

Outsourcing Public Sector Services to Electronic Commerce Players

Anna Sell^{1,2}, Erkki Patokorpi², Bill Anckar² and Pirkko Walden²

¹ *Turku Centre for Computer Science*

² *Institute for Advanced Management Systems Research (IAMSAR), Abo Akademi University, Finland*
anna.sell@abo.fi, erkki.patokorpi@abo.fi, bill.anckar@abo.fi, pirkko.walden@abo.fi

Abstract

In December 2000, the municipal social service department of the city of Turku, Finland, outsourced its open care grocery shopping to an online grocery retailer. Prior to the implementation of the online service, the open care employees had taken care of grocery shopping for all those customers who were not able to do it themselves. The city officials expected that an outside e-commerce player would among other things bring time savings so that the open care service would be able to focus on the hard core of open care – caring for the elderly and the disabled at home. This paper examines the expected and realised value from outsourcing from the viewpoint of the three main stakeholders: the customers, the employees and the management. The findings are based on employee and customer surveys as well as interviews with the open care management.

1. Introduction

In Finland the public sector has the principal responsibility for providing for welfare services. In this way the Finnish state seeks to guarantee a sufficient and equal level of services for all citizens [18]. The Finnish law was changed in 1993 to allow for the public sector social services to buy almost limitlessly services from outside [34, 22]. Compared with countries like Great Britain, the outsourcing of public sector services has been moderate, and as a rule only parts of service production have been outsourced and the municipal authorities have still been involved in, or at least retained a certain degree of control over, the actual production processes.

As in most other western countries, the number of old people in Finland is constantly increasing, whereas at the same time less money is spent on municipal care [7]. The national social policy is to favour and develop municipal service forms, which let the old people stay at home as long as possible. However, at the same time as the total number of open care customers has increased

significantly, the number of open care personnel has stayed practically the same. Due to a general lack of resources, there is no hope of bringing the staff numbers up to better meet the increased demands. In Turku, a city of 160.000 inhabitants in south-western Finland, the situation is no different.

This paper discusses the expected and realised value for social services from outsourcing the grocery shopping service to an online grocery retailer. The discussion is based on employee and customer surveys and interviews with the city open care management. We have also used minutes from social services' meetings over four years and local media coverage as background material. In addition to these materials, outsourcing theory and literature on outsourcing in the public sector are reviewed.

2. Online grocery shopping: predictions and reality

In the late 1990s, estimates on the future potential of online grocery shopping ranged from the bold numbers projected by Wydra and Martin [35], putting online shopping at up to 20 % of total grocery shopping by 2003, to Forrester Research's more cautious prediction of 2 % by that time [3]. Today we can see that many ambitious ventures have failed, for example Webvan, Streamline and Shoplink, and some have been taken over by traditional retailers, such as Peapod by Ahold [35]. On the other hand, other players have managed to make their Internet sales channels profitable, such as UK-based Tesco and Albertson's in the USA. Online sales still make up only 1.5 % of Tesco's total revenue [5], but Tesco.com reports a 12-month increase of 26 % in sales [25].

Nettmarket.com is a Finnish online grocery store, operating in a partnership with a purely physical wholesale business, picking groceries directly from the wholesaler's outlet, thus avoiding costs on warehousing, product losses, burglary and the employment of cash counter personnel [1]. The benefits of the model are many, but as the customer base continued to grow slowly, Nettmarket.com was struggling to make ends meet. When

the city of Turku announced its desire to outsource the city's grocery shopping services for the elderly and disabled to a supplier with experience in online grocery retailing, it was clear that Nettimarket.com would compete for this deal.

3. Providing groceries for the elderly and disabled in Turku

One of the open care services' tasks is helping customers with their grocery shopping. The average number of open care customers in Turku is annually approximately 4000, of which the majority is old people. Up until 1999, the home help workers took care of grocery shopping for all those customers who cannot do it themselves. In this model the home help worker goes to the customer's home, writes a shopping list with the customer, receives money from the customer and then goes to the closest shop to buy the groceries, brings the groceries to the customer's home, unpacks them, reports on how the money was used and returns change. The social service's own calculations of the employees' working time showed that one shopping trip for one customer took on average about 45 minutes [26], meaning that an employee spent a significant portion of his or her working hours outside the customer's home. A Finnish study of open care services showed that grocery shopping took on average one third of the time reserved to a client [17]. According to calculations made by two of the four districts in Turku, buying groceries took 874 working hours a week in the old system, which translates to the work contribution of 22 employees [33]. Consequently, the traditional way of shopping groceries for the customers means that the employees' time is partly being misspent on a physically straining task that does not require competence and experience in elderly care. There have also been changes in society that increase the problems for home help shopping. Koski et al. [16] and Lind & Pietala [17] report on the network of shops in Finland becoming less dense, which causes inequality among the population and difficulties for taking care of home help customers.

