Universiteit Utrecht

Levelling the playing field

The influence of municipal commissioning on care services in the social support act

David V. Vandezande (6534015)

Dr Marcel Hoogenboom

Master thesis social policy and public health

Utrecht University

Words: 9870

20-07-2021

Abstract

Background: In 2015 the procurement of services in the social support act became the responsibility of the Dutch municipalities. New mechanisms were introduced, like client level competition and, dialogue in the procurement. The influence of these mechanisms on the number and size of suppliers, contract duration, client satisfaction and how these are interrelated is researched.

Methods: Quantitative data from all municipalities (n = 253) is used and data from ten specific municipalities (n= 10). First, the larger sample is analysed using quantitative methods followed by cluster analysis for the ten specific municipalities.

Results: The results show that client satisfaction increased between 2020 and 2017.
Next, dialogue-based procurement leads to longer contracts and higher client satisfaction and the number of suppliers has increased while their size has decreased. The cluster analysis indicates that this effect is strongest in smaller municipalities with shorter contract duration. In the larger municipalities, only the number of suppliers grew.

Discussion: The results and literature show that a dialogue-based method leads to longer contracts and better quality of care. The client satisfaction increased between 2017 and 2020. This was unexpected but, larger municipalities had a higher score than smaller ones, which is in line with the literature. Finally, client level competition caused a large increase in the number of suppliers and a decrease in size which is also related to the size of the municipality and contract duration. *Conclusions:* If municipalities take the size of their municipality into account and work together with suppliers this leads to longer contract duration and higher client satisfaction. The shift in the number and size of the suppliers also shows the opportunities municipalities have to control the supply of services. This could have an impact on the quality of care and administrative load for municipalities.

Glossary

Procurement: the process of buying a product or service.

Dialogue-based procedure: characterized by the municipality organizing repetitive plenary negotiations to draw up a standardized framework agreement together with interested care providers. In this procedure, municipalities organise multiple negotiations rounds, with the suppliers, in which the conditions and a framework agreement are drawn up. This agreement contains the conditions and agreements on how to organise the care.

Open non-competitive procedure (also known as Zeeuws model): A form in which all qualified suppliers sign a standardized agreement. This means an agreement is made by the municipalities and all suppliers can choose if they want to sign up under these conditions. In this form, there is no negotiation between the suppliers and the municipality.

Private procedure: Several already contracted parties are invited to give an offer to the municipality. This means only a limited amount of suppliers are asked to participate and they get the initiative to present an offer to the municipality.

Open competitive procedure: All suppliers can raise an offer and it's checked on its merits and price. This procedure leaves the initiative of making an offer with the suppliers and all of them have the opportunity to be contracted. In this form there is no dialogue between the suppliers and municipality about the content of the contract but only on the conditions.

Levelling the playing field. The influence of municipal commissioning on care services in the social support act.

The central cultural planning bureau of the Netherlands published a report in November 2020, in which they evaluated the results five years after the introduction of the social support act. They concluded that while successful in some areas like integral cooperation and neighbourhood teams, in many others adjustments should be made to correct for unintended consequences like differences between municipalities and regions in performance (Kromhout et al., 2020).

In 2015 the General law special healthcare (AWBZ) was separated into four new laws one of these was the social support act (WMO). The WMO includes the provision of; volunteer work, coaching, home adjustments for the elderly, housing for people with mental problems and housing for homeless people. The goal is to assist people to live in their own homes for as long as possible (Rijksoverheid, 2015). In the social support act, the political and financial power was decentralized from the national level to the sub-national level which resulted in a lot of new responsibilities for the municipalities. The assumption was that by bringing the social services closer to citizens, focussing on outreach and prevention of specialized care, cost reduction and quality improvement could be made. An important tool to steer the supply and opt for quality improvement is the procurement of social services, which is often done in regional partnerships with other municipalities. By introducing competition between suppliers on contract or client level costs could be reduced and quality improved. As Kromhout and colleagues (2020) showed that " Steps have been taken, but there is still a lack of innovation because of short term contracts and regional differences in service provision and scale disadvantages.''

Before 2015, in the AWBZ model, only a dozen providers were contracted per region for a fixed budget and a duration of one year (Uenk 2019). In this model, there was no competition for contracts nor clients and little room for dialogue between the suppliers and the municipality. Uenk (2019) shows that after a period of trial and error, most municipalities shifted from the traditional AWBZ model to four new models, two of which have become dominant. The first one is *the dialogue-based procurement* and the second one is the *open non-competitive procurement*. In both models, *ex-post competition* was introduced, meaning that the client can choose between the suppliers and suppliers have to compete for them. The second difference is the introduction of *relation* between suppliers and municipality. In *dialogue-based*

procurement, municipalities work together with suppliers to set the conditions for the contract. In *non-competitive procurement,* there is still no dialogue between these two parties.

These procurement methods are new and little is known about them, this research focused on *the influence of the dialogue-based – and open non-competitive procurement procedures on the supply of social services and client satisfaction*. Thereby specifically looking at the number of social service providers, the size of the suppliers, duration of contracts and how this, in turn, influences the client satisfaction with these services. This has not been done before and could provide valuable information for suppliers. It is expected that more open procurement methods allow new small providers (Uenk, 2019) to enter the market and that this influences the accessibility for clients. Literature showed the possible negative influence of this fragmentation on the quality of care in terms of accessibility and stability of care provision for users (Kolstad & Chernew, 2009; Kromhout, et al., 2020; Minas et al., 2012). A more relational approach to procurement has a positive effect on the duration and stability of contracts which also influences the quality of care (Slycke van, 2006; Kromhout & Feijten, 2020).

Literature

Decentralization theory

In 2015 the Dutch municipalities became responsible for the fiscal side of the social support act instead of the national government. They had to fulfil this new responsibility with less financial means and had little experience on how to do this, posing a big challenge.
This decentralization measure and the transfer of autonomy from the national to the sub-national level and was also strongly associated with activation policy (Bredgaard and Larsen, 2009). Firstly, the assumption is that these transfers mostly lead to services that are better suited to the local context and have been adapted to them (De Vries, 2000; Mosley, 2003, 2009). This was also the case in the Dutch decentralisation which was thought to be a way to save money and make the system more efficient (Kromhout, et al., 2020).

Secondly, it is supposed to reinforce democratic decision making by moving this process closer to the citizens. The idea was that national governments would be better suited to pick a direction and sub-national governments were more suitable for delivering the policies to the citizens. “Steering, not rowing” (Osborne and Gaebler, 1992). And thirdly, governments chose a decentralization policy to improve the quality of the provided services and make them more accessible. As current research showed this is often not the case and it often leads to “poor coordination in far-reaching decentralized environments, difficulties incoherence and

accountability and unequal treatment of citizens living in different parts of the country'' (Peters, 2008; Minas and Øverbye, 2010). Different actors in different regions judge the needs and eligibility on different criteria which can lead to big discrepancies and difficult negotiations between actors (Minas et al., 2012). Because of this**,** a period of decentralization is usually followed by a period of nationalization to correct for the unintended consequences and vice versa (Minas et al., 2012). When the municipalities got the fiscal responsibility for the social support act, in 2015, they had to take up the responsibility for the procurement as well. This meant contracting suppliers and making decisions about how this could be done in the best way with the limited resources.

Contract theory

Behind the decision for a procurement procedure lies an idea about contract relationships and the role between all parties that take place in this process. Municipalities took different approaches in this process which can be better understood with contract theory described by Slycke van (2006). He describes two main theories that can be used to define the contractual relationships in the social domain and government-non-profit organisations. The agency theory and the stewardship theory. Both focus on using tools such as ''monitoring, trust, reputation, incentives, and sanctions in contract relationships'' to achieve a balance between the provider of the service and the client (Slycke van, 2006). There are several reasons to opt for one over the other and challenges in implementing them. The first challenge is the (lack of) competition by geographic market and service type. This limits the possibility of correcting for supply-side problems and the use of contract termination as a means to correct for them (Hoog 1984, 1990; Johnston and Romzek, 1999). The second reason is the amount of administrative capacity to adequately implement and monitor the procurement. This is a growing problem in government agencies and a possible reason to choose for a less intensive contract relationship (Kelman, 2002; Meyers, Glaser, and MacDonald, 1998; Milward and Provan, 2000; Romzek and Johnston, 2002; Smith and Smyth, 1996; Slyke van, 2003).

Principle-agent model

The principal-agent model is dominant in the field of managerial behaviour. In this model, the agent is contracted by the principle to offer a service. It assumes that the agent will show opportunistic behaviour resulting from exploiting asymmetry in information which has to be corrected by the principle. Because the agent has more information than the principle,

clear terms have to be agreed on in the contract which will be monitored by the principle and sanctioned upon if opportunistic behaviour is shown. Contracts usually include agreements on (inputs, processes, outcomes, quality and satisfaction parameters, monitoring and performance-reporting requirements) (Slycke van, 2006), as well as compensation and possible sanctions. Critics argue that the model is one-sided because it views agents as being self-centred and focussed purely on individualistic goals rather than the collective good (Slycke van, 2006). The stewardship theory "defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals'' and is an alternative for the agency theory (Davis et al., 1997). This principle-stewardship relationship needs to be built up. This involves a lot of negotiations of both sides and higher costs in comparison to the agency approach in which there are clearly defined parameters. When the relationship between the parties evolves there is less need for evaluations and monitoring by the principle. The same goes for the steward who does not need to put resources in constant renegotiations and new proposals for the principle (Slycke van, 2006).

Ex post-competition

An important shift in the procurement procedures after the decentralisation was the introduction of ex-post and ex-ante competition. The idea behind these forms of competition is that they can improve quality through market mechanisms. In ex-ante competition, suppliers compete for contracts and in ex-post competition, they compete for clients (Uenk, 2019). The research around the introduction of ex-post competition is discussed here because this is the dominant procurement procedure.

By giving consumers a choice, providers are stimulated to improve their services and attract more clients. This market mechanism, which is used in a lot of sectors, does not seem to be as easily applicable to the social sector. The research on consumer choice in the social domain shows mixed results, but most literature points to possible hurdles that arise when consumer choice is introduced. Kolstad & Chernew (2019) found that consumers do look for the most qualified and most responsive caregiver based on subjective and experienced-based measures. However, there are side notes to be made concerning these results. Kolstad & Chernew also found that consumers who are receiving care will often use the information provided to them by their current caregiver and are therefore more likely to stay. However, consumers that searched information themselves looked for multiple caregivers and compared these amongst each other. Important measures of quality they took into account were technical

skill, observed provider attributes and interpersonal skills (Kolstad & Chernew, 2009). Again, a side note needs to be made concerning the accessibility of provider information. While consumer decisions can improve healthcare quality by selecting the best available supplier, this only works if there is information transparency. Although these results do indicate that consumers do make a conscious choice in picking the best suitable care provider it also shows that these decisions are based on subjective experience-based measures and are dependent on the accessibility of information.

