Performance-based financing is not backed by credible theoretical justifications

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Background
- Performance-based financing (PBF) is expanding in many health systems, especially in low- and middle-income countries (LMICs).
- PBF results are mixed; there is no consistent evidence of its general effectiveness, but growing evidence of its high costs, unintended consequences, and lack of equity.
- PBF promoters fail to provide a clear and consistent explanation of why and how it is supposed to produce results and to perform better than alternative approaches.
- The literature on PBF-related approaches is fragmented across disciplines and much of the current cross-disciplinary research on PBF and similar schemes lacks a sound theoretical basis.

Methods
Scoping review of the scientific and grey literature on PBF using Arksey and O'Malley methodological framework.

Step 1: Identifying the research question
- The research was funded through the ARC grant for Concerted Research Actions, financed by the Wallonia-Brussels Federation.

Step 2: Identifying relevant studies
- Databases: PubMed, Scopus, ProQuest, EBSCO, Base
- Languages: English, French
- Keywords: PBF, Theory, Health, LMICs and related terms

Step 3: Studies selection
- Double-blind screening against criterion of:
  - Date
  - Language
  - Nature of document
  - Sector
- Manual addition of relevant studies identified through other sources
  - Assessment of full-text articles for eligibility

Step 4: Charting the data
- 40 records included based on titles and abstracts
- 229 excluded against criterion
- 328 records identified through databases

Step 5: Collating, summarizing and reporting the results
- 44 records identified though other sources
- 84 full-text articles assessment

Key results
- Out of the 84 studies included:
  - 2/3 have an empirical component and 2/3 are peer-reviewed
  - 53% are free from conflicts of interest
  - Only 44% of empirical studies have a Theory of Change (ToC); however, growing use of a ToC (59% since 2015)
  - Some ToCs are very basic (e.g. carrot-and-stick) and many are not theory-based

Grand theories utilised to justify PBF:
- Economic theories (predominant), including principal-agent theory (referred to by 43 studies), contract theory (41), incentive theory (unspecified) (6), behavioural economics (7), public choice (5) and New Institutional Economics (3)
- Psychological theories (32) with a wide array of motivation theories, including expectancy theory (9), crowding-out theory (7), self-determination theory (7), Herzberg's two-factor theory (5), Maslow's need theory (3) and goal-setting theory (4)
- Business/administration/HR and organisational theories, including organisational theory (6) and contingency theory (3)
- Intervention and implementation theories, in particular the complexity theory / complex adaptive systems (4) and systems analysis (1)
- Social science theories, including medical professionalism (1) and Bourdieu's habitus (1)
- Political science theories, including framing theory (2)

Discussion
- Many studies reviewed testify of a misunderstanding of the theories commonly used to justify PBF
- In particular, the principal-agent theory is often referred to in a very naïve way; when utilised with credible assumptions (e.g. multi-principal & multitasking problem; high cost of verification of outputs; uncertainty of the link between agents’ efforts and results verification; collusion of supervisors) it actually pleads against the use of high-powered incentives such as PBF
- A multitude of non-economic approaches, relating to psychology, organisations sciences and management, social and political science, have also been used to explain or understand PBF; however, none has emerged as dominant and their multiplicity leaves the reader confused

Conclusion
- No single theory is sufficient to explain the complexity of PBF functioning and effects
- The “theory of change” of PBF is still misunderstood
- Overall, PBF lacks a solid and consistent theoretical justification