated very important among public sector managers.

Overall, the literature show large conflicting issues around NPM and the profession. However issues around other stakeholders such as the administration and patients seem to be lacking. This suggests an increasing need to understand the complex setting and the effects of NPM tools within these particular stakeholders, both profession, administration and patients, in health care.

2.2.3 National differences in attitude
How the profession react on the implementation of NPM seem to differ somewhat between nationalities. Several studies look upon specific national cases and even some are comparative studies. In the following these studies are reviewed. Moreover, specific national case studies are reviewed showing the national differences and their socio political focus.

A case study done by Liisa Kurunmäki (1999) on 3 different Finnish hospitals shows how physicians are forced to use economic rationality when arguing for their needs, otherwise they would not be heard. The study describes the implications of different health acts and reforms
implemented in Finland in the 1990’s. Kurunmäki uses Bourdieu\(^4\) to analyse the power influences of implementing aspects of NPM with strong emphasis on accounting in the Finnish health care sector. The study shows how accounting tools affect physicians. When medical staff doesn’t know anything about accounting, those tools become instructions and thereby a power device. By interviewing several staff members at the hospitals, she further more finds that accounting information and tools simply becomes an information tool to explain post hoc accountability rather than a future strategy tool for creating market conditions such as competition. Overall, the study showed a failure in augment value of financial capital and in challenging the professional capital of medical professionals.

Another study is made by Liisa Kurunmäki together with Lapsley and Melia (2003) on “Accountingization versus legitimation: a comparative study of the use of accounting information in intensive care”. This is a comparative study of intensive care units in the UK and Finland. The study is focused on the global trend of NPM versus the national perceptions and management techniques. In both countries they find decoupling between health care and administration which seem to provide mechanism for legitimisation. There do exist some major differences however. The UK health staff seem to be far more critical of the role of administration and accounting. The UK uses financial information after the fact to defend, whereas in Finland there seem to be more acceptance on financial targets. The reason for the Finnish clinical staff to absorb the role of management accounting is explained by the fact that the large role of accountants is newer in Finland than in the UK. Again, this study show problems in the social relations and power dominance as described above in other studies. Kurunmäki has furthermore published an article in AOS (2004) on those differences between Finland and the UK. In this interpretive study, she seeks to understand the acceptance of NPM reforms by medical professionals in Finland and the changes during the late 1980’s and through the 1990s. Kurunmäki here observed a hybridisation of medical expertise. That is a transfer of techniques where abstract knowledge plays no role. She explains this acceptance of budgeting and accounting techniques by a strong historical institutionalisation of cost and accounting in the Finnish academies whereas in the UK these transfer of techniques have been strongly opposed due jurisdictional encounters.

A study done by Jacobs, Marcon and Witt (2004) comparing cost and performance information for physicians between the UK, Italy and Germany found further decoupling between clinical staff and

\(^4\) A French Sociologist, 1930-2002, who worked with habitus, field and symbolic violence focusing on how specific symbols are used as dominance in order to achieve and maintain power.
administration; clinical staff, in general, do not have access to cost and activity information even if they are interested in these. This seems to be a highly critical issue. The differences however, between the UK, Italy and Germany, were similar to that of Kurunmäki et al’s (2003) study; the UK seem to have more experience with accounting and cost tools in health care and are now drifting away from market reforms because of their bad experience with these, whereas in Germany and Italy these types of reforms are rather new and they therefore have more focus on costs and accounting and is more absorbent of these.

The fact of particularly the UK opposing more to the NPM and accounting techniques may stem from the fact that the issues are far more discussed and criticized among UK researchers. Llewellyn and Northcott (2005) discusses and criticizes costing systems for standardising hospitals and physicians. Moreover other studies by Llewellyn (1997/1998/2001), Mannion (2007), Chang (2006), Lapsley (1994/1996/1997) are all rather critical studies on the effects of NPM in the UK health care. Some of these studies have been referred to and mentioned earlier in this section. The latest article published by Irvine Lapsley (2009) in ABACUS is not focused on health care, but on NPM overall. The title “New Public Management: The Cruellest Invention of the Human Spirit?” clearly shows this general critical tendency towards NPM in the UK. On the contrary there does not seem to exist any further critical studies in Finland, Germany and Italy.

In New Zealand and Australia studies have also been done on NPM and the health sector. New Zealand has devastating experiences with implementing NPM in the health sector and also other public entities (Christensen et al, 2007; Lapsley, 2009). However, there seem to be a lack of published articles on case studies in these countries in the major management accounting journals. There seem to be some in local journals, many of them however rather positivistic articles, that are merely developing alternative calculations and costing systems in health care. One of those are “Pricing public health care services using DEA: Methodology versus politics” by Paul Rouse (2006), which is an article on using Data Envelopment Analysis in health care. Some authors can be found who are critical of NPM, however, these are not management accounting researchers, but public health researchers looking more into health policies than accounting systems. One of these are Grant Duncan from Massey University, New Zealand. His definitions of quality in health care are used in article 2 of this dissertation. He, moreover, has written an article with Jeff Chapman “New Public Management, New Millinium, New Zealand” which is only to be found as a conference paper. This article notes on the fact of the high influence of economic rationality
through the years of 1988-1996 in New Zealand. Nationally, however, this rationality has been greatly criticized and the government has reversed the health care system, quietly, as Duncan et al writes. Despite the great experience New Zealand and Australia have on NPM in practice there exist very little literature within management accounting.

