DEFINING AND MEASURING THE EFFICIENCY OF COLLABORATIONS

Collaborations between public organisations are popular across Europe but the evaluation of their impact has not kept pace. Work Package 9 of the TROPICO project assessed the impact of public sector collaborations on public service efficiency and red tape. Our research aimed to develop indicators to assess the efficiency of collaborations, with the possibility to identify areas for improvement and to compare results with other collaborations in Europe.

Collaborations can take many forms. They include shared services (a centralised administrative service delivery run by one team), intermunicipal cooperation (a formal cooperation among several municipalities under a joint authority), amongst other arrangements that may also include partners from the private sector.

Proponents of collaborations suggest that they have the potential to improve efficiency through economies of scale and can help to overcome fragmentation. However, the time and costs to set up and maintain collaborations and their impact needs to be assessed. More research is also needed to compare the impact of collaborations on efficiency across policy areas and countries.

The Collaboration Monitor is an online self-assessment tool for practitioners which allows users to assess and compare public sector collaborations and their impact on legitimacy and efficiency. Moreover, it explores the role played by Information and Communications Technology (ICT) in facilitating collaborations.

The Collaboration Monitor provides, for the first time, quantifiable measures which inform policy recommendations for practitioners engaged in collaborations with the aim of improving legitimacy and efficiency.

This Policy Brief focuses on the efficiency indicators in the Collaboration Monitor and aims at 1) explaining how efficiency measures have been developed and tested, and 2) report the initial results on efficiency from the first users of the Monitor.

A Policy Brief on the legitimacy indicators was also published.

What is TROPICO?

TROPICO is an international research consortium investigating how public administrations are transformed to enhance collaboration in policy design and service delivery, advancing the participation of public, private, and societal actors. We analysed collaboration in and by governments, with a special emphasis on the use of information and communication technologies (ICT), and its consequences from a comparative perspective.
Developing measures of efficiency

We started the design of the Collaboration Monitor by identifying previous measures of efficiency to determine which ones to include, and whether any new measures needed to be added.

Our literature review of efficiency and red tape in collaborations showed that the most common measure of efficiency are related to costs, savings achieved as a result of collaborations, the optimisation of outcomes against inputs or the satisfaction of staff or service users.

A broader literature on public service efficiency suggests that the concept is more complex than this, and there are other aspects to be considered such as the quality of the services provided, the effectiveness of policies, the perception of equity and fairness of services distribution (Andrews and Entwistle, 2014).

Our own research also revealed the need for collaborations to develop a culture of defining and measuring outcomes so they could determine whether the outcomes of a collaboration are outweighing its initial set-up costs and those of maintaining the relationship.

Previous research has proposed a classification of efficiency in four dimensions (or faces) that capture its complexity (Andrews and Entwistle, 2013):

1. Productive efficiency - the maximization of outputs over inputs
2. Allocative efficiency - the match between the demand for services and their supply
3. Distributive efficiency - the pattern of service delivery amongst different groups of citizens
4. Dynamic efficiency - the balance between current and future consumption.

We drafted several measures of efficiency which included some of the common ways of measuring efficiency (e.g., cost efficiency) as well as the four dimensions of efficiency described above. These measures were piloted in several ways and developed with input from both academics and practitioners.

The final version of the Collaboration Monitor contains six dimensions of efficiency which are measured using nine indicators:

1. Costs - two indicators, examining whether there have been costs to initiate and maintain the collaboration
2. Productive efficiency - one indicator examining whether the cost per unit of service delivery has changed
3. Non-cost efficiency - two indicators, examining whether service quality and policy effectiveness have improved
4. Allocative efficiency - one indicator examining whether there is match between the demand for services and their supply so that the services provided are the ones that the final users need
5. Distributive efficiency - two indicators, examining whether the services are distributed according to the specific needs of the final users and the services are fairly distributed
6. Dynamic efficiency - one indicator examining whether the allocation of resources between current expenditure and future consumption is well balanced.
Initial results on the efficiency of collaborations

The **Collaboration Monitor** was launched in October 2021 and is provided in six languages - Dutch, English, Estonian, French, German and Spanish - to try to increase usage.

