

The defence medical
services
organisational
change programme
economics essay



**ASSIGN
BUSTER**

In 2005 the Defence Medical Services embarked on a number of transactional strategic development change programmes to introduce the new Defence Medical Information Capability Programme (DMiCP)[1] as an innovation enhancement to the Egton Medical Information System (EMIS) which had been in use for some 10 years. These Information Technology (IT) systems will be further referred to as Health Information Technology (HIT) for the purposes of this assignment. There is a general consensus that changes in IT capability are primarily driven by the expectations of improved capability, reduced operating costs and increased flexibility (Boer & Durning, 2001). From the Senior Management Boards (SMB) perspective the new HIT would facilitate the introduction of the new legislative compliance standards set by the Care Quality Commission (CQC) through the introduction of the Standards for Better Health[2](SfBH). As an aside to this aspired capability, it was also anticipated that it the new HIT capability would allow the senior management to interpret trends through injury/illness coding and data analysis (Shortliffe and Perreault 2001: 774).

The Defence Medical Services Organisational Change Programme

There is wide spread acknowledgement that organisational change is occurring with increasing frequency and magnitude in both the public and private sector; none more so than in today's global economic climate. However, having reviewed much of the literature and the published case studies available, the primary focus for this research is on private sector change to support a profit-driven change agenda. For the changes currently facing the DMS/NHS, where both organisations are funded by the tax payer

the drive for change is for greater public accountability, the political agenda for maximising efficiencies and justifying value for money instead of to profit.

Change is triggered by many factors including political, economic, societal technological, legal or environment (Wischnevsky, 2004); generically referred too as the acronym PESTLE. There is an argument made by Lewis (2002) that “ change decisions are made, even seemingly objective, logical decisions are based upon political assumption”; with the main current political driver being economic viability and the need for whole scale down-sizing. Whilst it is true that the DMS has introduced and conducted many reforms in its core business capability as well as initiatives to provide a more patient centric focus in its core capability, much of this change has been delivered to integrate its capability into the NHS. For many employees within each organisation this vision or ‘ political agenda’ is not clearly understood. It is widely recognised that political motives and tactics are often at the fore front of all public sector change initiatives to deliver better assurance, efficiency, effectiveness, integration of services and/or in reducing the organisational expenditure/budget.

In terms of IT change, Burke (2002) identifies that change is implemented through technological advances or regulatory requirement which in itself provides the organisation with opportunities and threats whilst satisfying performance imperatives (Damanpour & Gopalakrishnon, 2001). This theory supports the Governments hidden-vision for integration of the two organisations, delivering significant cost savings and wide spread organisation efficiencies. As with all change, change within the DMS is conceived and implemented in support of the organisations Strategic
<https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

Business Objectives (SBO) which form part of the overall military's Mission Statement as a means of maximising the effectiveness and efficiency of DMS patient care (Holms, 2001; Culbertson, 2005 and Heeks, 2006). The implementation of the new HIT, as with any IT project impacted upon the DMS tangible and intangible assets (Clegg et al, 1996) and outputs as it attempted to utilise this capability to support the SfbH competencies in the DMS primary care environment.

There is a higher level DMS and Royal Navy (RN) Command implication to delivering an effective HIT change programme in relation to the DMS Defence Health Programme (DHP) Strategic Vision[3]and the Strategic Drivers for Current and Planned Operations, Future Operations, DMS Personnel, Future Effects and Efficiency and Change. Despite organisations best intentions and planning, Szydlowski and Smith (2008) identify that it is not uncommon for organisations to spend significantly large amounts of money on implementing innovation technology, bench marking systems (compliance measurements & supporting statistical analysis) and organisational change, only to see them fail or have elongated implementation periods and poor end user utility because of poor change leadership.

Institutional Change (IC)

Unlike the institutional constraints placed upon the NHS by the government; regulation, auditing, rating and public awareness of its business processes and risks, the DMS has not had to justify its past expenditure and business outputs for the public money invested in it (Ingram & Silverman). Historically without any formal internal or external audit process or true accountability <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

the DMS could be considered to have been working in a semi-unregulated manner (with the exception of clinical staff professional registration). The new HIT has generated an inter-dependence within the DMS and the change programme can be considered to be prominent in the term of 'new-institutionalism'. It is through the exploitation of this new capability that the DMS and NHS are now interoperable and the divergence into a single service provider is being driven (North, 1993).

Regulation

Steigler's Theory of Economic Regulation is supported by the earlier works of Kolko (1963) and argues that regulation is a commodity and is predominantly designed to benefit business and the organisation.

Irrespective of if the regulation is externally imposed through legal or political agenda requirements or if it is internally driven by the organisation, regulation is ultimately aimed at providing an increased level of benefit to the organisation or for rectifying some identified deficiencies within the organisation. Ultimately, in relation to the DMS the introduced regulation is considered to be in the interest of both the government and wider NHS.