2.2.3.1 Socio political focus
Moving away from the management accounting journals towards health economics, articles on NPM and health care reforms and their effects can be found on Portugal and France. These countries seem to be completely absent in management accounting literature and wherever NPM is referred to be implemented. A study by Oliveira et al (2005) on “Health care reform in Portugal: an evaluation of NHS experience” describes the development of political health reforms and their effects on Portuguese health care. There seem to be surprisingly similarities in the Portuguese health care and other European countries as Scandinavia, Germany, Holland and the UK. Reforms have been made to increase equity, efficiency and accountability in the Portuguese health care. However, the article lacks social relation and management accounting perspective. Moreover, an article on the French health care system has been published in Health economics (2005) by Bellanger et al. This article describes how France is reluctant to introduce market forces in Public health due to a strong traditional top-down public administration. It describes how France has in the past 40 years tried to implement economic and cost focused initiatives in health care, but completely unsuccessful. The main focus in France therefore seems to be on reducing the burden of disease and premature deaths and other human issues rather than economic. However, according to the authors, France has a very efficient system.

Portugal and France are two countries not mentioned at all in management accounting literature. Neither is Denmark. However, information on NPM in the health sector in these countries can be seen in other health journals or national studies only published online. However, in the US there exist various literature as in the UK.

The US differs from the previously mentioned European countries and Australia since its health care system is highly privatized. Therefore, the discussion on health care issues in the US has a different angle. However, it is these exact angles that are the main issues in NPM in health care, since NPM evolved in the US as earlier mentioned. One article by US authors can be found in AOS.
That is “Monetized medicine: from the physical to the fiscal” by Samuel et al (2005). This article criticizes the market driven health care to have failed in fulfilling its intention. The study criticises accounting and costing systems to put prices on people’s lives. It emphasises on how product lines like DRG – diagnostic related groups – have reduced physicians to defend quality of commodity rather than quality of care. It questions the ethical implications of transforming medical services into commodities. As a matter a fact, this article is more heavily criticizing accounting and costing systems in health care than any other article found in management accounting:

“For example, engineers warned that “one major obstacle” to a “product line approach to managing hospitals” was the misguided “humanistic concept of service” (Fetter & Freeman, 1986, p.53). Some economists still lament “…the disquietitude many people feel, or think they should feel about the commercialism” of healthcare (Pauly, 1998, p.235). Despite their misgivings, it would seem that the battle against the commodification of medical care is being fought in the shadow of a war already lost. “Providers” and “consumers” have almost completely replaced “doctors” and “patients”, and “care” is increasingly “delivered” to enhance “health status”. The ill-health of people is no longer viewed as a social problem, but increasingly as a “budget deficit problem”(Thurow, in Preston et al., 1997, p.160)”

This paper, which is written by Americans and is about American health care seem highly alarming when thinking of the fact that this is the aim of New Public Management in several European countries. The paper moreover documents how this market shift in health care has NOT decreased costs, but on the contrary they are increasing. Other American articles are rather critical of NPM, performance measures and DRG frameworks in health care. Among some of these are Covaleski et al (1993), also in AOS, and Werner et al (2008) “Does Hospital Performance on Process Measures Directly Measure High Quality Care or Is It a Marker of Unmeasured Care” published in Health Research and Educational Trust. These are some of the critical American articles. However, the majority of articles in the US literature are non-critical and rather positivistic articles. Some of these are MacArthur & Stranahan (1998) and Evans et al (2001). These articles focus on cost drivers and its effects on costs.
As mentioned above, the US differs from the European countries because of a different public setting with larger emphasis on private hospitals. This is due to some fundamental differences US and European perceptions. A lack of awareness of these differences seems to exist. However, these differences seem important since NPM derive from the US and is implemented by other countries with different perceptions. Therefore an attempt to state some of these differences and the importance of awareness of these is made below.

2.3 National cultural differences and its implications on implementing NPM in health care

This section is not a literature review on health care. However, it draws on literature and emphasises on the national differences and its impacts on implementing NPM in health care.

A study done by Awasthi et al (2001) emphasises on cultural differences and the behavioural consequences when adopting performance evaluation systems. It looks upon US and Chinese nationals in Taiwan. It does not look at European countries; however, the study is still interesting since it brings up some valid questions upon national differences and its impacts on introducing specific accounting tools. The study shows that it is important to acknowledge that people of different nationalities may have different work-related cultures. The study focuses on two cultural dimension; individualism/collectivism and power distance. It shows considerable differences in accepting performance evaluation systems depending on these two dimensions. Where in the US with low power distance and high individualism, the likelihood of successfully implementing performance evaluation systems are higher than in countries with higher power distance and less individualism. Having this in mind, however not using those dimensions, the following will discuss the differences between the US and Denmark. It will moreover discuss how US accounting systems has become a global trend.

Originating in the US, many of the ideas behind NPM are based on the American culture of individualism where the basic assumption and philosophy is that everybody should be treated equally according to the work effort of the person (Nørreklit et al, 2006). All the way back to the 17 and 18 hundreds the discussion of selfishness and respecting others has existed. The most known persons and their different theories and ideologies in newer times are Immanuel Kant (1724-1804) and Charles Robert Darwin (1809-1882). Darwin, who is Anglo-Saxon, is well known for his