It targets collaborations engaged in the design or delivery of public services and may operate at the local, regional, or national level. The collaborations can be made up of public actors only or by public and private actors. The Monitor targets collaborations from a variety of policy areas such as waste collection, employment services, social services, transportation etc.

By mid-November 2021, 49 representatives of collaborations from ten European countries have used the tool. These early results on efficiency show us whether improvements in efficiency through collaboration have been achieved or not.

**Figure 1: Results on the efficiency measures**

![Graph showing results on efficiency measures](image)

1= Not at all, 2= To a small extent, 3= To some extent, 4= To a great extent, and 5= To a very great extent

In contrast to the other measures of efficiency, for those measuring costs (upfront costs and maintenance costs) a high score indicates that to establish and maintain the collaborations, participants have incurred high costs. Figure 1 shows that respondents believe there have been upfront costs (such as the costs to find a partner, negotiating, contracting, buying equipment, and/or making staff redundant), and there have also been significant costs to maintain the collaboration (such as staff turnover or training). These costs are often not highlighted but may involve considerable resources and need to be recouped. They have to be considered in relation to efficiencies achieved, to be able to assess the ‘success’ of the collaboration.

Most respondents believe that productive efficiency has increased, with the largest group of people saying that this has increased to a ‘great extent’. This suggests that collaborations in our sample have used less resources to produce the same amount of output.

The results are very positive for service quality with the majority thinking that quality had improved to a ‘great extent’ or ‘very great extent’. The aim of a collaboration will be to reduce costs and improve the quality of services. These early results provide a positive picture in this respect, rather than there being a trade-off between efficiency and quality.

On policy effectiveness, the most popular response was that policy effectiveness had improved to ‘some extent’. A relatively high proportion of respondents did not know or were unable to answer the question, suggesting that measuring efficiency is harder for some outcome areas than for others.

As far as allocative efficiency is concerned, the services provided seem to be, to a ‘very great extent’, the ones that the users needed so that resources are being allocated efficiently. The services seem to be distributed to ‘some’ or to a ‘great extent’ according to the specific needs of the users.
Conclusions

This Policy Brief has outlined how we have developed measures which try to capture the complexity of the concept of efficiency.

The Collaboration Monitor provides an opportunity to test these measures and do two things – 1) assess their own performance and look for areas for improvement, and 2) compare their results on efficiency and legitimacy (and the use of ICT) to others in a similar policy area and across different countries.

Every participant of the Monitor is provided with a short narrative which explains the results of their collaboration. These texts are designed to help them understand their efficiency scores and provide them with suggestions on how to improve their performance on each dimension. For example, if productive efficiency has not increased through collaboration, users may consider the trade-off with other dimensions of efficiency (e.g., reduce the costs needed to maintain the collaboration) and/or how to reduce the resources used to obtain the same amount of output.

It is important to consider the findings of our literature review in understanding the results from the Collaboration Monitor and resulting policy implications. We found that the size of the population served, the number of partners involved, and the type of service provided could all determine whether efficiencies are achieved. It is also possible that the length of the relationships between partners involved in the collaboration may be an important factor.

Finally, we should recognise that these initial results are based on the first users. Future analysis should examine the results of the various dimensions of efficiency in conjunction with other aspects analysed in the Monitor (e.g., how the different scores related to efficiency work in different countries or the relationship between efficiency and legitimacy). These results will help to define the context and the circumstances in which collaborations may or not reveal their potential to save costs, improve service quality, lead to economies of scale and, in general, be considered successful.

For more recommendations on collaborating in the digital era, see the TROPICO White Paper.

References


This policy brief reflects only the author’s views and neither the Agency nor the Commission are responsible for any use that may be made of the information contained therein.