M. Lamothe (2010) found no evidence for a link between competition and performance in social care services. Besides refuting this hypothesis, he also posits that ``Governments without the capacity to nurture and maintain strong working relationships with their vendors, above and beyond simple monitoring, to include assisting them in improving service delivery as necessary, will likely not be able to get the best deal for the public regardless of the presence of competitive sourcing'' (Cooper, 2003). Johnston et al. (2004) and Milward & Provan (2004), stated that the competition can even be disruptive and decrease performance because it can lead to service disruption when clients have to switch providers when new contracts are made.
Another disadvantage of user choice in combination with decentralization is externality problems. Different regions might be tempted to reduce their service responsibilities and shift them to neighbouring regions. It could also mean that being an inhabitant of region `A' gives you better care than being an inhabitant of region `B' (Blöchliger, 2008). Throughout the rest of this research when talking about `ex-post competition' we will use `client level competition' or `client choice ' to avoid using too much technical terminology.

Contracting in the Dutch municipalities

Before 2014, In the AWBZ model, the Netherlands was divided into 32 regions. In each region, the insurance company with the largest market share selected a limited number of care providers and negotiated a deal for one year. In this model, there was little ex-ante competition because the regional offices, that negotiated the agreements with care providers, would use a standard set of products and services with only limited space to negotiate. In this AWBZ model, there was little possibility for competition over the contract and little chance for new care providers to enter the market under the same conditions. Ex Post competition was also practically non-existent. AWBZ contracts had production agreements and the care provider received a fixed budget to provide care in the period they were contracted for. Usually one

year. After 2015 the municipalities got a lot of freedom to develop their procurement procedures which can be categorized in one of the four quadrants in figure 1 (Uenk, 2019).

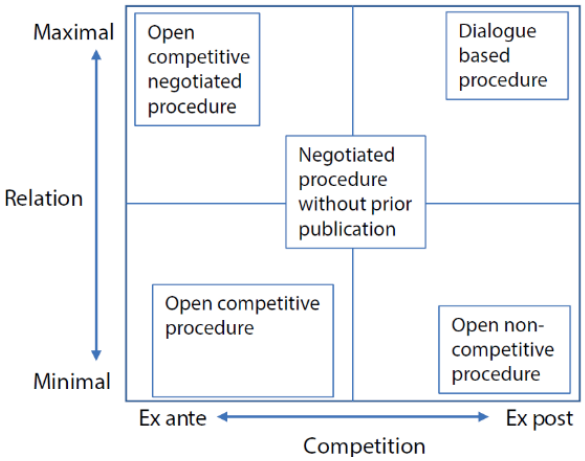


Figure 1. Contracting approaches (Uenk, 2019, p. 174)

Longitudinal research showed there has been a shift towards the open non-competitive procedure and the dialogue-based procedure between 2015 and 2018. These models had client level competition in which all suppliers of healthcare services can enter the market under the same conditions and they compete with each other for clients. The main difference was that in the dialogue-based procedure a stronger relation exists between the supplier and the municipalities. Here the parties negotiate a 'framework agreement' under which all suppliers can enter while the open non-competitive procurement has no dialogue between the parties. In 2018 29% of the municipalities chose the open non-competitive procedure and 62% chose the dialogue-based procedure (Uenk, 2019). He describes how this shift might benefit new suppliers who do not have high personnel costs and disadvantages bigger suppliers who were used to get a set amount every year to pay their cost which is a lot higher (Uenk, 2019).

In the dialogue-based- and open competitive negotiated procedure there is a relationship between suppliers and the municipality. This means the suppliers are involved in negotiating the terms and conditions for the contract. This procedure follows the principle steward contract theory in which a relationship was built up between the contracting parties.

When there is no relation between both parties in the procurement process, like in the open non-competitive and the open-competitive procedure, the suppliers cannot negotiate about the content of the contract. This procedure follows the principle-agent theory.

Another differentiation can be made concerning the competition between providers. In ex-ante competition, providers compete for contracts and profitable contract conditions. Examples of this are the open competitive negotiated- and the open competitive procedure. When there is client level competition, providers can all enter the market under the same contract conditions, but they compete amongst each other for clients. Examples of this are the open non-competitive- and the dialogue-based procedure (Uenk, 2019).

Several procurement methods were used which can be categorized using figure 1. `Relation' describes the amount of cooperation between the suppliers and the municipalities ranging from `maximal' cooperation, in which both parties work out the specifics of the contract together, to `minimal' in which the municipality sets the rules and guidelines and the supplier just decides to participate or not. On the horizontal axis**,** the form of competition is displayed. `Ex-ante' competition is on the contract level in which suppliers with the best price and quality get a contract whereas in `Ex-post' all qualified suppliers get one but they compete for clients. The ex-post competition will be discussed in more detail below since this is the dominant form.

Theoretical approach

In this chapter a description is given of the literature and how this will be used as in this research, as well as the hypotheses that follow from this.

The decentralization theory explains the context in which the social support act was introduced. It provides the possible improvements this policy measure could have such as quality improvement of services because of their suitability to the local context and information on the pitfalls it has. Peters, (2008); Minas and Øverbye, (2010) describe that with political and fiscal decentralization one of the common pitfalls is that differences between sub-national regions lead to inequalities within social service provision between these regions. Kromhout et. al (2020) state, in their evaluation five years after the introduction of the social support act, that scale differences impact the availability of care with larger municipalities having more care providers than smaller ones. They also conclude that ‘’The proposed quality improvement does not show and in some cases, the quality of care has even digressed (Kromhout et al., 2020)’’ This leads to the following hypothesis:

$H_{1:}$ There is a negative relationship between client satisfaction and client level competition.

The second section provides two opposing theories on contract relationships. The stewardship theory focuses on collaboration and trust between parties which leads to a good relationship between the steward and the agent, more trust and more stable contracts. This corresponds to the top two quadrants in the model of Uenk (2019) in which there is a dialogue between both parties While the principle-agent theory assumes the agent is opportunistic and needs to be monitored. In this theory, there is no relation between the principal and agent which leads to short term contracts and more monitoring (Slycke van, 2006). This theory is represented by the bottom two quadrants in figure 2. For this research, we will compare procurement procedures in which there is no relation between supplier and provider and treat these quadrants as separate categories while Uenk (2019) sees relation as a scale. This new model is visualized in figure 2.

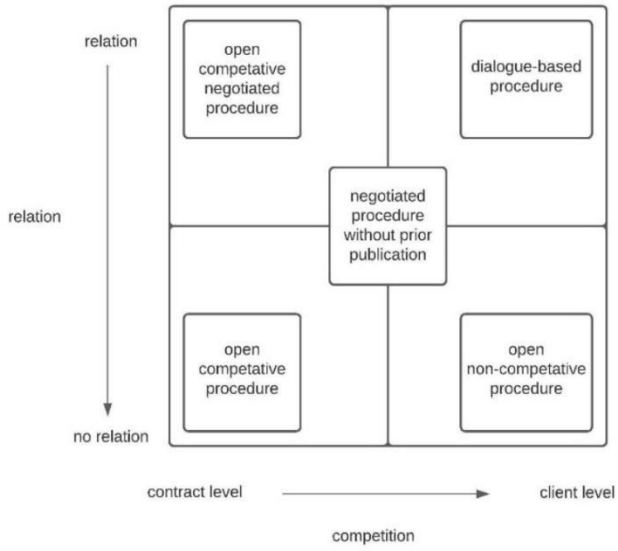


Figure 2: *Four quadrants of procurement procedures.*

The top and the bottom quadrants can be distinguished by the amount of relation between the contract parties. These represent the different contract theories with the bottom two quadrants representing the principle agent theory, in which there is minimal relation between both parties, less trust, more monitoring and need for evaluation. The top two quadrants represent the stewardship theory in which there is a maximal relation between both parties, a common goal of maintaining stability and ensuring favourable outcomes, a lot of negotiations beforehand and less need for evaluations and monitoring by the principle (Slycke van, 2006).

Uenk (2019) showed that while a lot of municipalities started with the open-competitive- or the open competitive-negotiated procedure most municipalities (91%) moved to client choice. The dialogue-based- and the open non-competitive procedure represent most of the municipalities and this percentage is still growing this research focuses on these procedures. According to the literature above it is being hypothesised that:

H_2: the dialogue-based model leads to more long term contracts in contracts than the open non-competitive method.

The literature goes on to explain the possible advantages of *client level competition* to improve quality of care, but most literature points towards the need for governments to nurture and maintain strong working relationships with their vendors, above and beyond simple monitoring. Even with the presence of competitive sourcing the quality could otherwise not

improve (Johnston et al., 2004; Milward & Provan, 2004). It could also lead to service disruption when clients have to switch providers when new contracts are made (M. Lamothe, 2010). This leads to the following hypothesis:

H_3: contract duration is positively related to client satisfaction.

Uenk (2019) described the effects of the introduction of client level competition on the supply of social services in the social support act. He stated that the introduction of client choice could result in an advantage for new suppliers to enter the market because there were no guaranteed contracts for suppliers and all have an equal chance. This leads to the following hypothesis:

H_4: Client choice has a positive relationship with the number of care providers in the municipalities.

Uenk (2019) goes on to describe that this change affects larger suppliers that were contracted in the AWBZ. Fixed budgets are now replaced with payment per client which gives less insurance for larger suppliers who now don't know how much they can spend at the beginning of the year. Since they usually have higher costs than smaller suppliers this might disadvantage them. We hypothesise that:

H_5: There is a negative relationship between client choice and the size of the suppliers.

In 2015 client choice was introduced and while there is some evidence that consumer choice leads to improvement of the quality of care most research is rather ambiguous or found no evidence of quality improvement in different settings. For quality improvement consumers need to be able to make the best decisions provided they have all the information they need. Research proved that consumers often like to rely on the providers they are familiar with and follow the advice of authority figures such as general practitioners instead of making their own decision. By following these findings the following to hypothesise that:
H_6: There is a correlation between the number of care suppliers in the municipality and client satisfaction.

Research question

In this research the main question that is being answered is:

What is the influence of dialogue-based – and open non-competitive procurement procedures on the supply of social services and client satisfaction in the social support act?

The following sub-questions will be answered to get an answer to the research question:

1. What is the influence of client level competition on client satisfaction?
2. What is the influence of a different contract relation between suppliers and municipalities on the duration of contracts?
3. Does contract duration influence the client satisfaction with the services in the social support act?
4. What is the influence of client level competition on the number of suppliers in the municipalities?
5. What is the influence of client level competition on the size of the suppliers in the municipalities?

The literature presented in the previous chapters leads to the following conceptualisation of the hypotheses (figure 3).

