



## Chronic disease management in the Lombardy region: An evolutionary service network perspective ☆☆☆



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### ABSTRACT

This paper fits into the theoretical framework of service networks. Its aim is to understand service network change meaning, characteristics and connections with extant literature and to investigate how a service network can change in a specific context, a regulated sector. The regulated service network considered is the Italian health care network. A theoretical framework guided the analysis to explore how the actors' perceptions evolved during specific time, space, and relationship dimensions in terms of what, why and where changes happened, happen or will happen.

A pilot project, still on-going, is the longitudinal case study analyzed. Introduced at a territorial level by an institutional actor in 2011, the project aims at re-engineering the network service provided to chronic patient category, focusing the network supply on a specific actor, the General Practitioners.

The paper illustrates how involving/enhancing the role of each actor in a new network configuration makes it possible to generate dynamics and produce evolutionary processes co-created and shared between the involved actors. Service networks need orchestration, beginning with the actors most involved in the process of change, the focal actors, by co-opting them, including existing resources and new partners, exploiting the users' contributions to recreate the service network, and cooperating with external partners. As a consequence, innovation in service networks can derive from the action of single/group of actors who understand the need for improvements and activate themselves to drive that change. This consideration seems to be particularly relevant when the speed of changes is restrained as often happens in regulated sectors.

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### 1. Introduction

Services, both in business-to-business and in the business-to-consumer context, are an important economical intangible asset for all kinds of economies and probably more important than the tangible assets (Ostrom et al., 2010; Spohrer & Maglio, 2008).

Even if services have been deeply analyzed and been the object of many researches, and even if the trends toward increasing service importance is now well established in the consumer area, the business network literature has not yet received the same review and analysis (Rust & Chung, 2006).

Services are such unrepresented research topic that needs further examination (Ostrom et al., 2010).

In extending such research to services, an issue emerges as a priority, namely, which theories and concepts used to analyze and understand business marketing and manufacturing business are also suitable for the context of services. There are certain conceptual overlaps between business networks and services. Indeed, business networks are often seen as interactions embedded in a broader environment of multiple actors that have indirect and direct influences on a focal actor or a focal relationship (Ford et al., 2003). Further, a business network is based on certain specific aspects of connectivity and interdependence (Henneberg, Gruber, & Naudé, 2013). On the other side, some of the definitions of services are seen as tangible or intangible activities, processes, and performances that take place during the interaction between a customer and a supplier (employees, physical resources, and systems), and these are provided as solutions and answers to the customer's problems (Zeithaml, Bitner, Gremler, & Bonetti, 2012). Services also are defined as any activity where one part can exchange with another that is essentially intangible and does not result in the ownership of anything. Its productions may or may not be tied to a physical product or even have physical aspects (Grönroos, 1990).

Accordingly, services have the same focus on the interaction between actors, relationships and resources, the same stress that is emphasized for business networking for connections, and on time development for the relationship between customer and supplier. These are specific

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systemic structures based on interactions focusing on services and precisely the basic concept of service network (Scott & Laws, 2010).

That services arise from the interaction between providers and customers is an established theme. However, this paper fits into a recent theoretical framework that considers as a topic of research the service network, trying to understand its meaning, its characteristics and its connections to the extant literature.

The aim of this paper is to investigate how a service network changes. In particular the research question is: How can a service network change be generated in a regulated sector?

The specific service network considered here is the Italian healthcare network and particularly the health care system for chronic illness management.

The choice of this specific service network is supported by several elements of study.

The first element is that the Italian health care services are a dynamic context where there is a multitude of actors, resources, and activities that well expresses the idea of a network, where it continuously is evolving to respond to national development plans (Lo Scalzo et al., 2009).

The second element is that the Italian health care sector is a complex sector where change and dynamics tend to be slow and actor positions, resources, activities, relationships, and changes tend to be regulated, that is to say they are not free to evolve as traditionally conceived using a network approach.

The third element is that in this context, actors, resources and activities change over time under the influence of institutional actors in the network to reach a higher level of effectiveness (innovation, value creation, service quality, patient satisfaction, and health care process) (Corsaro & Snehota, 2012; Durrieu & Mandják, 2000) and a higher level of efficiency (resource saving) (Hsiao, Kemp, Van der Vorst, & Omta, 2010; Morgan, Deeter-Schmelz, & Moberg, 2007) for the entire system. It seems, however, that there are no studies that consider these two elements jointly as results or implications of service network change.