At the beginning of 1999, the open care managers observed that the imbalance between the demand for services and the resources of the social services was becoming unmanageable. Some services might have to be outsourced to a private service provider as had already been done in several municipalities in Finland. Grocery shopping, laundry, transportation and cleaning were listed as potential targets for outsourcing. All of these were

services that to a significant degree take place outside of the customer's home. In the discussions that followed grocery shopping came up as a strong candidate for outsourcing, and there was already some experience of similar arrangements in three other cities in Finland. The social services was especially interested in making a contract with a company that utilises information technology (i.e. the Internet and e-mail) to collect the orders. This was seen as the best way to streamline the shopping service [26].

Nettimarket Oy was chosen from a pool of nine entrepreneurs in a competitive bidding to deliver the service for a test period of one year (1999-2000) in two of the four service districts, the western and the northern. The southern and the eastern district implemented the new practice in December 2001, at which point the total number of home help grocery service customers was approximately 800. Nettimarket Oy was again chosen as the supplier. According to the board meeting minutes of the social services of Turku, the reasons for choosing Nettimarket was a sum of many factors. Nettimarket was one of the two competitors that had experience and an already working model for undertaking such an extensive service. Finally, the price for the delivery and the quality, stability and service security of the system tilted the scales in favour of Nettimarket [26].

In discussions with Nettimarket's manager Aki Teranto the managers planned the best way to organise the service. The city was interested in acquiring Nokia Communicators to be used for ordering the groceries, whereas Mr. Teranto proposed the use of PCs. The city decided on purchasing communicators, on the grounds that a communicator can be taken to the customer's home which maximises time savings, and it can also be used as a telephone, which all recess quarters did not have at the time. In practice, the communicators were never mobile, since only one device per recess quarter could be bought, and it had to be shared by approximately 20 employees.

According to the agreement between Nettimarket and the city of Turku, the city pays Nettimarket 7 euros per delivery, of which the customer pays a small part (1.60 euros). The home help worker makes in the customer's home a list of the groceries, goes to the workers' recess quarters where he/she types them into a communicator, and sends the order electronically to Nettimarket. The number of grocery shopping deliveries to the open care customers during the first year of operation (1999-2000) was predicted to be approximately 1300 a week. According to the social service's own estimation cost savings would be approximately 0.9 million euros a year. The costs for the outsourced service were estimated to be

0.4 million euros, out of which the customer would pay 0.25 million euros (1.6 euros per delivery).

The customers are expected to take part in the new system en masse. In other words, all open care customers in need of help in grocery shopping have to get their groceries from the online store. An exception is made if the customer comes along to the store. In these cases the exercise and activity is regarded as rehabilitation and important for maintaining these customers' physical and mental health [10, 27].

4. Outsourcing the grocery service

Outsourcing is essentially the transfer of ownership of a business process to a supplier [19]. A key characteristic is the transfer of control over the process, i.e. the buyer does not tell the supplier how to do the work. The buyer's focus is on conveying the results it wants to pay for, accomplishing those results is up to the supplier. Chaffey [4] lists a number of reasons for outsourcing, of which the following apply to the case at hand: freeing resources for other purposes, the function is difficult to manage or out of control, improving the organisation's focus and the fact that resources are not available internally. Possible problems related to outsourcing can include concerns over the qualifications of the outside personnel, loss of control over the function, negative impact on employee morale and that the expected cost reductions are not reached [4].