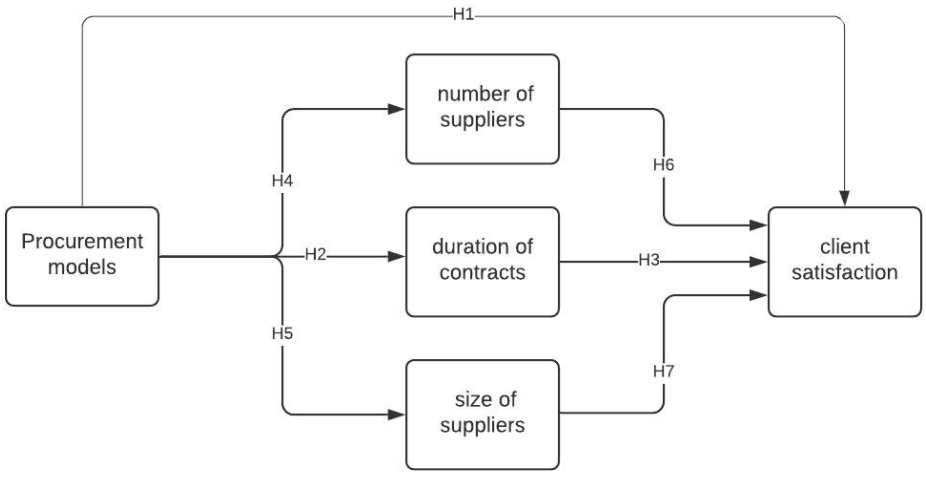


Figure 3. Conceptual model

Research methods

Research design

To get an answer to the research question a quantitative research method was used for the first three hypotheses. This decision was made because there is a large and representative population of 353 municipalities in the first database. The second one has the data of at least 200.000 respondents. Furthermore, quantitative data can easily be replicated or repeated, giving it high reliability (Feeld, 2020). The last three hypotheses were not analysed because of the small sample size. Instead, a cluster analysis was used and the hypotheses are replaced with the last three sub-questions instead of the hypotheses. The cluster analysis gave insight into the patterns and connections between the number and size of the suppliers, the procurement procedures they used, and client satisfaction. For this part, a sample of 10 municipalities was used.

Data collection

To answer the main question the intention was to acquire three different datasets containing different variables on all the Dutch municipalities. The first dataset was made by PPRC and contains information about the procurement methods and contracts in the social support act and youth law for all Dutch municipalities. The second dataset was made by Vektis and contains information about the client satisfaction with the healthcare in the social support act. The third dataset should contain information about the number of suppliers, in the social support act, per municipality for the years 2014 and 2020. As well as the size of those suppliers. During the data collection of these data different problems were encountered which resulted in a smaller sample that might not be representative for all Dutch municipalities. The full description of the steps and decisions made in the data collection can be read in appendix 2. Since the sample was too small to perform quantitative analysis on, the decision was made to perform qualitative analyses to acquire an overview of the influence of the procurement which was as complete as possible. Figure 3 shows which data was used in the various hypotheses.

Table 1

The overview of variables used in different hypotheses.

variables	contract duration [g]	aanbesteding scat [h]	Client Satisfactio n 2017 [i]	Client Satisfactio n 2020 [j]	Suppliers 2014 [k]	Suppliers 2020 [l]	Aanbieders gewogent2 014 [m]	Aanbiede rsgewoge n2020 [n]	n
H[1] [a]									657
H[2] [b]									594
H[3] [c]									690
H[4] [d]									10
H[5] [e]									10
H[6] [f]									23

[a] H1There is a negative relationship between client satisfaction and client level competition
[b] H2: the dialogue-based model leads to more long term contracts and fewer changes in contracts than the open non-competitive method.
[c] H3: contract duration is positively related to client satisfaction.
[d] H4: there is a positive effect of client choice on the number of care suppliers in the `centre' municipalities'.
[e] H5: There is a negative relationship between client choice and the size of the suppliers.
[f] H6: There is a correlation between the number of care suppliers in the (centre) municipality and client satisfaction
[g] contract duration: 1,2,3,4,5,6,7 or unlimited = 99 years.
[h] aanbestedingscat: dialogue-based = 1, Zeeuws = 2, Onderhands =2, meervoudig onderhands = 2.
[i] clientsatisfaction2017: weighted total on the question ``Ik vind de kwaliteit van de zorg goed in 2017''.
[j] clientsatisfaction2020: weighted total on the question ``Ik vind de kwaliteit van de zorg goed in 2017''.
[k] suppliers2014: number of contracted suppliers for social support act services in the municipality in 2014.
[l] suppliers2020: number of contracted suppliers for social support act services in the municipality in 2020.
[m] aanbiedersgewogen2014: number of suppliers per 10.000 inhabitants in the municipality in 2014.
[n] aanbiedersgewogen2020: number of suppliers per 10.000 inhabitants in the municipality in 2020.

The first data set: procurement procedures

The first dataset consisted of data from 381 municipalities and their attitudes towards the commissioning of care services. The data has been collected by analysing procurement- and tender documents as well as contracts. Most of these (70%) were collected using tenderned or the official websites of the municipalities and the rest (30%) was collected through personally contacting the municipalities. All the variables that were used were on a nominal measuring scale which is objective and therefore has high internal validity (Feeld, 2020). The database was actualised last in December 2020 and therefore, has a high external validity although changes in procurement procedures made this date are not included.

The second data set: perceived client satisfaction

The second dataset contained information about the satisfaction of inhabitants with the products in the social support act for 353 municipalities in the Netherlands. It contains yearly measurements from the period 2014 until 2020. The client experience (CEO) Wmo is a mandatory yearly measurement with ten standard questions which was developed by association of Dutch municipalities (VNG) and the ministry of public health wellbeing and sport (VWS). It combined data about the accessibility, quality and effect of the help received by clients in the social support act. The questionnaire was standardised and had a mandatory minimal response of 250 participants which makes it possible to compare municipalities on a national scale. The research population consisted of all registered clients who make use of products in the social support act. For centre municipalities, this also includes sheltered housing. To measure client satisfaction the answers to the question ‘’ik vind de kwaliteit van de zorg goed’’ will be used. The answers are measured on a five-point Likert scale ranging from totally agree to totally disagree. The answers to this question are computed into the new variable ‘*clientsatisfaction’.* It was computed by assigning values to the different answers totally agree = 5, agree =4, neutral = 3, don’t agree=2 and totally not agree =1. These values were then added together and divided by the sample size to form the weighted total. The decision to make one variable for the weighted total was made because the database only displayed answers as percentages of people that gave a certain answer to the question and computed into one new variable; `clienttevredenheid’.

Data is missing for some years that’s why measurements from 2017 and 2020 were selected to perform analysis on since they both have a sample greater than 200. The second weakness is that the sample does not include gender, age and other demographic characteristics of the participants. Because participation is voluntary the risk exists that people that do not have mastery of the Dutch language and/or are hostile or suspicious towards the municipality will not participate.

The third dataset: number and size of the suppliers

This dataset was compiled for this research by looking up the different suppliers online on the websites of the different Dutch municipalities. Because these were often not up to date email were send to all municipalities to get the data from them. These data with the names of the suppliers and the names were then cross referenced with data from the ministry to check their sizes. Because of several issues in the data collection the data about the number of

suppliers was only partially compiled and the data on the size of the suppliers were not collected in the end.

As mentioned before three of the hypotheses could not be answered quantitatively because of a small sample size. Information about the client satisfaction, an overview of the available services in each municipality and a yearly income of the providers are not in order although suppliers and municipalities must give this information to the ministry of public health and sports. The first two are the responsibility of the municipalities and are very important to deliver adequate feedback on the quality of the services. This information allows clients to make an informed decision on which care provider to choose and is crucial for the client choice mechanism to work (Kolstad & Chernew, 2019). Every municipality does this in their way with some municipalities giving a lot of information for clients while some give less or no information at all. This is an example of the aforementioned externality problems (Blöchliger, 2008). The absence of the yearly income for each care provider or other indicators of size demonstrates a lacking administration in the ministry of healthcare and sports. These numbers are mandatory to report each year for each healthcare supplier but are lacking for at least 80% of all providers out of a sample of over 1000 suppliers. The whole process and the decisions that were made to get the right information with the restrictions in the availability of data are further described in appendix 2.

Data analysis plan

The data analysis consists of two parts. The first part consists of dividing the municipalities according to the procurement procedure they opted for in 2018. Of the four procurement procedures two are used in this research; the dialogue-based and the open non-competitive procedure. This decision was made because these two groups represent 91% of the population. A new variable was created for these two groups; ‘dialoogcat’ in which the first category is made up of; dialogue-based = 1 and the second is Zeeuws = 2, Onderhands =2, meervoudig onderhands = 2 the other two procedures do not represent a large enough sample to make any claims. For all municipalities, public records will be accessed to collect data about the number of suppliers that were contracted in 2014 and 2020 by the various municipalities.

Quantitative analysis

The first hypothesis; `` *H_1There is a negative relationship between client satisfaction and client level competition ''* will be answered by comparing the client satisfaction in 2014 with the client satisfaction in 2020. This will be done with a paired samples t-test.
Then the hypothesis *'' H_2: the dialogue-based model leads to more long-term contracts than the open non-competitive method''* will be answered. This is done by comparing the duration of contracts made between municipalities in 2014 and using a between groups t-test to compare them.

After that the third hypothesis; `` *H_3: contract duration is positively related to client satisfaction''* is answered by dividing the contracts into three groups; one year, two to three years and three years or longer. These groups will then be compared amongst each other with an ANOVA to test for differences between groups

Cluster analysis

Because the sample size for the third database is to small to answer hypotheses (n=10) the following three hypotheses were not analysed quantitatively;

- $H_{4:}$ Client choice has a positive relationship with the number of care providers in the `centre' municipalities.
- $H_{5:}$ There is a negative relationship between client choice and the size of the suppliers.
- $H_{6:}$ The size of the suppliers is positively related to client satisfaction.

Instead, the cluster analysis is used to answer the sub-questions concerning the number and size of the suppliers as well as their relationship to client satisfaction. This technique gives insight into the patterns and connections between them. Even without answering the hypotheses this will still give us results and make it possible to answer the following sub-questions:

- What is the influence of client level competition on the number of suppliers in the municipalities?
- What is the influence of client level competition on the size of the suppliers in the municipalities?
- What is the influence of size and number of suppliers on client satisfaction?

Ethical considerations

The confidentiality and anonymity of the first dataset were not an issue since no personal information has been used. It consists only of information that has to be made public (in accordance with the law; wet openbaarheid van bestuur) by the municipalities. The same goes for the number of suppliers, the size of the suppliers and the length of contracts. These data were however incomplete and big differences exist between municipalities on how they are recorded. In my opinion, some central steering might be beneficial to make it easier for clients, researchers and others to access and compare the data.

To make sure possible harmful results about the practical implications of their procurement practises the data about the municipalities will be anonymized. A number will be assigned to each municipality under which the data will be displayed. To ensure confidentiality, the results of the analysis will be displayed under the procurement practice they use without using the earlier assigned numbers. The data of the second dataset are already anonymized and confidential because no clients are named, and their answers cannot be traced back to them. The participants all participate voluntarily by receiving the questionnaire at home when they make use of services in the social support act. Informed consent is guaranteed by explaining that the data is anonymous and which purpose it will be used for.

Analytical strategy

For this research, three databases were used which have been merged into one. This is done because all three contain contained different information about the municipalities which were used. Three hypotheses have been analysed quantitatively with a sample that includes all municipalities (n =356) and three others were described qualitatively because of the smaller sample (n =10). Even though no analyses could be performed on the last three the description does indicate developments and generate insight into numbers and sizes of suppliers. Three This was done by adding the answers, from the database of 'waarstaatjegemeente' to the PPRC database (n =356). The client satisfaction data have been measured in 2017 and 2020. This decision was made because 2017 is the first year after the social support act was enacted that the sample of municipalities was large enough and 2020 was chosen because this date is closest to the present date. Afterwards missing values were deleted for 2017 (n = 354) of which (n = 250) were valid. And the missing values were deleted for 2020 (n = 354) of which (n = 261) were valid. Lastly, an alpha level of 0.05 was chosen for all the analysis. In the table below the variables that have been used to analyse the respective hypotheses are displayed.