Since the introduction of the SfbH the DMS is now subject to both legislation and regulatory practices (Snyder, Miller & Stavins, 2003); historically, this was never the case and the DMS audited itself in a rather adhoc manner that was open to both personal interpretation of the standards and auditor influence to 'disguise' errors of poor practice or none compliance. To fully support the SfbH internal audit requirement the SGD directed that each of the single Services (RN, Army and RAF) to establish its own internal

governance and assurance teams. These teams were tasked to facilitate <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

(governance) and audit (assurance) of the mandatory compliance requirements for the SfbH Competency Framework known as the “ Common Assurance Framework (CAF)” for the military. The CAF was intended to act as an integration facilitator and introduced the NHS Legal Compliance Governance Standards into the DMS; processes and policies that are patient centric and facilitate the establishment of auditable standardised clinical care and management process.

The governance and assurance teams were soon seen to display iso-morphic behaviours through the use of standardised none military DMS language and behaviours. These adopted ‘ traits were seen as essential to demonstrate the DMS interoperability with the NHS fostering a sense of legitimacy in support of the government tasking and to enforce the DMS legitimacy and a possible future convergence of the organisations to the external civilian audit body the CQC. In hindsight it has been identified that these teams have not provided the degree of regulation required and have been open to ‘ manipulation’ or ‘ coercion’ in terms of what was audited and to what standard (). - failure of internal sourced audit teams reference.

Strategic Drivers for Change

Working in the Public Sector and financed by the Government, the DMS primary care service has no competitors and until recently no financial constraints or specific requirement for innovation and assurance. As a public sector organisation, the DMS primary care capability was ‘ utilised’ by the government and NHS to assess the ability of integrating the SfbH audit framework into ‘ military’ primary care; before its wider application to civilian primary care trust facilities having addressed any possible areas that the <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

civilian primary care trusts (PCTs) could possibly contest and seek to delay its roll-out. One of the governments concern is that unlike secondary care, primary care is run as small, integrated private businesses owned by its partners, unregulated in terms of assessment capability yet still able to draw funding from the government for the provision of health care to the wider patient population. From the DMS SMB and Surgeon Generals Department (SGD) perspective the introduction of the new HIT in support of SfbH was seen as a whole-scale PESTLE opportunity to meet the political will, develop its core business, increase efficiency and provide a focus on centralised patient care whilst demonstrating its 'value for money' in the difficult economic climate. In real terms these changes present new opportunities and threats to both organisations (Burke, 2000).

The Changing Market

In terms of primary care service providers, service personnel are confined to the DMS service provision. It could therefore be said that in terms of 'market' the DMS possesses a firm 'monopoly' of power in this service area and that the market is 'concentrated' due to the one service provider (Baldwin, Hanel and Sabourin, 2002);

unlike the NHS where patients can opt for medical care provision through private service providers; at a premium. In terms of service providers external to the military, none military personnel in the UK have to choose between the NHS and private medical services such as BUPA for which they pay a premium. The growing cost of the providing medical care and the increasing age of the population indicates that this is an area which will be

require significant financial investment in the years to come to meet the <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

needs of an aging population. Reducing the financial burden for defence primary care, through NHS integration will allow this funding and the associated manpower, training and pension costs to be diverted into the wider primary care capability throughout the UK.

Economic Climate and Change

Research by Reinhart and Rogoff (2009) has theorised that excessive public and private debt, both internal and external has repeatedly led to financial crises in almost all countries throughout the last two centuries. This is clearly identifiable in today's global economic climate and the challenges facing very house holder, organisation and government. Research by Kondratiev () has identified cyclic periods or waves (K-waves) of economic growth and decline over a 40 - 50 year period focusing upon periods of technological evolution and a period of war/post-war as its foundation. It is reported that the current economic crisis is the result of the near ending of the wave of the Information and telecommunications technological revolution. The literature review also identified that there is no academic consensus about the start and the end years of particular waves with even more scepticism over the cause of the K-wave phenomenon. Perez (2004) and Schumpeter (1939) have both identified that capital, both financial and production, has an equally important role to play in the cycles. For the author the issue of human impact or error is under estimated as mistakes in the national banking industry, global financial irregularities, global leadership (Modelski & Thompson, 1996) and unregulated government investment are all human impact/errors which require further consideration.

In terms of holistic economic theory Macroeconomics focuses on the behaviour an economy at the aggregate level, as opposed to the level of a specific subgroups or individuals. As macroeconomic systems occur over time, individuals and institutions are influenced by new events that are being experienced. A government can choose to change its use of public money to finance any number of public services areas. Fiscal policy is a government's attempt to change economic activity by changing government expenditures (Defence and NHS Reviews), taxation, borrowing and lending policies.