The Finnish Competition Authority [15] states that the Finnish municipalities that are outsourcing some of their social and health services are mainly aiming at evening out peak times in the usage of services, e.g. in the Turku shopping service there is a peak amount of grocery orders before major holidays, which means that the city has to be able to mobilise more employees than usually. Another goal is reducing labour and capital expenditure [15]. The managerial challenge of reaching outsourcing success is to correctly identify the organisation's core competencies and to strategically outsource other, non-core activities which the organisation has no special capabilities to deal with and for which there is no special strategic need [6, 20]. According to the Finnish Competition Authority, municipalities in Finland have outsourced core activities as well as fringe services. In the Turku city case, though, the management team was quite determined on retaining core activities under city control. The core competence of the organisation was defined as the operations done in the customer's home, whereas all other operations could in principle be outsourced [11]. Regarding the grocery shopping service for the customers, the whole service is not outsourced, since the city home help workers are still

in charge of order taking and relaying them on to the supplier. This is directly related to the desire to keep the functions with client interaction in the control of the city open care services, and to the need to monitor the client's health. The customers' eating habits and changes in them give important clues to their general well being.

The outsourcing of public sector services in Finland has as a rule been limited to situations in which the public sector service provider complements its own insufficient production capacity with services bought from the markets or the service has not been part of its service production. It is very rare in Finland that the whole service production is outsourced [22]. For our purposes outsourcing could be divided in three degrees or categories. Let us call it (i) the first degree of outsourcing when an organisation complements its own insufficient production while maintaining a significant degree of control over the production process and is even partly involved in it. Let us call it (ii) the second degree of outsourcing when control over some part of the service production is given over to an outsider and the public sector organisation merely oversees the results but does not interfere with the production process itself. The second degree of outsourcing entails both that the open care organisation has made the service into a clearly defined product that can be sold on the market and that they have also created some benchmarking system by which to supervise the quality of the outsourced service. Let us call it outsourcing of (iii) the third degree when the whole production is turned over to a third party (e.g. the railways in Great Britain). The shopping service in Turku belongs to the first category, and it is presently shifting towards the second category. Generally speaking, Turku is, along with other Finnish municipalities, gradually changing from a service producer to a service organiser (see [34]). What makes Turku's case of outsourcing even more interesting is that there is a tendency towards a partnership with the private entrepreneur, which does not quite tally with the outsourcing arrangements. Partnership is a viable alternative but it requires more time and it is not clear how it could be reconciled with the entrepreneur's freedom of arranging the production processes.

The main benefits that are usually sought after when outsourcing are related to 1) streamlining processes and flows of goods and information within supply chains, and to 2) reducing costs related to e.g. monitoring of performance and hiring, management and training of personnel [21]. Kanninen [14] states one benefit of outsourcing in the municipal health and social services to be the fact that 3) comparing the price-quality ratio becomes possible and comparisons between external and

internal suppliers can be done. Compared with outsourcing theory, expectations from outsourcing the Turku city grocery service are somewhat different. The city mainly sought after a) lightening the physical burden on their personnel and thus improving employee health, b) being able to focus on their core competence, i.e. basic care within the bounds of the customer's home and c) saving time and being able to provide their services to a wider circle of elderly and disabled. Savings in the expenditure of money on substitute workers were seen as possible, but were not the main benefits expected or motivating the outsourcing decision. The management and the home help workers had their own, different sets of expectations, shaped by their experience of the downsides of the system before outsourcing, which will be discussed in the following sections.

5. Method

Our approach is twofold. On the one hand, we have conducted surveys on both the employee and customer populations of the city's grocery shopping service, and subjected these to statistical analysis. This material has then been combined with ethnographical material, for instance in the form of interviews and letters to the editor of the local newspaper. Two researchers conducted interviews with the department heads of the four open care districts. Each interview lasted between one and two hours. The interviews were recorded and transcribed. The objective of combining the two methods is to construct a more comprehensive picture of the outsourcing phenomenon at the open care of Turku.

There are approximately 600 open care employees in the city of Turku (employee numbers change on a monthly basis, fluctuating between 590 and 610), divided rather equally into the four service districts. A 24-question questionnaire was distributed to all of them through the district managers. 195 of the employees responded, which is approximately 32 % of the entire population. In addition to demographic questions, the employees were asked to give their opinion on different aspects of the online grocery service on a 6-point Likert scale: 5 = Completely agree, 4 = Partly agree, 3 = Do not agree nor disagree, 2 = Partly disagree, 1 = Completely disagree, 0 = Cannot say / no opinion.