First, “the *introduction of client choice does not affect the quality of care.”* was tested. The variables ‘clienttevredenheid2017’ and ‘clienttevredenheid2020’ are compared amongst each other. This was done with a paired samples t-test. The assumptions of normal distribution of the difference scores and the measurements levels were met (Appendix C).

Then the hypothesis; ‘’*the dialogue-based procurement method model leads to more long term- contracts than the open non-competitive method’’* was tested by making a new variable ‘aanbestedingscat’ and assigning the number one to the dialogue-based procurement method and assigning the number two to the open non-competitive; `Zeeuws model’,` onderhandse-’ and `meervoudig onderhandse methode’ to a new file. These were then tested for the assumptions of regression. The assumptions for interval measurement level of the variables, normal distribution and multicollinearity were not met and bootstrapping did not provide any solutions. This left the solution to compare the two groups amongst each other with a Mann Whitney U test. The assumptions for measurement levels and independent measurements were met and the assumptions for similar distributions to (appendix C).

And last, the third hypothesis; ``*contract duration is positively related to client satisfaction.’’* was tested. A new variable was created; ‘contractduur’, to convert the non-numerical values ‘onbeperkt’ and ‘optie’ into numerical values to be able to perform analysis. The value ‘onbeperkt’ was replaced with ‘99’ because this is the longest and most stable contract form that is used by the municipalities. All cases that included ‘optie’ were deleted because these are not analysable and they are impossible to convert to numerical values. After deleting these cases the sample was still large enough and more fit to the purpose of the analysis, which is to check for differences in groups that have a longer and shorter duration. The sample for this test was selected to include only contracts that were closed from 2015 to 2018 to be able to measure the effect of the contract on client satisfaction. Because the assumption of multicollinearity was not met a non-parametric version of ANOVA was chosen; a Kruskal- Wallis test. The assumptions of measurement levels and independent measurements were met and the assumptions for similar distributions were to (appendix C).

Cluster analysis

With the K-means cluster analysis the ten cases are grouped checked for possible clusters on the following variables: number of inhabitants, the absence or presence of dialogue in the procurement, contract duration, client satisfaction, number of suppliers 2014, number of suppliers in 2020 and size of the suppliers. The assumptions for a representative sample and no high correlation between the variables were met (appendix D). For the variables, z-scores were created which were then compared using k-means cluster analysis.

Results

First hypothesis: the introduction of client choice does not affect the quality of care''. A pared samples t-test was used with an alpha of .05 to compare the client satisfaction in 2017 (*M* = 287, SD = .30) and 2020 *M* = 3.87, *SD* = .132). d = 0.177 The test showed a significant difference between both groups (*t 13), p* = >.01. This means that the client satisfaction in 2020 is higher than in 2017.

Table 2

Descriptive statistics

			N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
clienttevredenheid2017 [a]			690	1.14	3.82	2.872	.3096
clienttevredenheid2020 [b]			690	2.72	3.39	3.030	.1324

[a] clientsatisfaction measured in 2017
[b] clientsatisfaction measured in 2020

Second hypothesis: ``The dialogue-based procurement method leads to more long-term contracts than the open non-competitive model method''. The dialogue-based model is compared with the open-non-competitive model which consists of three different procurement practices. The assumption is that while both models have client level competition, that the dialogue-based model leads to more long-term contracts because more trust exists between the supplier and provider. the following variables were used.

Table 3
Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Contractduur [a]	1161	0	99	20.99	38,192
Aanbestedingscat [b]	1178	1.00	2.00	1.588	.492
Valid N (listwise)	657				

[a] contract duration in years. 99 represents an unlimited contract duration.
[b] 1 = onderhands, meervoudigonderhands and zeeuwse procurement, 2 = dialooggericht.

A Mann- Whitney U test indicated that the contract duration for dialogue-based procurement (*Mean Rank* = 139201, *n* = 409) is significantly higher than for the open non-competitive method (*Mean Rank* = 194, *n* = 181), *U* = 18672,5, *z* = -9.850 (corrected for ties), *p* = > .01, two-tailed. This effect can be described as 'medium' (*r* = -0.440). This means that the dialogue-based procurement, in which suppliers and municipalities agree together, leads to longer contracts with suppliers than in the open-non-competitive procurement in which the municipality makes the contract itself.

Hypothesis 3: contract duration is positively related to client satisfaction.

A Kruskal- Wallis ANOVA was used which indicated that there were no statistically significant differences on client satisfaction between two year contracts (*Mean rank* = 277.910, *n* = 143), three year contracts (*Mean rank* = 305, *n* = 115), four year contracts (*Mean rank* = 321, *n* = 112), five year contracts (*Mean rank* = 246.280 , *n* = 43), and contracts for unlimited time (represented by '99') which is (*Mean rank* = 299.770).
H (corrected for ties) = 10.421 , *df* = 5, *N* = 594, *p* = .034, *Cohens f* = .018. Follow up analysis showed that contracts of 2 years and 5 years, 2 years and unlimited time, 3 years and 5 years and 3 years and unlimited time differ significantly on client satisfaction. This means client satisfaction is higher when the contract duration is longer.

Table 4
Descriptive statistics

	N	Minimum	Maximum	Mean	Std.Deviation
Contractduur [a]	842	2	99	28.790	42.308
Clienttevredenheid [b]	594	3.90	4.640	4.109	.122
Valid N (listwise)	594				

[a] Contractduration ranging from 2 to six years and 99 represents an unlimited contract duration.
[b] clientsatisafaction = (totally agree*4) + (agree * 3) + (disagree*2) + (totally disagree*1) / sample size.

Cluster analysis

In this secti, the relationship between the number and size of the suppliers, procurement procedures, contract duration and client satisfaction are discussed. This is done by first displaying the descriptives and then using a K-means cluster analysis to identifying patterns, differences, and similarities between the individual municipalities. Because different regions do the procurement of services in regional partnerships the same is done for the regions and the patterns that exist between them.

The number of suppliers

We can see that in the individual municipalities the number of suppliers has multiplied at least two and a half times and up to five times in six years. This increase has taken place in all of the ten municipalities we have data on.

Table 5

Overview of the number of suppliers.

gemeenten	inwoner_ aantal[a]	aanbieders regio2014[c]	aanbieders regio2020[d]	toename_ aanbieders[e]	regio[f]	Aanbesteding[g]	client tevreden heid[h]
Amsterdam	854.047	55	220	165	3	Zeews	4.02
Diemen	28.121	55	220	165	3		3.79
Capelle aan den IJssel	66.854	48	136	88	1	Dialoog gericht	3.85
Rotterdam	638.712	48	136	88	1	Zeeuws	-
Krimpen aan den IJssel	29.306	48	136	88	1	-	4.12
Lelystad	77.389	18	105	87	2	Zeeuws + Selectief	3.94
Noordoostpolder	46.625	18	105	87	2	Selectief	4.12
Dronten	40.735	18	105	87	2	Selectief	
Urk	20.524	18	105	87	2	selectief	4.15
Zeewolde	22.407	18	105	87	2	Zeeuws	4.15

[a] number of inhabitants in the municipality.
[b] the number of suppliers that is active in the municipality.
[c] number of suppliers that are active in the region in 2014.
[d] number of suppliers that are active in the region in 2020.
[e] increase/decrease in the number of suppliers between 2014 and 2020.
[f] 1 = region Rotterdam, 2 = region Lelystad and 3 = region Amsterdam
[g] procurement method
[h] clientsatisafaction = (totally agree*4) + (agree * 3) + (disagree*2) + (totally disagree*1) / sample size.

The size of the suppliers

The descriptive for the size of suppliers are displayed below. While not being a representative sample it shows that in all ten municipalities the number of suppliers per 10.000 inhabitants increased. This indicates that the size of the suppliers has also decreased since there is only a small increase in the size of the suppliers.

Table 6

Overview of the amount of suppliers per 10.000 inhabitants.

gemeenten[a]	inwoneraantal[b]	aanbiedersdiff[c]	aanbiedersgewogen 2014[d]	aanbiedersgewogen 2020 [e]	Verschil grote[f]
Amsterdam	854047	62	0.640	1.370	0.730
Capelle aan den IJssel	66854	324	0.710	6.850	6.140
Diemen	28121	-14	41.610	36.630	-0.980
Krimpen aan den IJssel	29306	-14	16.380	11.600	-4,780
Lelystad	77389	-1	2.330	2.200	0.130
Noordoostpolder	46625	1	3.860	4.080	0.210
Rotterdam	638712	4	0.750	0.810	0.060
Urk	20524	13	8.770	15.100	6.330
Zeewolde	22309	4	8.070	9.860	1.790
Dronten	40815	-13	4.410	25.770	21.360

[a] name of the municipality
[b] inhabitants of the municipality.
[c] increase/decrease in the number of suppliers between 2014 and 2020.
[d] the number of wmo suppliers per 10.000 persons in 2014.
[e] the number of wmo suppliers per 10.000 persons in 2020.
[f] the difference in the number of facilities per 10.000 persons

In the table below we see the use of services in the social support act in several years. In most municipalities the use increased slightly and in three municipalities it decreased

Table 7

Use of care services in the social support act (CBS, 2020).

Gemeenten[a]	2015[b]	2016[b]	2017[b]	2018[b]	2019[b]
Amsterdam		15.500		16.000	15.900
Diemen	-	11.400		11.300	10.800
Rotterdam	17.600	17.600		17.600	16.600
Capelle aan den IJssel	-	13.800		13.100	12.800
Krimpen aan den IJssel	10.100	10.100		10.900	12.300
Lelystad	-	-		11.700	13.100
Noordoostpolder	-	9.700		10.200	10.300
Dronten	-	8.400		9.600	10.200
Urk	-	-		6.900	6.800
Zeewolde	7.900	8.100		9.200	9.500

[a] municipalities
[b] use of services in the social support act in the given year.

Client satisfaction and size of the suppliers

In table 8 we see the descriptive statistics for the number of suppliers per 10.000 inhabitants and the client satisfaction in 2020. Table 9 shows the client satisfaction and number of suppliers per 10.000 inhabitants per municipality. Especially in the suppliers in 2020 we can see big differences in the number of suppliers and the number of habitants. Client satisfaction is more equally distributed.

Table 8

Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Inwoneraantal [a]	23	3952	5593800	440774.220	1225471.690
gecontracteerde aanbieders 2020 [b]	23	17	372	129.570	87.920
Aanbiedersgewogen[c]	23	>.001	.049	.005	.010
Clienttevredenheid [d]	23	3.85	4.320	4.109	.120

[a] inhabitants measured in number of people
[b] number of contracted suppliers.
[c] number of suppliers 10.000 persons in the municipality
[d] weighted clientsatisfaction for the municipality

Table 9

Overview client satisfaction .