---

5 Already Before Christ, philosophers like Socrates, Plato, and Christ himself bring theories about the moral obligations of human beings.
saying, “survival of the fittest”\textsuperscript{6}. This theory is not directly applied to organisations; however it has strong associations with the shareholder theory, profit maximization and the American basic ideology and way of living (Dickens, 2000). In other words, if people and organisations mainly think about themselves, it will be the best for the world. Kant, on the other hand, is known for the Kantian Ethics, where he says that, “…persons should be treated as ends and never only as means. Failure to respect persons is to treat them as means in accordance with one’s own ends…” (Beauchamp et al, 2000). He furthermore argues that respect for a person should be demanded. This is somewhat similar with the view of stakeholder concern, and the Kantian theory has often been used in this connection. It is important that the institution respects all of its stakeholders and take their needs into consideration when making decision. The Kant theory is closely related to the public set-up in continental countries and even more so the Nordic countries. Especially Nordic countries differ from the Anglo-American when looking at performance measurements in the public sector, since the Nordic countries depends on economic flexibility, social innovation and political compromises (Johnsen et al, 2006). Denmark unlike the US has a different and more democratic basic culture. The Danish culture is the same as the US with regards to equalisation. However, the basic assumption and definition on equalisation is different. In Denmark everybody is equal regardless of the work effort and status. The work ethic is based on duty (Nørreklit et al, 2006). It is a contribution to the whole common society. In Denmark it is possible to have different status and income, though the differences in income are minimal compared to the US (Bergström et al, 2004). Furthermore, it doesn’t make people different and there is a common willingness, in a collective way, to contribute to society as a whole and less fortunate people, which does not exist in the US. Furthermore, Denmark is purposively one of the most authority faith countries in the world (Knudsen, 1996). The Danes are moreover used to fellowship and making decisions together. The basic values are equality, common agreement and being alike (Knudsen, 1996).

Because of this sense of duty, equalisation, contribution and trustworthiness, the typical Danish employee is not used to being measured upon contribution. This is a significant difference to the US culture of competition and recognition. Introducing performance measurements, which is based on the taken-for-granted individualistic American assumption, in such a different society creates socio-psychological consequences when increasing control on people devoted to duty (Nørreklit et al, 2006). Since New Public Management with the tool of Performance Measurement is literally

\textsuperscript{6}  \url{www.leksikon.org/art.php?n=532&t=0} , Charles Robert Darwin
measuring work effort and accordingly rating and paying the employees based on the performance, it makes sense to think that there could exist a conflict in the Danish Health Sector when introducing a control management tool which has basic assumptions that vary tremendously to the employees. As Nørreklit et al (2006) states that the ideological assumptions underlying the management instruments in Denmark must be consistent with the underlying ideological Danish assumptions, which is not the case with the new health reform. Furthermore, according to Burns and Scapens (2000), introducing changes which conflict with existing routines and institutions is far more difficult.

Having discussed the various basic social assumptions, it is lucid that the Danish Health Care system is encountering obstacles in implementing NPM as a control tool. Regardless of the cultural differences, the Danish Government made a decision of implementing performance measures. The reason for this has also been briefly touched in the above section. The Danish Government has an external role to other countries where it has to legitimate itself and compete with an expanding global and competitive world. Furthermore, it has most likely been influenced by the described three international meta discourses. Moreover, the public’s increased awareness and information access created a need for the Danish government to implement a different tool, so it could profile itself both towards other countries and the Danish population.

Looking into the Danish context, the structure of the health system have several layers: Government /Ministry of Health, Regional level, Municipal level and hospital (Strandberg-Larsen et al, 2007). This increases the complexity of implementing new rules even further.

This section has attempted to take a step back and capture an idea of the entire framework of the implementation of NPM in a Danish context. NPM is a management tool evolved accordingly with the three international meta discourses; democratisation, commodation and technology. It has thereby become an international trend, which seems to be a tool for governments to legitimise themselves regardless of the relevancy for the specific context. This section has from a social context tried to reason why NPM may not work in all countries and more specifically in Denmark. Supported by various literature and studies in the area the paper has tried to reason on what some of the implications in implementing performance measures in the Danish health care sector may be. While implementing performance measures in health sectors there exists a switch in focus from qualitative to quantitative results. The quantitative results are conflicting with basic values of the
public sector, especially in Denmark, since the purpose of the public sector is social results rather than financial results. Furthermore, in Denmark the Health System is a complex entity with several layers of commands. From an institutional perspective this could add to the decoupling and thereby lack of success of implementation. This supports the earlier identified need of study within the area of NPM implementations in Denmark.

2.4 Conclusions
The literature review has brought several complex challenges forward when implementing NPM. It has presented the difference and complex situation of the Health Sector as being a service and public organisation with social outcomes rather than financial outcomes. It has furthermore stated the lack of employee and social relations in accounting control systems, which is of particular importance in an institution with social and qualitative outcomes. Adding to this is the fact that there is a heavy focus on quantitative measures rather than qualitative. The outcome of these neglected areas is lack of motivation and manipulation of registration. Finally, the need and use of NPM has been questioned and there appears to be uncertainty on the use and purpose of the NPM. The standardisation of the health sector may contribute to comparison on a quantitative and financial level. However, the transparency and efficiency is questioned. It may be financially transparent, but not qualitative. Furthermore, the assumed efficiency seems to be highly challenged by de-motivated employees and the focus on registration. These consequences and difficulties show a clear decoupling between governmental/administrative level and the health care level.

The many challenges and obstacles of NPM in the health care are complex. It shows a high need of further studies in several areas. According to Simpson et al (2003) there is an enormous need to improve the evidence and base for performance measurement at all health care system levels, which this literature overview supports. This literature review furthermore shows a need for qualitative and reflective studies in other countries than UK. Qualitative studies on Denmark have not been seen in any of the management accounting journals.