All calculations for the different statements have been done after excluding those recipients who answered that they "cannot say / have no opinion". For a summary of the results from the employee survey, see Table 1. A comparison over the combined results from the two districts that entered the online grocery service first, in

1999 (northern and western), and the two districts that joined the service two years or more from that, in 2001-2002 (eastern and southern) can be found in Table 2. The means for the two groups were tested for differences between them through conducting an independent samples t-test. Levene's test was run to test for equality of variances. Where significant differences in variance were found, a more conservative, adjusted t-test was applied.

5.1 Descriptive statistics

The mean age of employees who responded to the questionnaire is 44 years, the youngest being 19 and the oldest 62. 34.7 % of the employees belong to the oldest age group, 51-64-year olds, and 42.6 % to the second oldest group, 36-50-year-olds. There are no significant differences in age distribution between the different districts. The age distribution corresponds well to the actual age structure of the population. Among the 195 respondents there are only two men. The respondents are evenly divided between the four districts; 49 respondents work in the southern and western districts each, 41 in the northern and 54 in the eastern district. The respondents have worked in their positions from 0 to 30 years, mean value being 12 years 6 months.

6. Management expectations from outsourcing the grocery shopping service and experiences

The four open care service districts are each headed by an open care manager who coordinates the services in her district and takes care of strategic planning together with the other open care managers and the social services department head. The management estimated that the outsourced online grocery shopping service would give the employees more time to focus on their core activity, which is basic care. In other words, saving time was the principal reason for the outsourcing decision. In this way the customers could also count on getting good quality care in the future, as the resources were not increasing in step with the workload. The managers also hoped to be able to take on a larger number of customers, since at that time they could only take care of those customers with the most urgent needs, and many persons in need had to be excluded from the services [8, 9, 10].

Some of the main expectations the city placed on outsourcing the grocery shopping process were related to employee health. The mean age of the open care staff is in some sub-districts even above 50, which is higher than the

already high city employee average age of 43. The risk of injuries and accidents while hauling large amounts of groceries was quite real. Also, employees were reporting strain and pains in the neck and back area and early retirement was common. The managers also wanted to minimise the employees' need to handle the customers' money, which inevitably sometimes leads to misunderstandings and distrust [11].

Another important consideration was equality. In the old system of delivering groceries, the customers living in different parts of the city could not receive service of comparable quality. Home help customers living in the heart of the city had a large selection of stores within reach, and in the old system their shopping service may have consisted of an escort in a taxi to the finest stores in the city. On the other hand, customers living in the remote, rural parts of the city only had access to significantly more modest stores and smaller product assortments, since all customers were taken to the stores nearest to their homes. In the name of equality, the city wanted to provide the same level of service for everyone, regardless of neighbourhood. The old system was not unfair for the customers alone, but for the employees, too, because the working conditions and work strenuousness were very different in different districts [8, 9].

There were also some expectations of cost savings. When preparing the decision of conducting the first outsourcing trial in 1999, two of the open care managers expected cost savings due to fewer sick leave days and lower need of hiring substitute workers since one physically heavy part of the job would be taken care of by outsiders. The managers also supposed savings would be gained from lower expenses on car acquisitions, petrol, repairs and mileage allowances [26].

Finally, the managers were interested in utilising information technology for arranging the service. In their view, this was the best and smoothest way to organise the ordering, and also the only way they would be able to maintain service at an acceptable level. One of the open-care managers stated that as the proportion of elderly and disabled people steadily increases, there is a need to use efficient platforms and tools enabling the provision of a better service [2]. Expectations placed on the specific value of ICT in this context were quite vague, but in general it was expected to be a fast and efficient way of ordering that would enable accurate and fast deliveries. In some other Finnish cities the grocery shopping service had already been outsourced, according to a model where open care workers relay the orders to a retailer, who picks and packs the goods, which are then picked up by a separate transport company who delivers them to the

customer. In Turku the managers were interested in outsourcing to an entrepreneur who handles the whole chain [26].