Gemeente[a]	Inwoner aantal[b]	Aanbieders gewogen2014[d]	Aanbieders gewogen2020[e]	Verschil grote[f]	Clienttevredenheid[g]
Amsterdam	854047	0.640	1.370	0.730	4.020
Capelle aan den IJssel	66854	0.710	6.850	6.140	3.850
Diemen	28121	41.610	36.630	-4.980	3.790
Krimpen aan den IJssel	29306	16.380	11.600	- 4.780	4.120
Lelystad	77389	2.330	2.200	0.130	3.940
Noordoostpolder	46625	3.860	4.080	0.210	4.120
Rotterdam	638712	0.750	0.810	0.060	-
Urk	20524	8.770	15.100	6.330	4.150
Zeewolde	22309	8.070	9.860	1.790	4.150
Dronten	40815	4.410	25.770	21.360	

[a] name of the municipality
[b] inhabitants of the municipality.
[c] increase/decrease in the number of suppliers between 2014 and 2020.
[d] the number of wmo suppliers per 10.000 persons in 2014.
[e] the number of wmo suppliers per 10.000 persons in 2020.
[f] the difference in the number of facilities per 10.000 inhabitants
[g] clientsatisfaction in 2020

Table 10
Final cluster centres.

	Cluster 1	Cluster 2	Cluster 3
Zscore(inwoner_aantal)[a]	1.869	-.467	-.467
Zscore(Looptijd)[b]	.308	-.625	-.006
Zscore(clienttevredenheid)[c]	-1.05	.232	.352
Zscore (aanbieders 2014[d]	.979	.912	-.938
Zscore(aanbieders_regio2020)[e]	.652	.898	-.799
Zscore(aanbiedersgewogen)[f]	-.915	1.158	-.296

[a] Zscore number of inhabitants in the municipality.
[b] Zscore contract duration in years.
[c] Zscore client tevredenheid.
[d] Zscore number of suppliers in the region in 2014.
[e] Zscore number of suppliers in the region in 2020.
[f] Zscore number of suppliers per 10.000 inhabitants.

A K-means cluster analysis was performed with ten municipalities and three clusters. Cluster one represents municipalities with a high number of inhabitants and above-average contract duration, an above-average number of suppliers and below-average client satisfaction and a below-average size of suppliers. Cluster two represents municipalities with an above-average number of suppliers in 2014 and 2020 and an above-average size of the suppliers. In this group, the number of inhabitants and the contract duration is below average. The third cluster as has average client satisfaction and the number of suppliers in 2020 and 2014, inhabitants and size of suppliers is all below average

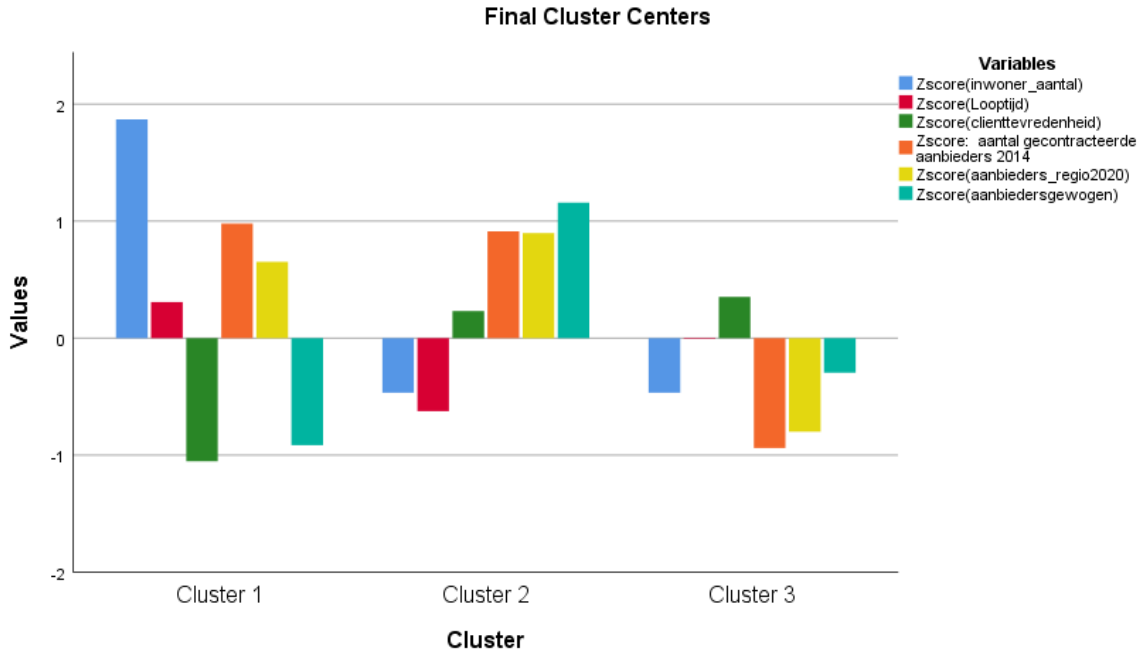


Figure 3. *K-means cluster analysis.*

Discussion

In this study, we researched the main question: "*What is the influence of dialogue-based – and open non-competitive procurement procedures on the supply of social services and client satisfaction in the social support act?".* This was done by looking at the two distinguishing factors of these new procurement procedures and how they differ from the old one during the AWBZ (algemene wet bijzondere bijstand). The first one is the introduction of client level competition (ex-post competition). The second one is the main differences between the two new procurements the dialogue-based and open non-competitive competition; if there is a relation between the suppliers and the municipality. Finally, we looked at the development of client satisfaction since the decentralization to see how this has affected it.

First the sub-question; *"What is the influence of the decentralization on client satisfaction"* was looked at. It was found that client satisfaction increased between 2017 and 2020 which was an unexpected result. It was also found that client satisfaction in smaller municipalities was lower than in larger municipalities. The literature of Minas & van Berkel (2012) and Böchliger (2008) stated that decentralization leads to externality problems and differences in accountability and unequal treatment of citizens in different parts of the country. This policy measure is widely used and is supposed to have numerous advantages like services that are better suited to the local context, better accessibility and reinforcement of democratic decision making and overall improvement of services (De Vries, 2000; Mosley, 2003, 2009), (Osborne and Gaebler, 1992), (Peters, 2008; Minas and Øverbye, 2010). The main idea behind this is that by bringing the decision making closer to citizens, the quality of these services improves because they are better suited to the local context. There are however certain risks of decentralization policy which are often caused by poor coordination resulting in incoherence and difficulties in accountability and unequal treatment of citizens in different parts of the country (Minas, Wright, & Berkel van, 2012)**.** While there could be advantages to decentralization policy the literature points more to the disadvantages and it was expected to find that the client satisfaction was lower in 2020 than in 2017. This improvement in client satisfaction was not expected but it could be explained by transition time in the first years after the municipalities got these new responsibilities, there was a period in which there was a lot of uncertainty for citizens because of changing contracts and suppliers.

Secondly, we looked that at the sub-question *"What is the influence of contract relations between suppliers and municipalities on the duration of contracts?"* The analysis

showed that a relationship between the suppliers and the municipalities lead to longer contracts. This indicates that a contractual relationship causes more trust and therefore municipalities are willing to commit to more long term contracts. This result was expected based on in the stewardship theory, "a situation is defined in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals'' and is slowly built up using a lot of negotiations and less need for evaluations and renegotiations (Davis et al., 1997). This theory is the basis for the dialogue-based procedure in which there is a relationship between the contract parties who agree together. The opposing theory; the principle agent theory assumes that the agent will show opportunistic behaviour resulting from exploiting asymmetry in information which has to be corrected by the principle. The lack of relationship between both parties corresponds with the open non-competitive procedure which is described by Uenk (2019) in which there is no dialogue between both parties and the contracts are more geared towards control rather than cooperation. This typology works well for our research purposes because it makes it possible to compare both procurement procedures based on the relationship. It must be noted that this is an oversimplification and it is possible to use hybrid variations in the procurement processes.

Next, we answer the sub-question " *Does contract duration influence the client satisfaction with the services in the social support act?".* It was found that the client satisfaction is higher when the contract duration is longer. The municipalities with shorter contract durations, two and three years, had lower client satisfaction than those with five-year contracts or contracts for unlimited time, but the difference is small. This result was expected since the literature point mainly points to the positive effect of the relationship between suppliers and (local)government. Research by Cooper (2003) found that municipalities without the capacity to nurture and maintain strong working relationships with their suppliers, above and beyond simple monitoring will likely not be able to get the best deal for the public regardless of the presence of competitive sourcing and Johnston. Jocelyn M., & Romzek (2004) found that competition can even lead to service disruption when clients have to switch providers when new contracts are made which leads to lower client satisfaction (Milward & Provan 2004).

Follow up analysis.

In this section we looked at the influence of procurement practises the number and size of the suppliers, the procurement procedures they used, and the client satisfaction. First, we answer the sub-question ``*What is the influence of client level competition on the number of suppliers in the centre municipalities*?" The data show that in all the municipalities that were looked at the number of suppliers at least multiplied two and a half times over five years and in some municipalities multiplied over ten times. During this period the use of services in the social support act has increased slightly in three of the municipalities but in the other seven, it remained stable or slightly decreased. While increasing in three municipalities this does not account for the number of facilities multiplying over four times. We also see that in the cases where there are more inhabitants and contract duration is above average the number of suppliers increased and in smaller municipalities with short contract duration the number of suppliers was the highest. We know from the first analysis that shorter contract duration is more common in the open non-competitive procedure. It looks like there could also be a relationship between the non-competitive procedure and the number of suppliers. This corresponds with the research by Uenk (2019) suggested that the introduction of client level competition could affect the supply of services in the social support act. He states that the introduction of client choice could result in an advantage for new suppliers to enter the market because there are no guaranteed contracts for suppliers and all have an equal chance. That shorter contract durations in municipalities with below-average inhabitants have more suppliers could be explained by the fact that shorter contracts allow new opportunities for suppliers to enter the market as explained by (Uenk 2019). The above-average number of suppliers in larger municipalities can be explained by the fact that there are more suppliers present although this cannot be said with certainty. The group municipalities with fewer inhabitants and average contract duration have fewer suppliers than the previous two groups. These regional differences could be explained by the fact that municipalities are tempted to reduce their service responsibilities and shift them to neighbouring regions (Blöchliger, 2008).

Secondly, we looked at the sub-question: *"What is the influence of client level competition on the size of the suppliers in the centre municipalities?".* In nine out of ten municipalities the size of the suppliers decreased The number show that in all municipalities there is a higher number of suppliers per 10.000 inhabitants in 2020 than in 2014. As we saw in figure 11 the use of these services have not increased in most municipalities and only in Lelystad, the number of suppliers per 10.000 inhabitants did not increase as much while the use of these services did. In the municipalities with fever inhabitants and shorter contract duration, the number of suppliers per 10.000 people grew most. This is in line with the literature which stated that the change from fixed budgets which are replaced with payments per client which gives less insurance for larger suppliers who now don't know how much they can spend at the beginning of the year. Since they usually have higher costs than smaller suppliers this might disadvantage them. Although, as mentioned above, the effectiveness and impact of client level competition in care are still unsure since research shows that people tend to stay with their current provider and information to make substantiated decisions for one provider over the other (Kolstad T. & Chernew E., 2009).