Furthermore, the review on nationalities shows the importance of understanding socio-cultural differences when implementing NPM. Few studies, if any, have looked at this particular theme. Overall, the literature review calls for more research within health care and the implications of New Public Management in various areas. Even though NPM is more than 30 years old, the implications of implementing NPM seem unsolved and seldom reflected upon. Moreover, what influences it has had on the major stakeholders such as employees and users have not been studied much. The literature review shows gaps in management accounting literature on the issues in other countries.
than the UK. Moreover, it shows lack of critical and reflective research in the areas of the economic rational discourse dominating the field of health care.

The literature review demonstrates a need and a reason for investigating the area of NPM in health care further; especially looking at the effect on various stakeholders. It illustrates a need of examine the implications of NPM in various countries; among those are Denmark. Furthermore, New Zealand is an interesting case and creates a foundation for future studies. Comparative studies with New Zealand are not a part of this PhD dissertation. However, going abroad to New Zealand could create awareness of implications and create a foundation for future studies.
3. Setting the scene

In order to understand the specific development of New Public Management in the Danish healthcare, the latest Danish health reforms have been studied to give background information. Moreover, some Danish studies made at the Center of Health Management, Copenhagen Business School\(^7\) are reviewed in order to understand more in-depth issues.

3.1 The Danish Health Reform

In the 1970s counties as small communities were introduced in the Danish society. These counties took care of several local services including health service. In 2004, the government introduced a new so-called structural reform. This reform's core premise was to merge all counties into 5 larger regions called municipals. The main argument for this restructure was the link between size and productivity. The larger the region or area, the better different facilities and expertise could be drawn upon (Structural reform, 2004; Borum, 2006). The quantity – quality relation has become the foundation for the restructure of the Danish healthcare (Borum, 2006). As of January 1\(^{st}\) 2007, these municipals are responsible for the health care. However, small communities (kommuner) within the municipals still have some responsibilities regarding homecare and prevention of illness. Moreover, the Danish State is responsible for the coordinating and specialised health care.

Figure 1: The structure of the Danish health system

\(^7\) http://www.cbs.dk/forskning/institutter_centre/institutter/chm
Dividing the responsibility centres into three different units as shown in figure 1 gives some different complications. The different responsibilities are divided as the following (The structural Reform, the Danish Government, 2004):

**The State:**
- Coordination of specialized treatment
- Makes standards for quality and IT systems in health care
- Makes demands and standards for the municipals and communities

**Municipals:**
- Have the responsibility for hospitals, psychiatry and physicians
- Receive finances according to objective met
- Receive finances from the communities according to population size and additionally according to number of hospitalizations
- Has to cooperate with the communities as regards to treatment, preventions and post treatment (home care)

**Communities:**
- Have the responsibility for rehabilitation and home care
- To prevent illness and to encourage communities to be pro active in this area, they have to pay a set amount of DKK 3.000,- per hospitalization to the communities

It can be argued whether this is a correct and/or fair deviation of assignments and responsibilities. However, it is obvious that this type of deviation may lead to various problems. One problem is that the State coordinates and set demands and standards without involvement of municipals and communities, which makes this an extreme top-down controlled reform. Another problem is the deviation of the responsibility between the municipals and communities where a grey zone very likely could occur when patients are send home from the hospitals. Moreover, in order to prevent illnesses a very large and long time frame is needed, since most illnesses can not be prevented
overnight. This could create some imbalance in those communities with a heavy amount of elderly and psychiatric patients. These are some of the implications looked upon in article 2 and 3.

The structural reform is supplemented with yearly financial reforms which set the standards and demands for the health care. These financial reforms have intensified tremendously from being loose and brief in the end of the 1990’s (around ½ page) to become heavily specific with increasing demands (up to 3-4 pages the later years).

### 3.2 Results from the health reform

At CBS, Center for Health Management a so-called baseline survey of the health sector’s organisation and management before and after the quality reform is currently being made. They are focusing on measuring the general outcome and changes due to the health reform, not on the implications and how it is integrated in the hospitals on a practical level.

In the baseline survey it is found that it is primarily economic measurements being used and the focus has moved from quality to financial performance as duty (Strandberg-Larsen et al, 2007). Furthermore, it is found that the hospitals have become increasingly more liberated in controlling their own hospital (Bech, 2006). This is a relevant factor, since it shows that it is within the hospital management and how each single hospital implements the reform and measurements that is of significance.

Furthermore, Bech (2006) in his paper “The justification of the administrative reform” explains that health centers have been promoted to become more client orientated. Furthermore, this study explains how the government since the 1990’s have had various commissions studying the optimal service size, that is the optimal size of population for a hospital. Based on a patient population size and service quality, the government has set up how large a population should be in order to have an efficient hospital, using this argument for closing several small hospitals. The study shows a shift from the commission under the previous government (the social democrats in the 1990’s) to the commission under the current government (the liberals since 2002). The commission under the social democrats concluded that an optimal population size for internal medicine at a hospital is 200-250.000 people, whereas the new commission came to the conclusion that a population size of 400-700.000 is the optimal size for internal medicine. This shift in size shows various relations to NPM and the increasing need of efficiency. According to Bech’s study it becomes legitimized that increased quantity equals increased quality. However, the study also shows various opinions. The politicians claim that the commission’s report is the optimal solutions where as the medical society opposes and claims that it is to large quantities.
Another study, also made by Bech (2006) on “Revitalising a dormant institution? Contestation and innovation around health centres in the reshaping of a national health care system” shows the opposition by physicians towards the reform whereas nurses see an opportunity to increase influence and consequently settles down several professional commissions in order to constructively work with the new reform and its possibilities and thereby end up with a major amount of health centers. They try to legitimate themselves pragmatically by being proactive whereas the physicians seem to be more respondent. They are simply against the model and health centres.