The fourth element is that healthcare is one of the most intangible sectors. In fact its core (the care process) is represented by the doctor–patient relationship and these tangible aspects become secondary, more or less supportive, and instrumental to the care process itself. Those characteristics place this sector in the “*third order service network*” that is to say, as defined by Henneberg et al. (2013), a pure service in which the tangible aspects become secondary, and the network core is linked to the offering of those services. In this way, the choice in this specific context, the health care network, is trying to answer to a call in terms of a special issue on service networks in 2012 for further research in this direction, thus trying to contribute to the study of a complex and emergent kind of third order service network.

As discussed above, the present research differs from the previous efforts. Service network has been investigated for several aspects including the nature of the evolution of business services (Ford & Mouzas, 2013); how firms can manage transition from a first to a second order service network (Kowalkowski, Witell, & Gustafsson, 2013); the characteristics of service networks as companies offering products and developing higher levels of infusion (Gebauer, Paiola, & Saccani, 2013); how customers value a change in strategy on the part of suppliers increasing the level of service offerings (Jaakkola & Hakanen, 2013); the ways in which manufacturing firms can improve their product offerings by infusing additional service elements (Spring & Araujo, 2013); and finally the impact that suppliers' R&D services have on profitability at the relationship level (Kohtamäki, Partanen, & Möller, 2013). But dynamics in regulated service network seem to be a topic that needs to be better explored.

In a regulated sector, network dynamics are complex, often guided by exogenous forces. The stronger actor, largely/usually the institutional one, acts by simply imposing and exercising its legislative power over all other actors in system to generate activities that involve resources and a different set of relations between actors, thereby generating changes

and the consequent dynamics of the actual network. This approach often generates resistance and does not generate results or changes based on a service network perspective. A regulated sector is a complex entity in which change and dynamics tend to be slow. Actor positions, resources, activities, relationships, and changes tend to be regulated as well, that is to say, not free to evolve, thus producing the effect of engulfing both relationships and the network. The final outcome of non-shared objectives determines the general impoverishment of the system. For this reason, the dynamic of the network can be activated only if the causes of resistance are cleared away.

Thanks to the conceptual framework, that adopt a longitudinal perspective for the context analysis, the authors explored how the perceptions of the different actors evolved during a specific time dimension (past, present and future) in terms of what, why and where changes happened, happen or will happen.

As a result, interesting considerations emerged about how a service network, in a regulated sector, can change and how conditions of resistance can be overcome. The paper illustrates how it is possible to generate dynamics: involving and enhancing the role and contribution of each actor in a new configuration of the network and thus produce an evolutionary process driven by innovation processes co-created and shared between all the involved actors. Previous considerations imply that the level of embeddedness and the level of interdependencies in the service network affect service activities and their driving forces to produce innovation. Service networks need to be orchestrated, beginning with the actors most involved in the process of change, that is to say the focal actors, by co-opting them, including existing resources and new partners, exploiting the contributions of users to recreate the service network, and cooperating with external partners during the process.

As a consequence, innovation in service networks can derive from the action of a single actor or group of actors who understand the need for improvements and activate themselves to drive that change. Those considerations seem to be particularly relevant when the speed of changes is restrained as too often happens in many regulated industries.

From a methodological point of view, the longitudinal case study approach is advantageous and used to build both through secondary data (reports, press releases, newspapers, websites, etc.), while including an exploratory research (direct semi-structured interviews addressed to institutional and healthcare operators). A specific pilot project, introduced at a territorial level by the institutional actor of Lombardy region (one of the biggest of the twenty regions of Italy) in 2011, is the object of the ongoing analysis. This project, named CREG, Chronic Related Group Project, seeks to re-engineer the network service provided to a specific chronic patient category and determine a new system for the service supply addressing this patient category, thus moving from a non-coordinated constellation of operators who are acting individually in the health care network to a centralized network of actors who will act as general suppliers (identified in the GP professionals) and thus coordinate other operators of the health system (specialists, nurses, care givers, pharmacists, etc.).

Because of the unique conceptual framework used for this case study, its results underline interesting considerations about the dynamics in service networks, an interesting context of analysis. These results evidence also how in a regulated sector, changes should be managed to prevent a more traditional top-down approach and overcome possible resistance from the involved actors to empower each position, perspective, and role. Further, due to a longitudinal perspective, the authors explore how perceptions of the different actors evolved over the several time dimensions (past, present and future) in terms of what, why, and where changes happened, are happening, or will happen.

This paper is organized as follows. The next section discusses the theoretical background, reviewing the literature on service networks, the change in those networks, and the concept of time. Section 3 presents the objectives and the research framework, and Section 4, the methodology and the research setting. In Section 5 we offer a longitudinal case study, followed by a discussion of the major findings in Section 6.

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