According to the classical school, proper fiscal policy is demonstrated when Government spending is limited to defence, a judicial system, fire and police protection, infrastructure, education, transportation and a small and efficient administrative system. Taxes should be relatively low and regulations minimal; this can not be said to be representative of the current national or global economic climates.

In a bid to establish elements of a neo-classical economic free market Clinical Assurance (audit) teams were established from internal candidates to (Steigler,).

In terms of key research Steigler () focused on the behaviour of government agencies charged with regulation of monopolies, challenging the prevailing "public interest" view that regulators will mainly be motivated by a sense of duty to protect consumers from the abuses of monopoly power. However Schumpeter () theorised that economic change was initiated through the stimuli provided by individual actions and their regulation and realisation of institutional co-existence with more shapeless social and legal structures. His work on innovation profits through entrepreneurship (1934) focused on the <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

ability of the organisation to develop novel value generating activities which transforms the economic position of the organisation making them more competitive and allowing them to exercise market power over their competitors.

It has been theorised that a war situation promotes radical economical and social change.

Schumpeter's theory is grounded in the history of his own lifetime and societal experiences experienced in Austria in the 1920s. Whilst it can be argued that his model interpreted economic policy relevant to the needs and concerns of the time, it is not clear that this model can be translated into the current economic situation faced by the DMS and NHS; as public organisations there is very little opportunity for entrepreneurship due to the operating, legal and duty of care constraints to patient care. From the authors perspective the integration change requirement can be best viewed through from a Contingency Theory aspect, it is proposed that change occurs in organisations following changes in the external environment and that for any such change to be wholly effective, organisations must establish alignment with the external demands (Lawrence & Lorsch, 1967); in terms of the DMS it follows that the implementation of the HIT to facilitate the NHS Assurance process into the DMS would provide alignment of the primary care service capability and facilitate future changes for the provision of primary care services; these will be detailed in the conclusion.

The Challenges and Opportunities

In financially constrained times and times of economic organisations are under considerable pressure to identify savings at every level whilst maintaining a focus on strategic development. The political PESTLE dimension relates to the key political drivers which could influence an organisation. Political policies are of course intertwined with associated economic factors and together political/economic funding drivers can have a major effect upon institutions. The PES(T)LE dimensions – Political, Economic, Social, Legal and Environmental – were used as a framework to explore the external macro environment (i. e. the big picture). Many of the factors identified could be categorised as belonging to more than one dimension. The geographical location and spread of an institution, its staff and its learners also has a key influence on institutions.

Upon until now the DMS has not suffered from the same internal political issues faced by the NHS; however there is now a general breadth of feeling across both public and military sector health providers of a drive to minimise waiting lists, increase efficiency and a general feeling of crisis and under investment hence the integration.

For private sector businesses/organisations economic agents (employees) earn their money for the level of services that are delivered working on a principal of individual optimal performance for achieve success. This is not the case for the DMS as a public sector organisation. For many years the DMS operated in a self perpetuated specialised ‘ product/service’ environment within a relatively unconstrained financial/budgetary

environment. The provision of military health care to military personnel
<https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

prevented the availability of a free market for patients and therefore there was no conformity to the neo-classical economic model and constrained the opportunities for innovation and

Healthcare and Neo-Classical Change (NC)

In the true sense of the service provided by both the DMS and NHS, they both work for their patients; essentially the health services are the provider and the patient is the purchaser of the service through taxation. In terms of the language being used within the SGD at the time of developing the new strategic direction the requirement to support the current need for strategic change was projected through dominant model language; economic, finance and efficiency. This terminology can be widely seen in the Orthodox Economic System (OES) used by the global markets and widely referred to as the dominant economic discourse. OES is widely accepted in the global market and does not require supporting data, evidence or proof and is therefore allowed to facilitate change without thorough consultation or consideration.

From a Neo-Classical stance, the integration and interoperability of two broadly similar public sector service providers is straight forward and when discussed in terms of OES makes sound reasoning for the Government. The neo-classical economy is founded upon the principal that individuals will work hard to survive and demonstrate a personally generated drive to succeed. Historically, in its very simplest terms to succeed or survive could mean the difference between life and death. Public Sector employees (DMS/NHS) termed economic agents could be considered to work to a basic standard and achieve what they 'feel' is required in their role. Public Sector <https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

economic agents are not driven by output as they have nothing to sell; therefore survival is uncontested as there is no direct competition or market. With little reason to maximise personal drive it could be easily conceived that inherent inefficiencies are allowed prevail within the organisations. The 'vision' of the neo-classical view point would see the release of entrepreneurial activity within each employee to maximise their outputs and capability in support of the organisations deliverables. This vision would see maximum return for tax payers and the government. However, the OES model is a market based system that theorises that time, space and friction does not exist and that things will progress and develop without influence. In terms of DMS/NHS integration and interoperability this reasoning is fundamentally flawed as that time, space and/or friction (transformation) all fail as they are all very real drivers for organisational change. The main drivers or frictions being those of socio-technological and institutional

Kondratiev identified three phases in the long wave theory cycle: expansion, stagnation and recession. More common today is the division into four periods with a turning point (collapse) between the first and second phases. According to Kondratiev, the ascendant phase of the long cycle is represented by an increase in prices and low interest rates, while the other phase consists of a decrease in prices and high interest rates.