Morten Dige is a Danish philosopher who has written a chapter in a book about the commoditized patient (2007). He emphasises on the risk of the new reform with heavy economic rationality. He tries to define the difference between the concepts of patient and consumer. The concept of patient have fundamental values such as the respect for the individual, involvement and solidarity whereas the concept of consumer forces the “patient” to become more active rather than passive which creates the danger that it is the strong consumer that wins and the weak ones get neglected. Moreover, he stresses upon quantity versus quality; when the patients/consumers complains over quality the answer they receive is with statistics. He experiences the management accounting logic behind this fact as rather problematic.

These are some of the few Danish studies looking particularly on the new health reform. As mentioned earlier there are no Danish studies in management accounting journals. The Danish studies show some of the problems occurring when implementing several NPM aspects in the Danish health sector which again calls for reflective and qualitative examination of the management accounting tools and their social effects.

Having set the scene, makes the foundation for the PhD dissertation and its focus more solid. The scene setting has added to the importance of research within the area and it has further showed some of the implications there may exist in a Danish context.
4. Methodology

This chapter seeks to reflect on some paradigmatic issues along with identification of methods used in the PhD dissertation. A paradigmatic discussion will first be made. The intention is to make the assumptions for this dissertation clear. Thereby the purpose of this chapter is to create the foundation on which the dissertations overall analytical frame is based upon. Moreover, it frames the relation between the problems to be analyzed and the perspective from which it draws.

4.1 Paradigmatic reflections

As an introduction for the paradigmatic clarification, it should be noted that it is the understanding that one paradigm is no more true or false than another. However, a given paradigm can be more useful for some purposes than others. The purpose of this discussion is simply to make the reader aware of the conditions of the dissertation and clarify its relation to knowledge.

The dissertation will take root in management accounting as a social science rather than natural science. According to Morgan and Smircichs six ontological approaches (Ryan, Scapens & Theobold 2002, p.36), two approaches seem relevant for this PhD dissertation; that is “symbolic discourse” and “social construction”. Specially in the dissertations use of discourse theory and analysis it seems relevant since the focus is on a reality of common meanings and norms, where “as such, reality is not a set of rules per se, but is embedded in the meanings and norms which are created through individual experiences of events and situations, and then shared through social interaction. Although these meanings and norms can be changed at any time, they can also be quite stable over time and thereby come to structure social activity.” (ibid., s. 37). Both article 1 and article 2 look at discourses and its changes over a specific period of time, which make this approach and assumption rather relevant to understand as a basic foundation. Article 1 is observing the changing discourse in research articles on NPM in health care and article 2 is observing newspaper articles in a given period. However, the observation itself, and thereby lack of interaction, does not imply that it is founded on concrete construction and observation, nor does it imply that it is solely explaining actions and understanding social order as in interpreting and describing, but rather that it makes critical observations with an analytical descriptive approach. In the following it is important to highlight what is meant by the term “critical”. Critical research is often related to Marxism which is not the intention of this research. According to Ryan, Scapens and Theobold (2002) accounting research can be devided into three catagories; mainstream, interpretive and critical. Mainstream
accounting uses quantitative methods and believes that empirical reality is objective. Interpretive accounting is explanatory and subjective and believes that reality is socially created. Critical accounting research takes a step further and believes that “criteria for judging theories are always temporal and context bound. Social objects can only be understood through a study of their historical development and change within the totality of relations” (ibid, p.43). Furthermore “Empirical reality is characterized by objective, real relations, but is transformed and reproduced through subjective interpretation”. Thus critical research is broad in one sense and it is not related to a particular political standpoint. Various philosophers such as Marx, Foucault and Habermass exist within critical theory, but is not similar in approach. Laughlin 1995 (Ryan, Scapens and Theobold, 2002) describes the differences between these more clearly; He distinguishes between level of prior theorization, level in theorization in method and level of emphasis given to critique of status quo and need for change. For example, Marxism is low on methodology choice and high on theory and change choice whereas for example German critical theory is medium in all of the above. In other words, the term “critical research” is not an area of researchers with a specific political standpoint. But rather a specific way of believing in knowledge which can approach research in several ways.

In this PhD dissertation critical research is used with medium emphasis on theory, methodology and change. This type of research allows the researcher to both observe and interpret with possibility of loose generalizations. It allows the researcher to derive from prior theory and to have theorization in methods used, however without being tightly dependent on them (Ryan, Scapens and Theobold, p.46-47). It gives the possibility to research in the middle range of subjectivism and objectivism. Ontologically, the symbolic discourse approach to reality allows the researcher to interpret how the human actors, who are represented in the articles, make sense of their reality and which meanings and norms they connect to the specific situations; mainly that of implementing performance measures in health care whereas social construction allows the researcher to describe the individual sense making of the actor. Drawing on some of both these approaches therefore seems relevant for this dissertation. Even though article 3 differs from the other two articles it is still within this paradigm. The aim of the article is to illustrate how the individuals make sense of specific performance measures and how this sense making eligible could lead to sub optimization. The critical approach allows the article to be both objective as in terms of calculations but also somewhat subjective as in understanding the effect of the rules and numbers upon the actors. The
reason for using rational calculations in this article is to illustrate how that even from an objective and quantitative standpoint it is possible to be rather critical of the construction. However, this is merely used as the foundation for the paper. The paper itself is a case study looking upon the implications of these quantitative measures.