Finally, we look at the sub-question; *"What is the influence of size and number of suppliers on client satisfaction."* The results are ambiguous because, on the one hand, they show that client satisfaction is highest in municipalities that have a below-average; number of inhabitants, number of suppliers and below-average size of suppliers. On the other hand, the group with more suppliers and smaller sizes of suppliers has a high client satisfaction to which indicates these do not influence the satisfaction. In the group with more inhabitants and more and larger suppliers, the client satisfaction is lowest. This is not in line with the literature but could be explained by the results from the first hypothesis that showed that larger municipalities have lower client satisfaction in general.

In conclusion, we go back to the main question; "*What is the influence of dialogue-based – and open non-competitive procurement procedures on the supply of social services and client satisfaction in the social support act?".* The client satisfaction has increased since 2017, but there are regional differences with small and middle large municipalities having a greater increase than municipalities with more than 100.000 inhabitants. We also see indications of a large increase in the number and size of suppliers since these new procedures were introduced. Especially in municipalities with more than 100.000 inhabitants and municipalities with fewer inhabitants with shorter contract durations. It was also found that the dialogue-based procedure, in which there is a contractual relationship and dialogue between

the suppliers and the municipalities leads to longer contracts and longer contracts lead to higher client satisfaction.

Strengths and limitations

Although this research has helped gain insight into the influence of the dialogue-based and the open non-competitive procedure there are also a few limitations to this study. The first and most important limitation is the sample size of the self-composed database on the number of suppliers and their size. As explained in appendix 'B' problems with the data collection made the sample size too small for quantitative analysis. With cluster analysis, we cannot answer the hypotheses with as much certainty, but it does contribute to gaining more insight into the way the variables in this research are interrelated. The results of the cluster analysis indicate that further quantitative research into the relationship between client satisfaction, size and number of suppliers as well as the influence of the size of the municipality on these variables. Second, the database with the data on client satisfaction does not contain information about the demographics of the population that answered it such as gender, age etc. There are however regulations about what data the municipalities send and how this should be collected, but it cannot be verified if these have been followed. This database also has a lot of missing values which made it impossible to know what the client satisfaction was in 2015 and 2016. Therefore the client satisfaction in 2017 and 2020 was compared amongst each other to see how this developed after the decentralization. This is of course not a good baseline measurement because the first years after 2015 the municipalities were still shifting a lot in different procurement procedures and this affects the client satisfaction. The first years after the introduction the municipalities also introduced the 'kitchen table conversations' in which all people who were using care in the social support act were re-evaluated. This will also have impacted the client satisfaction. Because of the absence of measurements, this is however the best possible measurement. The third limitation pertains to the relationship between contract duration and client satisfaction. To analyse if there is a relationship between the two a decision needed to be made on how many years after the start of a contract it will have influenced the client satisfaction. Since the relationship we assume is that longer contracts make that clients do not need to switch to other providers when their contract is not extended and short term contracts do not encourage long term thinking and innovations with suppliers we chose to compare all contracts from 2016 to 2019 and measure client satisfaction in 2020.

The main strength of this research is that it gives insight into the procurement of services in the social support act, which is a relevant topic since all municipalities have to go

through this process. The current literature on how to do this is very limited and this research sheds light on some of the practical implications procurement practises can have on client satisfaction and the supply of services in the social domain. Municipalities can use the knowledge in this research as a steering mechanism to regulate the supply and help them to shape the policy which is fitting to their situation. This information might prove valuable for policymakers to take into account when deciding what procedure to choose because in practice it seems that municipalities often don't have the know-how to make strategic decisions for one procedure over another.

Bibliography

Abelson, J., Eyles, J., B., C., Mc Leod, B., Collins, P., Mcmullan, C., & Forest, P. (2003). Does deliberation make a difference? Results from a citizens panel study of health goals priority setting. *health policy*, 66, 95-106. doi: 10.1016/S0168-8510(03)00048-4.

Blöchliger, H. (2008). Market mechanisms in public service provision. *OECD Economics Department Working papers*, 626. doi: 10.1787/18151973.

Culyer J., A., & Lomas, J. (2006). Deliberative processes and evidence-informed decision making in healthcare: do they work and how might we know? *The policy press*, 2, 357-371. doi: 10.1332/174426406778023658.

Davis, J. H., L. & Schoorman F. D. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22, 20–47, doi:10.5465/amr.1997.9707180258.

Feeld, A. (2018). Discovering statistics using IMBD SPSS statistics. London, England: Sage Publications.

de Hoog & Hoogland, Ruth. (1984). *Contracting out for human services: Economic, political, and organizational perspectives*. New York, US: *NY* University Press.

Kelman, Steven J. (2002). Contracting in The tools of government: A guide to the new governance. *Oxford Univ.Press*, 1, 282. doi: 10.5465/078559810.

Kolstad T., & Chernew E., M. (2009). Quality and consumer decision making for health insurance and healthcare services. *Medical Care and research review*, 28-52. doi: 10.1177/1077558708325887.

Kromhout, M., Echtelt van, P., & Feijten, P. (2020). *Sociaal domein op koers?*, Den haag, Nederland: Centraal cultuureel planbureau.

Lamothe, S. (2015). how competitive is "competitive" procurement in social services? *American Review of Public Administration*, 45, 584-606. doi: 10.1177/0275074013520563.

Larsen, F., & Bredgaard, T. (2009). Redesigning the governance of employment policies: decentralised centralisation in municipal jobcentres, *The New Governance and Implementation of Labour Market Policies*, 2, 45-69.
Journal of supply chain management, 45 (3), 27-39. doi: 10.1111/j.1745-493X.2009.03169.x

Meyers, Marcia K., Glaser, Bonnie, & MacDonald, Karin. (1998). On the front lines of welfare delivery: Are workers implementing policy reforms? *Journal of Policy Analysis and Management*. 17, 1–22. doi: 10.1002/(SICI)1520-6688(199824)17:1<1::AID-PAM1>3.0.CO;2-I.

Minas, R. (2010), "(Re)centralizing tendencies within health care services: implementation of a new idea?", Working Paper. *Institute for Futures Studies*, 2, 9.

Minas, R., Wright, S., & Berkel van, R. (2012). Decentralization and centralization: governing the activation of social assistance recipients in Europe. *international journal of sociology and social policy*, 32, 286-298. doi: 10.1108/01443331211236989.

Milward, H. Brinton, and Keith G. Provan. (2000). Governing the hollow state. *Journal of Public Administration Research and Theory*, 10, 359–80.

Mosley, H. (2003), "Flexibility and accountability in labour market policy: a synthesis", Managing Decentralisation: A New Role for Labour Market Policy, *OECD*, 131-57. doi: 10.1787/9789264104716-en.

Mosley, H. (2009), "Decentralisation and local flexibility in employment services", The New Governance and Implementation of Labour Market Policies, *DJØF*, 165-86.
OECD (2003), Managing Decentralisation: A New Role for Labour Market Policy, Paris, France: OECD.

Osborne, D., & Gaebler, T. (1992), Reinventing Government. *Journal of leisure research*, 3, 302-304 https://doi-org.proxy.library.uu.nl/10.1080/00222216.1995.11949751.
Romzek, Barbara S., & Jocelyn M. Johnston. (2002), Effective contract implementation and management: A preliminary model. *Journal of Public Administration Research and Theory* ,12, 423–53. doi: 10.1093/oxfordjournals.jpart.a003541.

Slycke van, D. M. (2006). Agents or Stewards: Using Theory to Understand the Government-Non-profit Social Service Contracting Relationship. *Journal of Public Administration Research and Theory*, 2, 157-187. doi: 10.1093/jopart/mul012.

Smith, Steven., and Judith Smyth. (1996). Contracting for services in a decentralized system. *Journal of Public Administration Research and Theory*, 6, 277–96. doi: 10.1093/oxfordjournals.jpart.a024311

Uenk, N. (2019). Commissioning of social care services: municipal commissioning approaches for social care services– evidence from a countrywide live experiment. Utrecht, Nederland: *PPRC*.

Vries de , M.S. (2000), "The rise and fall of decentralization: a comparative analysis of arguments and practices in European countries", *European Journal of Political Research*, 38, 193-224. doi: 10.1111/1475-6765.00532.

Appendix A Questionnaire WMO

Neutraal, oneens, helemaal oneens, helemaal eens, eens

Ik wist waar ik moest zijn met mijn hulpvraag

Ik werd snel geholpen

De medewerker nam mij serieus

De medewerker en ik hebben in het gesprek samen naar oplossingen gezocht

Wist u dat u gebruik kon maken van een onafhankelijke client ondersteuner?

Ik vind de kwaliteit van de ondersteuning die ik krijg goed

De ondersteuning die ik krijg past bij mijn hulpvraag

Door de ondersteuning die ik krijg kan ik dingen doen die ik wil

Door de ondersteuning die ik krijg kan ik mij beter redden

Door de ondersteuning die ik krijg heb ik een betere kwaliteit van leven.

Appendix B data collection

The number of suppliers

When collecting the data for the third dataset some problems were encountered. The first one was that that there was no data about the amounts of contracted suppliers online and insurance companies did not cooperate. In 2014 the commissioning of social care services was done by the healthcare insurer with the largest market share in the region. Therefore, to acquire the suppliers per municipality emails were sent to all the healthcare insurance companies. While all of them replied to the email only one of them was able to provide the data. The other insurers either did not have the data anymore or replied that this was confidential information. After repeated tries, only the largest insurer, Het Zilveren Kruis Achmea, was able to provide a data file containing all the suppliers which had been contracted in the ten regions they contracted for. However, this dataset does cover a representative sample of 111 municipalities.

The second problem was that this sample did cover enough municipalities, but no indication was given on the specific municipality each supplier operated in within the region. This made it impossible to compare the suppliers in the individual municipalities in 2014 with those in 2020. This problem could be solved by taking the individual municipalities in a region for 2020; for example the region Amsterdam which consists of the municipalities of Amsterdam and Diemen, and comparing them with the region in 2014. In this way and accurate comparison could be made between the amount of suppliers that were present in that region.

But a third problem was encountered in collecting the 2020 supplier data. After 2014 the care was decentralized and the municipalities all had to contract the healthcare suppliers themselves. While some did this individually a lot of new regional partnerships were formed. Because these new regions contracted together it makes it impossible to compare them amongst each other.

An other factor that hindered the data collection was that there is a lot of diversity in the administration system municipalities used to document the contracted parties. Without central steering, there was no party that had an overview of the contracted healthcare suppliers in the social support act in the Netherlands. Efforts have been made by the ‘’socialekaart Nederland’, but this remains incomplete. Even after contacting all the municipalities only 30 of them replied.

Because of these two complications the decision was made to look at the sample of ten regions that was provide by 'het Zilveren Kruis Achmea' and see if one or more of these contain municipalities that all contracted individually. Out of the sample, three regions were suitable to these criteria; Amsterdam, Kennemerland and Lelystad.

