

The Return on Social Intervention in Family Welfare Customer Life Cycle

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Introduction

The future of the Finnish welfare system is widely debated as the increasingly unfavourable dependency ratio challenges its financial basis. There is a clear need for an earlier and more effective intervention as well as improved cost efficiency in resource allocation. To meet the challenges this paper presents a novel approach aimed at calculating the return on social intervention (ROSI) from a customer life cycle perspective.

Method

A survey method was used to gather data from a random sample of three hundred and twenty-five families using family welfare services in the City of Varkaus. The survey explored service usage, situations in life as well as the length of the customer relationship. The unit costs were calculated for the surveyed services. Table 1 presents the sample composition of the categorical variables.

Table 1 Sample Composition of Categorical Variables

| Variable | N | Variable | N |
|---------------------------|-----|--------------------------------|-----|
| Situations in life | | Service categories | |
| Unemployment | 114 | Child welfare | 152 |
| Problems with livelihood | 139 | Family counseling | 151 |
| Serious illness | 72 | Family and home help | 79 |
| Parenting deficit | 151 | Remedial youth work | 9 |
| Divorce | 96 | Services for the disabled | 13 |
| Substance abuse | 85 | Social work | 118 |
| Mental Problems | 153 | Mental health services | 170 |
| Marginalization | 83 | Substance abuse services | 33 |
| Education deficit | 183 | Health services | 37 |
| | | Remedial and special education | 112 |

The research questions were the following:

1. How do the families differ in their use of welfare services?
2. Are there any conventionalities explaining the differences?
3. If there are conventionalities, how could they be used to predict the total costs?

Correlation, ANOVA, multiple regression, and k-means cluster analyses were used to explore the research questions.

Results

The Spearman's rho showed only a small correlation between the service categories whereas the ANOVA revealed no statistically significant relationships between the situations in life and the use of services. The number of services used and the length of the customer relationship were then selected to perform a k-means cluster analysis. The three induced clusters were named *indicative* (0-2 years), *extensive* (3-6 years), and *settled* (6+ years).

Predicting total costs with a multiple regression required addressing separately the statistical outliers in groups *indicative* and *extensive*. They were named *extreme cases*. A multiple

regression was then used to predict the total costs for *the model cases*. Table 2 shows the descriptions of the customer groups.

Table 2 Customer Group Descriptions

| Customer groups and their subgroups | Share of customers | Mean costs per customer | Share of total costs | R ² change |
|-------------------------------------|--------------------|-------------------------|----------------------|-----------------------|
| Indicative (0-2 years) | 0.52 | 2 916 | 0.17 | |
| Extreme cases | 0.05 | 15 860 | 0.08 | N/A |
| Model cases | 0.47 | 1 598 | 0.08 | 0.84*** |
| Extensive (3-6 years) | 0.23 | 11 301 | 0.28 | |
| Extreme cases | 0.06 | 31 530 | 0.23 | N/A |
| Model cases | 0.16 | 3 131 | 0.06 | 0.51*** |
| Settled (6+ years) | 0.26 | 19 593 | 0.55 | |
| Extreme cases | - | - | - | N/A |
| Model cases | 0.26 | 19 593 | 0.55 | 0.51*** |

*** p < .001

Discussion

The customer groups form a model that can be used to target and plan social interventions as well as to estimate the ROSI. The ROSI is calculated using the statistically modelled customer life cycle as a reference case. Figure 1 illustrates the intervention target segments in the customer life cycle.

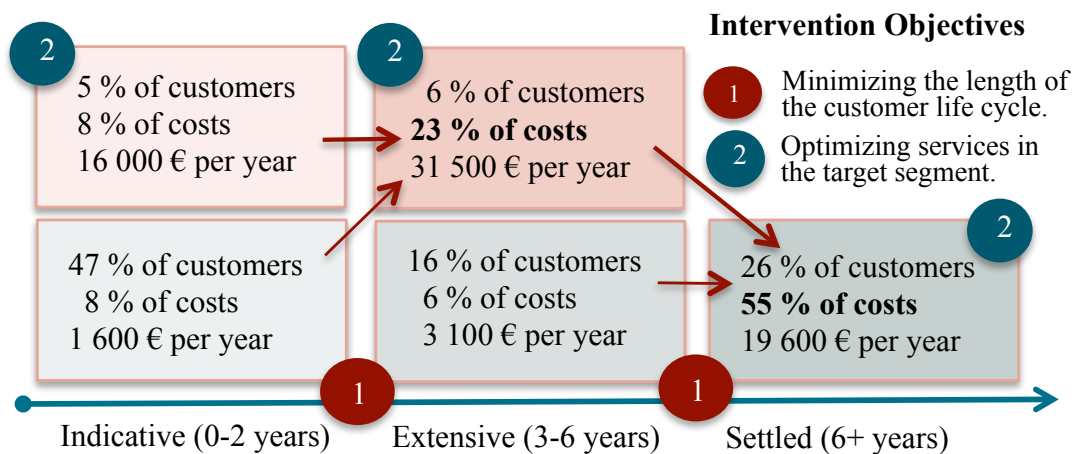


Figure 1 The Social Intervention Target Segments in Customer Life Cycle

The paper presents a case of a *family coach intervention* that illustrates how the model enables targeting interventions, setting performance objectives, and estimating ROSI in a ten-year intervention period. The model contributes theoretically to service system, market segmentation, and social marketing research areas. Management implications are relevant to both the public and the private service sectors.

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