Having defined the ontological assumptions as drawing on symbolic discourse and social constructivism and the critical research approach as the overall taxonomy using theories from social science such as discourse, the following will explain the relevancy of this standpoint in this dissertation.

To make a rough distinction, it could be loosely said that the management accounting systems and tools such as NPM and performance measures are mainstream and objective whereas the public sector, and in this dissertation the health sector, is a social service where the experience of this service is subjective. In order to make a research frame which is able to incorporate both parts, its interactions and consequences upon each other, the above assumptions and the critical perspective seem relevant. Taking a mainstream perspective would limit this study to merely evaluate and enhance the management accounting tools, proving what works and what does not according to numbers, categorizations and isolations. Taking an interpretive perspective would allow the researcher to describe various social impacts and situations but would not be able to question and reflect on these impacts and situations. This dissertation seeks to reflect on some of the implications and difficulties of the impacts of NPM in health sector in order to create awareness and knowledge of what seems to be economically beneficial and efficient. Sound economic efficiency is beneficial in many cases since it creates a foundation for a welfare society. However, when dealing with social services other factors are interfering with these types of solutions. The economic solutions have limitations when dealing with social services, since they are created to reach economic efficiency not human efficiency since it is not within economic rational ability to predict behaviour or to understand human rationale, but only economic rationale. In order to be able to emphasise on the problematic issues of implementing NPM and particularly performance measures in public health care, a critical approach therefore seem highly relevant in order to capture the full picture.
4.2 Discourse theory and analysis

This PhD dissertation will use a discursive approach in two of the articles. Therefore this section will examine the concept of discourse closer on which the theoretical foundation have just been defined. Discourse theory derives from social sciences. The conception of discourse is largely drawn on the work of Michel Foucault⁸. In this relation discourse is a specific institutionalized way of thinking which is manifested through language. According to Michel Foucault discursive manifestations are complex relations between knowledge about people and systems of governments closely linked to power (Simons, 1995). Discourse is a set way of thinking which often limits the person to see alternatives. It often restricts people in opposing and seeing other solutions than status quo. Discourse theory is used in this PhD dissertation since it allows to capture specific ways of understanding the world and how these ways effect thought and language to the extend of changing or manifesting other peoples view and way of thinking. It is a relevant theory since it is critical of the status quo and of “how things should be”. It allows the researcher to take a step back and identify statements as abstract matters and repeatable relations to objects or subjects, thereby questioning them. Furthermore, discourse theory is able to link institutionalized ways of thinking to power and the political. Since implementation of NPM in the public social services is closely linked to power and the political this is a useful theory.

Critical discourse analysis by Fairclough (1992) derive from Michel Foucaults thoughts on discourse. Critical discourse analysis, however, is a specific tool to analyse texts and language. This tool is used somewhat in article 1 and more in article 2. It is in these two articles relevant since they researches the written language, its historical evolvement and its powerful impacts. In article 2 a more profound explanation of the theory and method is made.

---

⁸ Michel Foucault was born in Poitiers, France on 15 October 1926 and died in Paris on 26 June 1984. He was a Historian and philosopher, associated with the structuralist and post-structuralist movements. He has had wide influence not only in philosophy but also in a wide range of social scientific disciplines. A lot of his work is on power, governmentality and discourse which make his thoughts highly relevant in this paper. However, Foucault’s work is in many ways abstract and not concrete and therefore not suitable as a main source of method in this paper. On the other hand he is referred to at specific occasions. A list over Michel Foucaults work and books written on him can be found on www.michel-foucault.com
5. Research questions

Article 1: Constructing a governable health care – a comparative study
NPM originated in the US where a complete different set of basic assumptions and cultural effects are present compared to for example European countries. One particular aspect of these cultural and social differences is the power distance and management ideology. However, the meta discourses (Fairclough, 1992) described in the literature review show a global trend of commodisation within all institutions and within people’s perceptions of the role of the different stakeholders; specially the perception of the profession. In order to change the perceptions of the profession towards commodification different attempts within NPM, such as performance measures and incentive pay, is made to govern and structure the profession in particular ways. However, the acceptance of this governing is different across nations. As seen in the literature review there exist larger opposition in the UK. This gives reason to look into the literature; whether this trend, on how the various stakeholders are constructed, is expressed differently across nations. It is of interest to study what types of studies are dominant and what do they show and are there differences in local settings, such as between the Anglo Saxon and continental Europe.

The relevance of this article within the PhD dissertation is that it complements the prior literature review and the critical analytical approach. It moreover, creates a foundation for the other articles, identifying further gaps within literature on NPM in health care. Since a critical perspective is taken within this study it is eligible to elucidate what may be going on beneath the surface and have a major impact both on the different national scenes but also in how the authors approach the studies. There does not exist an earlier literature review of NPM in health care. Moreover, taking a critical perspective using discourse analysis is also not seen in existing literature.

The theoretical frameworks for this study is based on a critical article by Miller et al (1984) “The construction of the governable person”. The reason for this particular angle is to create a critical perspective on the implications of implementing various NPM tools in the health service sector. Using this article as a framework, the study will identify various existing discourses and relate them to the article. The idea of this article is to integrate concepts from social science into the economic rational literature on accounting methods.
This article will look into what type of discourses there exist in the literature on NPM in the health sector over the past 30 years and how has this changed. It will analyse in what countries case studies have been made, with what results and interpretations and from there identify existing and/or changing discourses.