The size of the suppliers

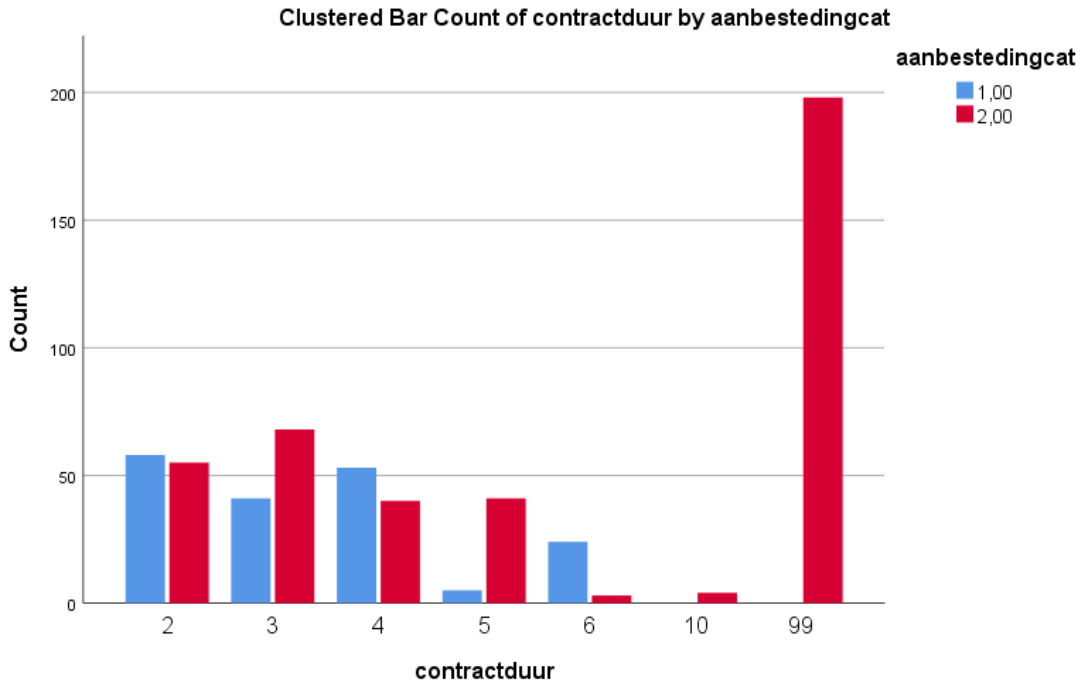
There is one database that includes indicators about size in the form of the revenue made by each supplier. However, these data are limited and are only usable for the year 2019. In the dataset from 2014, 2015 and 2016 these size indicators are missing or have not been filled out. This makes it impossible to answer the following hypothesis; ``*There is a negative relationship between client choice and the size of the suppliers.''*

Regarding the following hypothesis; `` *The size of the suppliers is positively related to the quality of care.' '* a different approach was used than proposed in the research proposal. Depending on the procurement method they opted for and their size, each municipality has a different amount of suppliers, varying between 20 and 300. Since the database does not show if the suppliers are contracted and in which municipalities means that data for about 60.000 or more suppliers should be cross-referenced The data from 2019. Since this master thesis has a limited timeframe and all the work is done individually this means that decisions should be made with regards to these constraints. Two options would be suitable in this case; 1. The first one is to take a smaller sample of municipalities and conduct the analysis as initially planned or 2. deciding to not investigate the hypothesis.

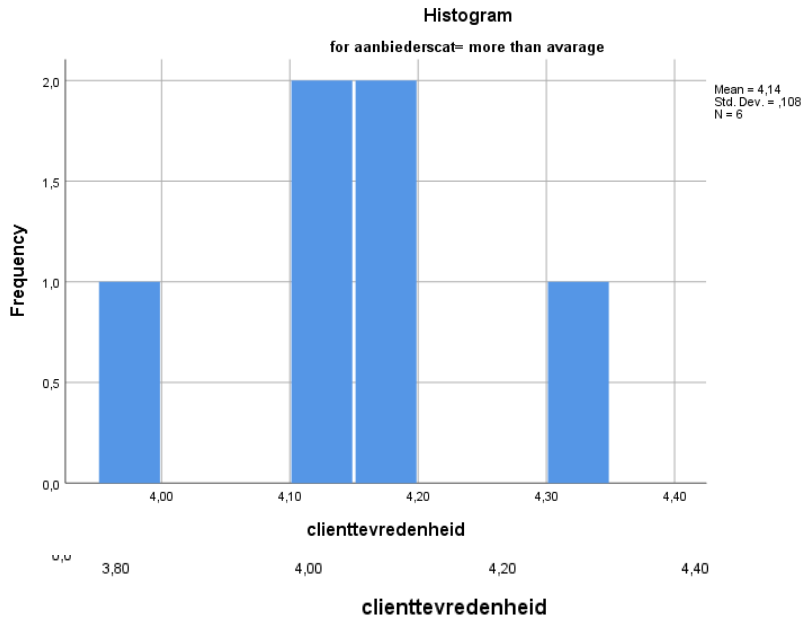
Because the answers from this hypothesis could contain valuable information the decision was made to choose for a small, non-representative sample. While the sample might not be representative of the entire population it will be carefully selected to represent different sizes of municipalities and different regions in the Netherlands. This will be done within the constraints of the availability data.

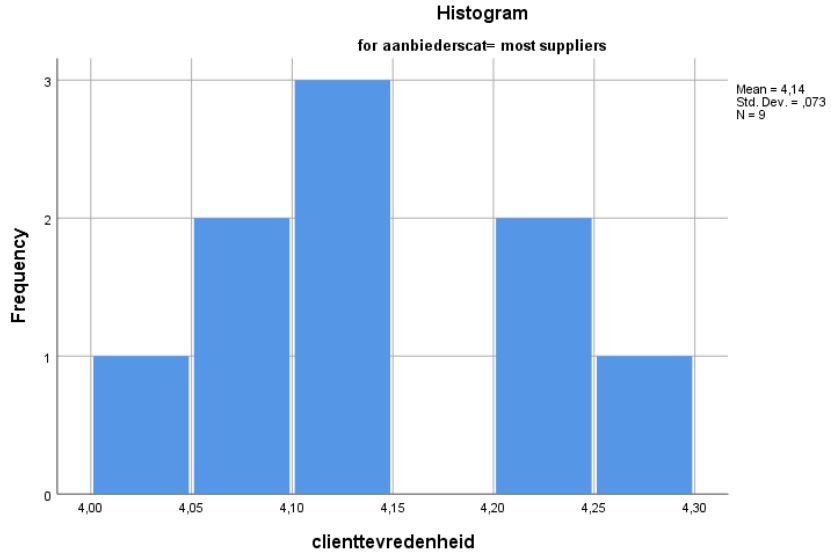
C Assumptions for the analysis

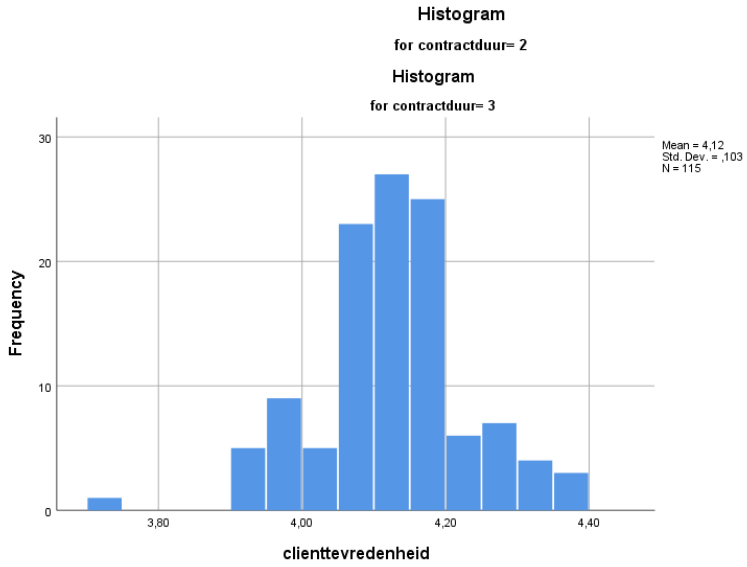
Hypothesis one: assumptions for Mann whitney U test.

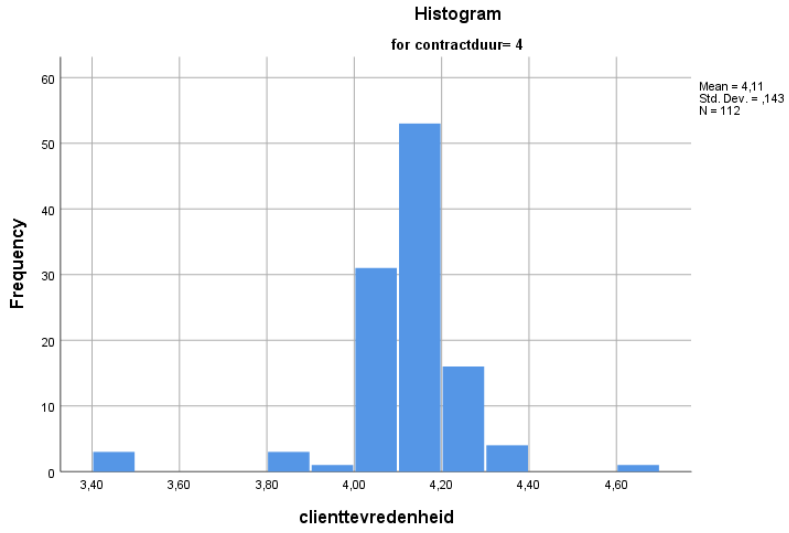


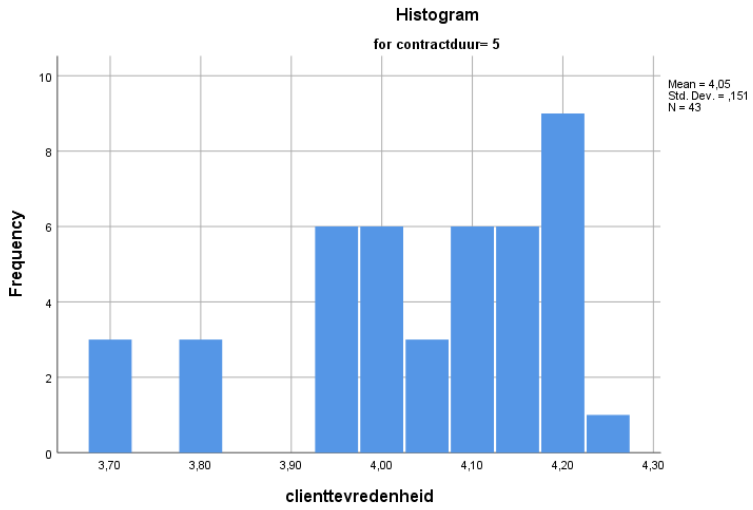
Hypothesis two: assumptions for Kruskal Wallis test