According to the home help directors of Turku, shortly after the first test period of online grocery service had begun in 1999, both the customers and the employees reacted at first by reminiscing about all the good things that were related to the old system. The customers missed their corner shop and its inexpensive prices and familiar assortment. The home help workers told the directors that they missed the trips to the corner shop because they could disengage themselves from their regular work for a brief moment while doing those tasks. One of the management's main tasks during implementation and the first year of the service was to defend the service to concerned customers and family members, and to convince the employees of the reasons and objectives behind the new system. Some efforts were made to explain also in local media the social services' reasons for resorting to outsourcing, in response to newspaper writings suggesting that here the city was cutting costs and saving time but it was unclear what the customers would get in return [9, 28, 29, 31, 32]. This situation was quite stressful on the managers and raised uncertainty among them whether the general population of customers were unhappy or only a vocal minority of them. The situation calmed down with time and at the end of 2002 the managers reported that new customers with no experience of the old system seem very pleased with the online grocery service. It seems to the managers, as if also those customers who do have experience of the old system have overcome their change resistance.

There are clear indications of the fact that the management expectations of improved employee health were realised. In our interviews the managers shared results from an internal questionnaire indicating that physical strain had diminished due to the online grocery service. This was further backed up by evidence of reduced expenditure on substitute workers. The managers also reported that many home help workers have informed their superiors that they now have more time for the basic care. It has also become possible to take on new customers and increase the portion of work done in the evenings and weekends, for which there is great need among the customers. The employees also reported less pain in their neck, shoulders, back and arms. Another perceived benefit is, that the structure of their working day is clearer than before [33].

7. Employee expectations and experiences

Respondents were polled on the expected and perceived effects of outsourcing on their work (see Table 1 for summary statistics on perceived effects). One third of the respondents hoped that the online grocery service would improve the availability of other services but as many as 41% feared that the new practice would deteriorate the grocery shopping service. Many employees have seen the deterioration of the open care service through the years and suffer from working at a hectic pace and knowing they do not have enough time for every customer. The employees feel inadequate, and they also are the ones who hear customer complaints directly and frequently. In 1997, the open care workers had been asked what they wished to develop in their work in the future. The clearly most frequent answer was “to have more time

for the old people” [24].

Most home help employees (87%) that responded to the questionnaire had expected that their physical workload would diminish when an outside service provider would do the grocery shopping. On the other hand, 28% expected that the online grocery service would make their work more mentally straining. When asked about the actual perceived effect of the service on their work, a third of the respondents declared that the mental strain of their work had in fact diminished. In the two districts that had longer experience of the service, around half of the respondents were of that opinion, however, whereas less than one fifth were of that opinion in the other two districts. Opinions on the physical strain of the work are divided according to the following pattern: 93,6 % and 90,4 %, of the respondents from the first-comer districts agreed with the claim that the physical strain had

Table 1: Employee opinions - summary statistics (N=195)

<i>Using the Communicator for ordering is...*</i>	Agree**	Disagree***	Mean (all respondents)	SD	Mean, new districts	Mean, old districts
Easy	88.3 %	5.8 %	4.30	0.97	4.20	4.39
Handy	78.4 %	12.8 %	4.02	1.16	3.82	4.19
Pleasant	44.9 %	24.5 %	3.34	1.24	3.29	3.35
Unnecessary work stage	22.0 %	49.5 %	2.46	1.45	2.60	2.26
Effect on work environment						
Has lessened physical work load	84.6 %	8.0 %	4.24	1.08	4.01	4.54
I have more time per customer	43.0 %	37.6 %	3.01	1.39	2.57	3.62
Has lessened mental work load	31.5 %	52.5 %	2.64	1.39	2.22	3.17
Other services have improved	23.2 %	48.8 %	2.51	1.14	2.18	2.94
Ordering from online grocery store						
Ordering is easy	74.5 %	16.8 %	3.87	1.21	3.60	4.20
Ordering is fast	61.1 %	23.8 %	3.57	1.26	3.20	4.01
Finding products in the website is easy	22.6 %	46.6 %	2.56	1.23	2.22	3.04
Products						
Enough different brands	57.0 %	21.5 %	3.45	1.14	3.48	3.46
Product range is wide enough	52.2 %	28.3 %	3.32	1.19	3.27	3.41
Delivered goods are fresh and high-quality	47.3 %	30.1 %	3.18	1.08	3.21	3.17
Groceries are reasonably priced	14.7 %	74.5 %	1.95	1.13	1.86	2.08
Delivery						
Delivery service is friendly	65.2 %	13.0 %	3.78	1.06	3.62	3.96
Delivery service is business-like	62.7 %	18.9 %	3.63	1.05	3.48	3.83
Deliveries correspond to order well	52.2 %	29.0 %	3.24	1.05	3.22	3.25
Deliveries come on time	54.8 %	33.0 %	3.23	1.21	3.03	3.47
Delivery service is reasonably priced	30.8 %	56.0 %	2.44	1.35	2.27	2.65
Service						
Payment options are sufficient	82.2 %	6.7 %	4.23	1.00	4.12	4.34
Mistakes are corrected satisfactorily	80.6 %	9.4 %	4.08	1.07	3.94	4.24
Invoices are correct	58.5 %	27.3 %	3.43	1.14	3.39	3.46
General						
On the whole the shopping service works well	54.1 %	25.1 %	3.35	1.10	3.13	3.64
Shopping is taken care of better than before	18.9 %	51.5 %	2.50	1.14	2.15	3.01