How does the literature on NPM in health care relate to the construction of the governable person? What are the changes in those relations and are the acceptance of this nationally dependent and different?


\(^9\) The Danish Bibliometric list, is a list of journals acknowledged and accepted in research.
Article 2: “The entrance of the economic man in health care quality – a Danish case study”

This paper will identify the dominating stakeholders/actors within the Health Care Sector and the changes of their roles. Earlier studies support the fact that power seems to shift from physicians to administration. This power shifts along with the introduction and focus on quantitative results would have and should have an effect on the results. The results and outcome of the hospital sector is the service provided by the hospital. It therefore raises the question whether the service provided to the patients will be affected by this change. The idea with the changes is to provide better service and higher quality to the patients (Structural reform, 2004). But what is meant by the concepts of quality and service may differ between stakeholders. Quality and service are two phenomena that are linked together in this study. Since the outcome of a hospital is something intangible as in treating a patient, it is looked upon as a service. The hospital is not producing goods, but is treating patients with its services. Quality is an important factor of this service, since there is a mutual understanding of the fact that high quality is eligible for a high service and thereby better treated patient. By introducing quantitative measures, the government has assumed that high quality automatically would increase along with measurements. This study looks into whether this is actually the fact or if it is merely the concept of service that has changed; who has the dominating stakeholder perspective and where do the concepts of qualitative service derive from. High service was originally associated purely with high quality, but the introduction of quantitative measures may have the impact of defining high service with good and high quantitative measures and not qualitative factors. Earlier studies have looked upon linkage between quality and quantity and the shifts in focus from qualitative to quantitative (Strandberg-Larsen et al, 2007). However, the concept of service and changes in the basic perception of service and quality, with a view to which interests is served, has not been studied and connected with performance measurements.

This study is an empirical study. The theoretical framework used in this study is based upon Fairclough discourse theory (1992). Discourse theory is appropriate in this study since it looks upon meaning of words both isolated and within a context. It furthermore looks upon changes of the use of certain words. Since different stakeholder groups have a large influence on the perception of this concept and since it is tightly connected with the changes of stakeholder influence, the theory is supported by Steven Lukes (2005) third dimension of power in order to identify the various power influences which is closely connected to the discourses discovered.
This article contributes to the thesis in several ways. Firstly, it is based upon the previous article which has identified the different discourses discovered in management accounting literature on NPM. It derives from this by taken a step further in looking upon the changes and challenges faced in a specific national setting; that is Denmark. It tries to explain what has happened with the stakeholder and power structure and what effect have this had on different perception of service quality.

The purpose of this paper is to show how performance measurements have an impact on different stakeholders and their influences which furthermore has an impact on the perceived concept of service. The following research questions will be addressed:

*Is there a change in the relative power construction of stakeholders within the Danish health care system over the period of 2002-2008? What effect has this change of relative power had on the concept of service quality?*

![Diagram showing NPM, Power change within stakeholders, Change in the concept of service, Qualitative versus Quantitative focus reporting]

The research method used is a combination of qualitative and quantitative empirical research. The data consists of newspaper articles during the period of 2002 – 2008. All the newspaper articles are on the issue of performance measurements and the health care. The empirical data is organised and analysed quantitatively, however combined with qualitative data by creating an understanding of the articles as a whole. The intention of analysing newspaper articles are based on several factors. The newspapers reach a broad spectrum of the population, various stakeholders and their opinions are represented which makes it possible to identify stakeholder groups. Furthermore, the
Article 3: “The implications of performance measures in Public Health care – a Danish case study”

A large part of NPM draws on health economic implications. This study will investigate the implications of a specific hospital setting. First it analysis the implications from a theoretical point in order to understand the problem there may exist when implementing specific performance measures such as number of treatments and length of hospitalisation. Moreover, it shows the possible effects when treating number of hospitalisation as profit allocation rather than cost allocation. The core issue illustrated in this regard is that of sub optimization. Second, it looks at the empirical issues. Even though some economic issues are obvious as in the prior illustration of implications, the idea is to interview hospital personnel and thereby develop a suitable theory to support and structure the findings. In doing this research this way, makes the possibility of capturing the core issues rather than fitting findings into prior theory. However the focus is on economic implications, therefore these are illustrated as a foundation for the paper.

The relevance of this study in the PhD dissertation is, based on the prior research in the other articles, to see how a specific situation of implementing performance measures in health care actually takes place and what the social issues surrounding this are. It is a natural extension of the study which could either verify the previous study or create awareness of other issues, discourses or situations playing a role.

This paper will illustrate certain specific problems when implementing incentive based pay on treatment and hospitalization. Based on economic theory as background, a case study will investigate the possible implications of introducing these performance measures.

What are the implications of implementing performance measures, such as length of hospitalization and number of treatments? To what extend does these economic measures become controlling in the behaviour of the profession?
The foundation for this paper is based on some economic implications on the implementations of measuring length of hospitalizations and number of treatments. It shows how payment for these two measurements may lead to sub-optimization. When a specific amount is paid per hospitalization, this factor should be optimized. That is the number of hospitalizations should increase and the length of hospitalization decrease. Furthermore, literature on length of hospitalization and its effects will be studied. Based on this foundation, several managers and physicians at a specific hospital will be interviewed. The aim of the interviews is to discover the behavioural impacts of these measures and how this may affect the service provided.
5.1 Accomplished and future structure of the study

This section sums up the accomplished parts of the PhD dissertation and the future structure, which has been sporadically mentioned in the previous section of description of research questions. It is to establish an overview and to give a better understanding of the relevance of attended courses, conferences and future environmental exchange. All of which have been carefully integrated with the progress of the PhD dissertation.