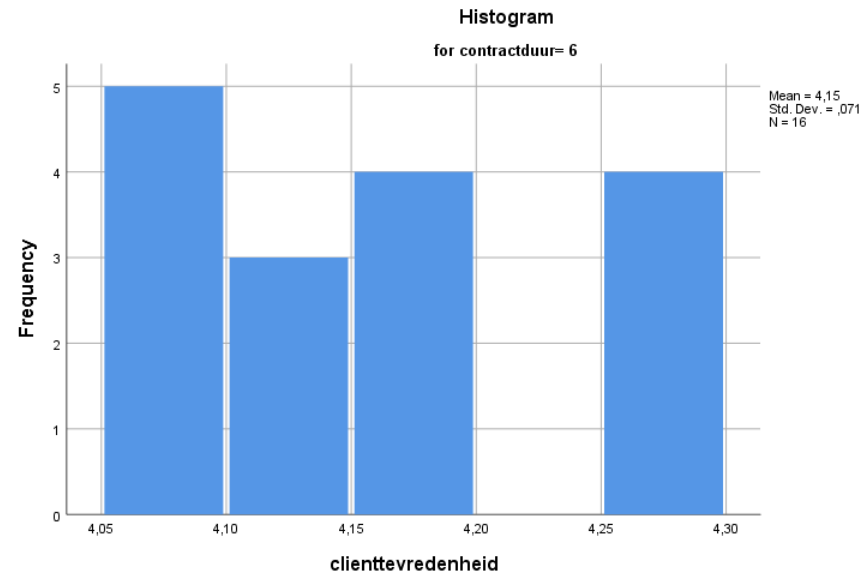


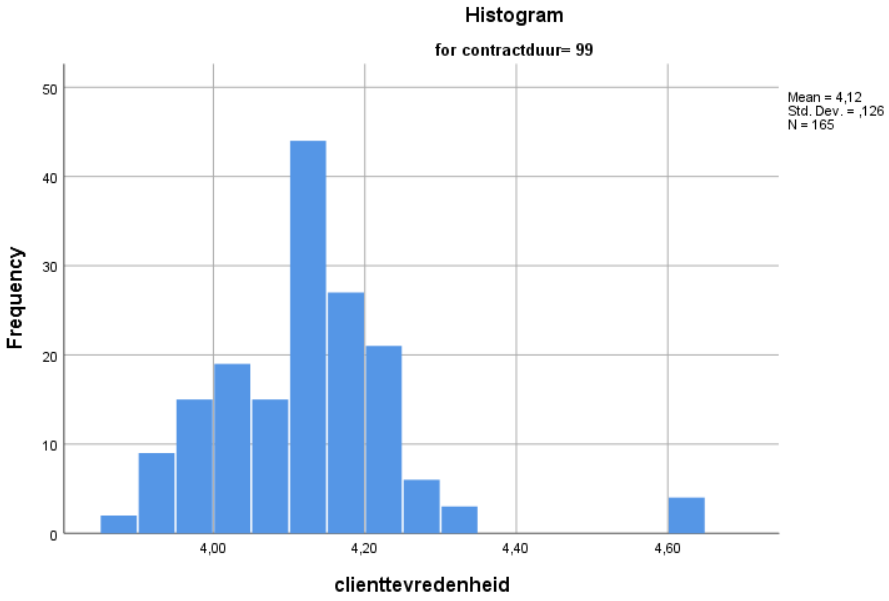

Histogram
for aanbiederscat= most suppliers
Mean = 4,14
Std. Dev. = ,073
N = 9
Frequency
clienttevredenheid


Histogram
for contractduur= 2
Histogram
for contractduur= 3
Mean = 4,12
Std. Dev. = ,103
N = 115
Frequency
clienttevredenheid

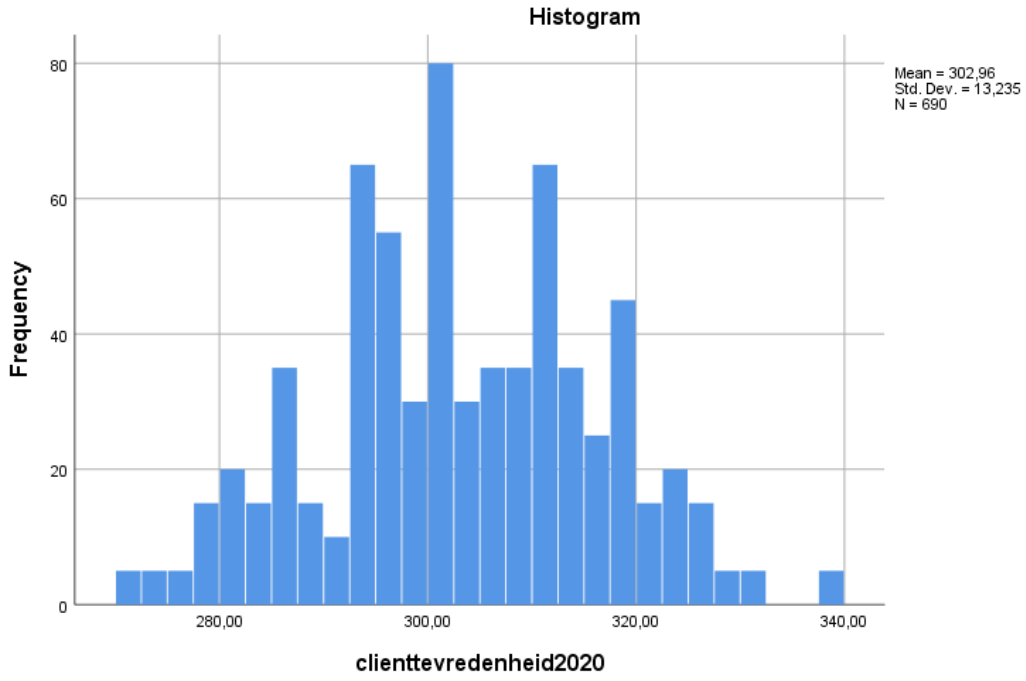

Histogram
for contractduur= 4
Mean = 4,11
Std. Dev. = ,143
N = 112
Frequency
clienttevredenheid

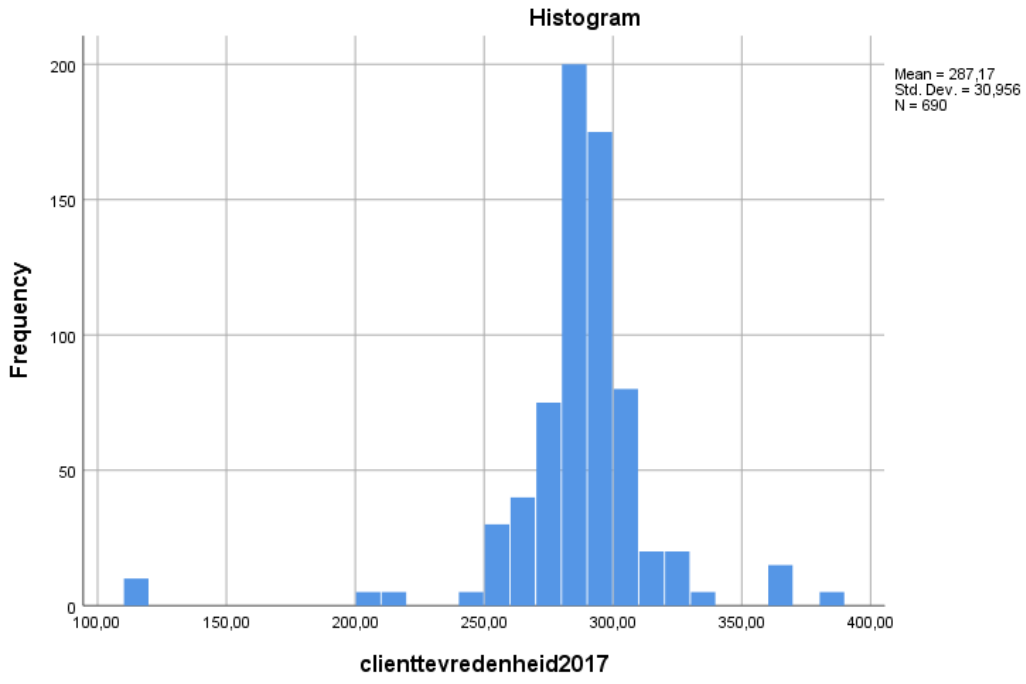

Histogram
for contractduur= 5
Mean = 4,05
Std. Dev. = ,151
N = 43
Frequency
clienttevredenheid

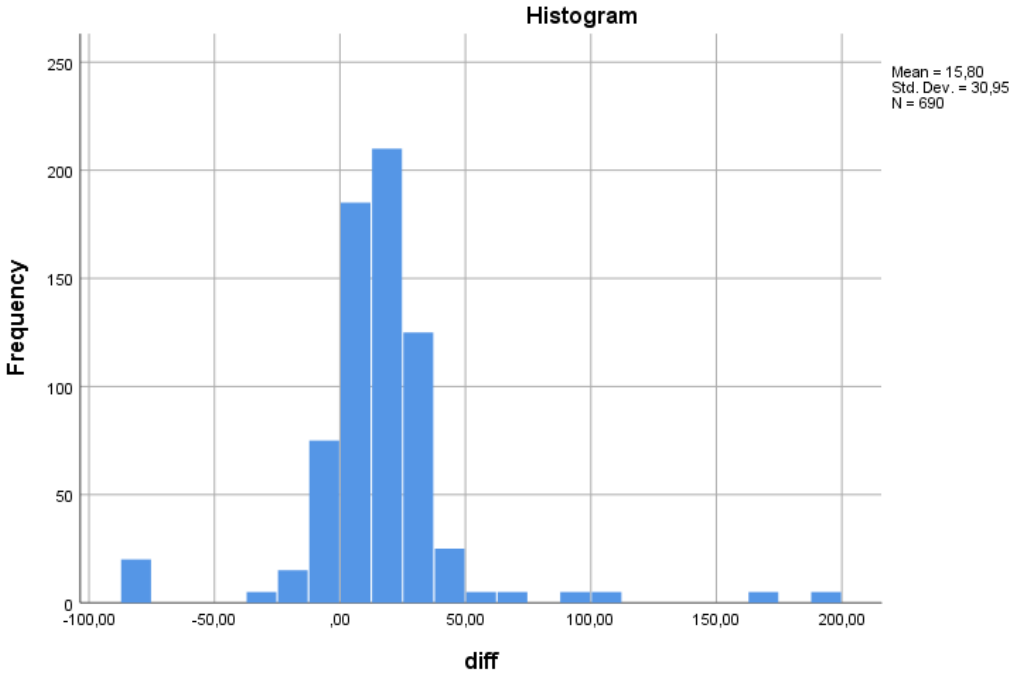

Histogram
for contractduur= 6
Mean = 4,15
Std. Dev. = ,071
N = 16
Frequency
clienttevredenheid
0
1
2
3
4
5
4,05
4,10
4,15
4,20
4,25
4,30


Histogram
for contractduur= 99
Mean = 4,12
Std. Dev. = ,126
N = 165
Frequency
clienttevredenheid
0
10
20
30
40
50
4,00
4,20
4,40
4,60

Hypothesis 3: assumptions for dependent samples t-test.






Histogram
Mean = 15,80
Std. Dev. = 30,95
N = 690
Frequency
250
200
150
100
50
0
-100,00
-50,00
,00
50,00
100,00
150,00
200,00
diff