Goldstein (1988) sees economic upswings associated with K-waves as increasing the probability of severe war. Brian Berry (1991) doubts such a connection, and is troubled by the notion of an inherent tendency to war in the global political system.

<https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

The Very Long Kondratieff Cycle. A very long cycle, of more than 50 years duration, has come to be known as the Kondratieff wave

Can the use of the cyclic approach to forecasting events and triggers which allows for capital investment and development in new economic development and government investment be supported based upon the belief that innovation is the key to future technological change?. There is no real clarity over government investment driving future innovation and economic growth; it could be rationalised that government investment in specific areas can be too late to influence the economy and drive stability.

Joseph Schumpeter's theory of "creative destruction" stresses the role of waves of massive innovation (major technological breakthroughs, introduction of major new products that create whole new industries) in precipitating major adjustments and reallocation of resources as old industries die and are replaced by new ones

Socio-Technical Change (STC)

Might need something here

From the government perspective, the introduction of the HIT allows for a reduced workforce (Defence 2020 vision) in primary care; fewer public sector workers equals increased outputs, streamlined efficiencies and supports the neo-classical model; with services out-sourcing high on the political agenda for change. Given that the research pertaining to the out-sourcing of public services can result in both significant cost savings or cost increases (Boardman and Hewitt, 2004) and the lessons learned following the closure

<https://assignbuster.com/the-defence-medical-services-organisational-change-programme-economics-essay/>

of the MOD hospitals and integration into the NHS for secondary care, any future out-sourcing of primary care must be seriously considered by those in authority and a full strategic analysis conducted.

Conclusion

The public and military sector health care providers are considered to be in a pervasive phenomenon in the contemporary world. Both the NHS and DMS are professional organisations in their own right, with the DMS being classified as a provider of 'specialised' services. The integration of these two public sector service organisations provides an environment and capability for collective action and a co-ordinated approach to patient clinical care. In terms of change the DMS/PCT integration this could be described as attempting to conform to Schumpeters (1934) definition of innovation whereby the "carrying out of new combinations" to facilitate increased effectiveness sees the recombination of conceptual and physical assets that were previously in existence (Nelson & Winter, 1982).

The provision of free healthcare in the UK is currently the 'right' for every UK citizen; however this comes at a considerable cost to the public purse. As identified on 12 July 12, future expenditure on health care, despite numerous cost efficiency measures being implemented and significant organisational re-structuring the 'bill' for NHS medical care is expected to require a further financial injection of some £17bn over the next 17 years to meet the demands of an ever growing aging population.

The author can see the rational behind the intended 'unpublicised' vision for defence primary care and understands that true NHS integration will help

facilitate the government's vision for future healthcare based upon the recent HIT change project. In reality the introduction of the new HIT and the SfBH audit compliance goes far beyond the simple integration of public sector bodies. To deliver the joint (or a single) effective, efficient and sustainable output the outcomes require a critical mass of people to be committed to the change involved, learn new behaviours, work in an efficient and optimal manner and to sustain them willingly; this will be the greatest challenge to face both public sector bodies. The organisation needs to plan effectively taking into consideration the multi-facets of the PESTLE factors and regularly review its progress with the NHS.

Future change is shaped by its legacy and previous achievements; by this statement the DMS has some way to go to be able to deliver this in an effective, efficient and sustainable business viable manner. As the public and economic climate continue to change and the government attempts to exhort maximum productivity and efficiencies from public sector employees in the DMS/NHS it urgently needs to obtain 'buy-in' to facilitate increased outputs and efficiency. The author believes that the true 'vision' must be publicised to the organisations personnel to facilitate the change, however the military must take care not to let government 'incentives' and wider politics detract from the military's core business to achieve these efficiencies; war is an inevitable part of global politics and posturing and we will at some point be deployed again and a complete the pre-deployment preparations for wide scale conflict can not be met by the NHS primary care services whilst maintaining key targets for the wider civilian patient population. The 'hidden-agenda' of comprehensive interoperability between

these two organisations has to be better identified, integrated and the strategic vision needs to be fully defined and articulated; subversive change on this level can never be successful and will lead to increased inefficiencies, additional expenditure and a longer transition period which will prevent scenario planning to mitigate against future risks and identify opportunities for development, growth, investment and research.