Accomplished PhD courses:

<table>
<thead>
<tr>
<th>Name of course</th>
<th>ECTS</th>
<th>Place and time</th>
<th>Benefit from the course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argumentation and Research Design in Accounting</td>
<td>7,5</td>
<td>Aarhus School of Business. Fall 2008</td>
<td>Writing on thoughts for Article 2. Hand in and presentation.</td>
</tr>
<tr>
<td>Case Study Research</td>
<td>5</td>
<td>Aarhus School of Business. May 2009.</td>
<td>Learning techniques for case study research which will be used for Article 3.</td>
</tr>
</tbody>
</table>

All courses offered eligible feedback on hand-ins and presentations. Furthermore, they have given a solid foundation for the PhD dissertation.

Participation in conferences:

<table>
<thead>
<tr>
<th>Name of Conference</th>
<th>Place and time</th>
<th>Benefit and/or contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Directions in Management Accounting</td>
<td>Brussels, Belgium. December 2008.</td>
<td>First experience of how a conference works</td>
</tr>
</tbody>
</table>
Future Structure of the PhD study:

Environmental exchange:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Place and time</th>
<th>Benefits</th>
</tr>
</thead>
</table>

Development of PhD dissertation:

<table>
<thead>
<tr>
<th>Part of dissertation</th>
<th>Planned development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature Review</td>
<td>Continuously development</td>
</tr>
<tr>
<td>Article 1</td>
<td>Fall 2010 and 2011/12.</td>
</tr>
<tr>
<td>Article 2</td>
<td>Revise and submit to another conference in 2010.</td>
</tr>
</tbody>
</table>
6. References


Dige, Morten (2008), "Hvilke værdier ligger bag "Det brugerdrevne sundhedsvæsen?", i Andreasen, T.E. (red.) Perspektiver på pleje: værdier i praksis, Forlaget Philosophia, Århus, s. 359-374


Kurunmäki, Liisa (1999) ”Professional vs financial capital in the field of health care – struggles for the redistribution of power and control” Accounting, Organizations and Society, 24, pp.95-124.


Llewellyn, Sue (1997) “Purchasing power and polarized professionalism in British medicine” Accounting, Auditing and Accountability Journal, 10, pp. 31-59


Mannion, Russel, Goddard, Maria and Bate, Angela (2007) “Aligning Incentives and Motivations in Health Care: The Case of Earned Autonomy” Financial Accountability & Management, Vol. 23 No. 4, pp. 401-420


Metawie, Miral and Dr. Mark Gilman (2005); “Problems with the implementation of performance measurement systems in the public sector where performance is linked to pay: A literature review drawn from the UK”. 3rd conference on Performance Measurements and Management Control (Nice September 22-23, 2005)


Oliveira, Monica Duarte and Pinto, Carlos Gouveia (2005) “*Health care reform in Portugal: an evaluation of the NHS experience*” Health Economics, 14, pp. 203-220


Samuel, Sajay; Dirsmith, Mark W and McElroy, Barbara (2005) “*Monetized medicine: from the physical to the fiscal*” Accounting, Organizations and Society, Vol. 30, pp. 249-278


7. The articles and their progresses

In this section before the introduction of the articles as they are so far, a brief description on the development, prior work and future planned work on the articles is made.

**Article 1:** As stated earlier this article is a critical analytical literature review. The management accounting journals have not yet been structurally reviewed. The previous literature review started in 2008 at the PhD summer school in Italy made the first attempts to identify possible issues within the management accounting literature on NPM in health care. A term paper in the PhD course “Management Accounting in its social context” (2009) explored this idea further by introducing an alternative angle by using Miller et al (1984) paper on the governable person as a framework. This made it possible to identify some discourses in the literature studied so far. The example of this is shown in “Article 1”. However, as stated, more literature review is needed and a systematic review will be done in the journals mentioned in the research question section. This will be done continuously while working on the other two articles.

**Article 2:** This article is the one that has been worked the most upon. The data collection and analysis is complete. The PhD course “Argumentation and Research Design in Accounting” helped structuring this paper based on presentation of the idea in a term paper and feed back on this in class. The article was from there constructed and, based on an abstract, it was admitted to the ENROAC conference in June 2009. The first draft of the article was presented in May in the Accounting Research Group at ASB. Some changes were made based upon feed back from the research group and thus the full paper was submitted to the ENROAC conference. The paper was presented in Scotland at this conference in June. The article presented in this thesis proposal is how it was submitted. It has not yet been revised as regards to the feed back from the conference. The discussant on the paper was João Oliveira from Dundee University. He gave very constructive and positive feedback. His recommendation is not to be reluctant of being more critical. Moreover, he had minor corrections as regards to wording, some grammar and few corrections on the relations of Steven Lukes three dimensional power with Foucault.

The future idea of this paper is to revise it according to Oliveira’s recommendation and comments and then present it at yet another conference.
**Article 3:** So far this article is on the idea development and stage. What has been written are some background considerations and illustrations of why it is natural to assume several implications as regards to specific Danish performance measures used in health care. The idea to the paper was derived in the PhD course “Cost and performance measures in management accounting”, from some of the papers, lectures and Trond Bjørnenak. The background considerations were type in a term paper, which has been presented. It has at this stage not been revised as regards to these comments. The future process of this paper is to firstly interview hospital management and from that interview attempt access and further interview health care personnel. These interviews should take place, starting in the fall 2009. Based on these interviews, the paper will be further structured, theory applied and written.