*) Section only answered by respondents who have used or tried the Communicator

***) Percentage of employees who responded agree (5) or partly agree (4)

****) Percentage of employees who responded disagree (1) or partly disagree (2)

Bold value: Difference of means between old and new districts is significant (p<0.05)

diminished, whereas the respective percentage in the latecomer districts was 71,1 %, that is on average 84,6 % agreed. It is evident that on the whole the western and the northern districts have a more favourable opinion on the online grocery service than do the latecomers, the eastern and southern districts. Comments by the employees from the eastern and southern districts indicate that their opinions have been influenced by the short time that the service has been in use, since many employees have not yet gotten used to or learned to use the system. Dealing with an unfamiliar way of ordering, added to the fact that many of the employees are not technologically knowledgeable from before, means added mental strain until they feel more comfortable with the process (see [23] for more details).

One of the employees' main wishes before the outsourcing was having more time per customer, and 43 % of the employees agreed that outsourcing had had this effect. As resources were freed, the city could take on new customers in addition to the old ones, which explains that the total time spent per customer did not rise in all cases, as the employees had more customers to take care of. Employees were also asked whether they feel, that the grocery shopping service has improved after the outsourcing. Only 18,9 % could agree with this statement (29,6 % of the opinion that the service has stayed the same). The old system of doing the grocery shopping was at best highly individual and customer-focused. One of the open care managers [8] states that e.g. for those customers who lived in the vicinity of good stores, the old system was almost luxurious, but it should be kept in mind that this level of service could not be provided to all, e.g. those living in rural areas of the city with long distances to the closest store, often with a modest product range.

A small number of respondents explicitly wished for the old system back, i.e. doing the shopping themselves. Some respondents also hoped that the online store and the traditional model could be somehow combined ("A person who eats little does not need to order groceries twice a week; for instance, first one milk, two sour milks – could it not be fetched from the corner shop?"). The fact that the customers were not provided with a product catalogue listing Nettimarket's offerings, made ordering more difficult.

The technology used when ordering sometimes caused problems. Approximately half of the respondents either always or usually send their orders to Nettimarket by e-mail via a Nokia Communicator. Almost one fourth either always or usually orders by a computer via the Nettimarket web pages (<http://www.nettimarket.com>). Some respondents said that the small screen and the small

keyboard made using the Communicator difficult. It seems that Nokia Communicators were perhaps not the best possible device for social services' purposes. Due to a shortage of Communicators they were severely under-utilised, serving as stationary terminals instead of mobile devices. Despite the drawbacks, a majority of those who used them found them easy to use and handy. Also, on the other hand, some respondents said that ordering through the web site (with PC) was difficult because of the product search functions, which were found to be deficient and cumbersome.

Both Nettimarket's delivery service and product prices were thought to be expensive. The employees from the western and northern districts, where the online grocery service has been in use already from the year 1999, were more prone to think that the delivery service fee is reasonable than the respondents working in districts that had joined the service later. Both groups found the grocery prices too high. The first-comer districts had a more favourable opinion of the decency and friendliness of the delivery service.

The open care employees expressed most satisfaction with the payment methods, correcting of mistakes and the ease of ordering. The employees also wished for many improvements regarding the available product range, some real, but some that showed a lack of knowledge of Nettimarket's selection. For instance, many employees hoped for the possibility to order fresh fish, which in fact was possible.

10. Customer experiences

As the focus is on outsourcing, the customers' experiences are discussed only briefly, to the extent that they shed necessary light on the overall picture. The customers' side will be discussed to the detail and depth that it deserves in forthcoming publications.

A questionnaire was distributed to all of the grocery shopping service customers, and 198 of the 600 responded (33 %). Most of the customers (79 %) were of the opinion that through outsourcing the grocery shopping had either improved or stayed the same, but 22 % felt the service had deteriorated. An almost identical distribution of answers was received for the question; whether the other services that the customers receive from open care had improved, i.e. if outsourcing the grocery shopping had enabled open care employees to take better care of their customers. 80 % answered that the other services had improved or neither improved nor deteriorated and only 20 % thought they had taken a turn for the worse.

11. Benefits and shortcomings of outsourcing

The home help customers are far from typical online grocery customers. According to research literature, typical online grocery customers are families with children, women under 45, and people with a high social status and high income. These customer groups are little concerned with price when choosing where to buy their groceries. In addition to this, in an online grocery store the average purchase is three times larger and the frequency of purchases is also significantly lower online than in a conventional store (see [12]). As the home help customers as a rule live alone and buy only small amounts of groceries at a time, they miss out on some significant advantages offered by online grocery shopping.

One of the goals of outsourcing was that all customers would be treated equally, which goal was achieved. There is a group of customers who already had access to very good shops with broad product ranges. For them, the new system meant a deterioration of the shopping service (22 % of the customer respondents felt that the shopping service had deteriorated). A clear majority of the customers felt that the shopping service had become better or stayed the same (79 %). At least part of these are the customers who previously had access to smaller stores with a modest product range.

Cost savings in the Finnish public sector are hard to verify mainly because the public sector usually has not made such cost calculations, which would enable comparison. In the case of Turku cost savings were not a priority, managing basic care was, but there are clear indications of cost savings all the same. Already in 2000, the managers presented the city social board with information suggesting that savings had been made through less need of money for substitute workers and compensations for the employees' use of own cars. However, the saved resources were not cashed in but went straight to the solidification of the core activities of open care and to the widening of the customer basis.

Better quality, as an expected outcome of outsourcing, usually shows in the form of more customer-friendly service and increased flexibility (see e.g. [22]). The empirical findings indicate that the customers were satisfied and in some areas very satisfied with the online grocery service. On the other hand, flexibility cannot be said to have increased significantly. Especially the open care workers had at times difficulties when trying to mediate the customers' wishes and complaints to Nettimarket. Partly these difficulties can be interpreted as an outcome of unclear roles (partnership or bought

service), lack of benchmarking and confusion about what is the service as a product to be sold to an outsider. The two last-mentioned requirements for open competition are stated in the Finnish law of acquisitions, although in practice they are not always possible to make come true [18]. However, partly the inflexibilities owe to the contingencies of human relations.

One of the most important goals was to diminish the physical workload of the employees, to prevent and minimise sick days, premature retirement and work-related injuries. This goal was achieved. Some workers felt, however, that the emotional and mental workload had become greater. This is largely due to the difficulty of adapting to change and a certain amount of resistance to technology. Many of the workers did not have earlier experience in dealing with technology, and felt anxiety before the task of learning and using a mobile device unfamiliar to them. This was likely to increase stress. The districts that had been in the system longer had clearly lower scores on the mental workload scale, indicating that the adoption of technology takes time but happens.

12. Conclusion

For the last decade or so the social services of Turku has been trying to meet growing service demands with stagnant resources. In order to keep its core activities functional, social services resorted to outsourcing its grocery shopping service to an online grocery retailer. This was a bold move as online grocery shopping has not been as successful as was generally predicted in the early days of e-commerce. In addition to this, the open care customers are far from typical online grocery customers. As unlikely as it may have seemed in the beginning, the online grocery service has been in many ways a success. Together the private entrepreneur and the social services of Turku have discovered a hidden online market.

When outsourcing, organisations are usually striving for time and cost savings, streamlining processes and an enhanced focus on their core competencies. For Turku, all of these benefits were achieved. Another important expected and realised benefit from outsourcing the grocery shopping service is employee well-being. For the customers outsourcing meant receiving more equal customer service. Currently Turku is in the process of deepening its involvement in outsourcing, switching from the role of a service provider to that of a service organiser.

After all that has been said above one should not think that all is well in the open care of Turku. The fact remains that in absolute terms the financial resources and manpower have stayed virtually the same at the same time

as the number of customers and the workload have increased. However, outsourcing has helped in directing the resources where they are most needed: the hard core of open care.

13. References

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