

# **Public-Private Collaboration and Creating Shared Value in Finnish healthcare sector**

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<p>Abstract</p> <p>The latest global financial crisis in 2007 acted as a catalyst for reconceiving capitalism and introducing new trends. Customers started to demand trust, sustainable development and a responsible attitude to social issues. In 2011 Michael Porter and Mark Kramer formulated the concept of Creating Shared Value (CSV) and introduced three ways of CSV to guide businesses towards gaining a competitive advantage. At the same time, the phenomenon of Public-Private Collaboration (PPC) was perceived as an important tool to unite private and public parties with the aim to achieve one shared objective.</p> <p>The purpose of the study was to determine how CSV can be achieved through PPC in the context of the Finnish healthcare sector. The regional government health and social services reform (SOTE) was taken as an illustrative case of CSV via PPC. The goal was to deliver structured knowledge to both private and public bodies in order to reduce the risks and uncertainties of entering similar projects while eliminating the barriers between sectors.</p> <p>The study followed a qualitative approach, had an exploratory purpose and utilized an inductive logic. It means that the research was based on non-quantitative data and focused on the understanding of already existent phenomena from a new perspective. The primary data was collected via three semi-structured in-depth interviews with experts from the field. Each respondent represented either the private or public sector which offered diverse insights. The secondary data was taken from reliable online sources. The spiral model introduced by Creswell in 2007 was used for processing the data.</p> <p>The results demonstrated that SOTE's propositions fully complied with the first way of CSV. Due to strategical weaknesses, the second and third ways of CSV were only partially followed. The findings disclosed that SOTE had a strong theoretical foundation and was concentrated on only one way of CSV which is reasonable for the real-life case. In March 2019 the preparations for SOTE were discontinued because of disagreements in the Finnish Parliament. Thus, the implementation processes should be examined in further studies, while the successful strategical aspects can be adapted and applied in other cases.</p>		
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# 1 Introduction

## 1.1 Background

The main research terminology consists of two key theories that should be introduced from the beginning. The first one is Public-private collaborations (PPCs), which are also known as Public-private partnerships (PPPs) (2016). Despite the fact that the term was described by many scientists, all definitions do not contain any major differences. According to the World Bank, PPC can be explained as a mechanism which is utilized in order to conduct the infrastructural, service or good-oriented projects with a combination of the resources of both private and public sectors. It could be called as one of the most effective methods to gather together the strength features of both the sectors mentioned above apply the most successful practices (Public-private partnerships PPPs 2018). Della Rocca (2017) also determines the good ability to mitigate schedule issues such as overrunning or delaying the work and make the PPC project delivery smooth. The second essential concept for that thesis is Creating shared value (CSV), developed by Mickle Porter and Mark Kramer (2011) in 2011. The theory itself is relatively new, however, it has been already widely discussed in the academic community. CSV can be defined as a managerial strategy that allows companies to put both economic and social values into the core of their business processes. As Mickle Porter and Mark Kramer (2011) state, CSV goes beyond traditional perceptions of capitalism, corporate social responsibility concept, and philanthropy. The thesis seeks to discuss both concepts and understand how CSV can be achieved in PPC projects.

In order to understand the process of creating shared value in PPCs and make the research more applied, the author decided to take current changes in the Finnish healthcare sector as a basis for investigations. Nowadays Finnish healthcare sector could be taken as an example of a successful system which ensures relatively low costs, provides a high quality of medical treatment and received positive customer feedback (Kainu, Kohler & Larsson 2016). The public sector plays the most significant role in the Finnish healthcare system and covers 82% of the whole sum of the country's healthcare expenditures, while the share of private operators stays at the

relatively low level and reaches only 12% of the whole amount of Finnish healthcare expenses. (ibid.) Thus, the major part of the healthcare sector in Finland is represented by two types of organization players: private and public ones (Kela Health Department 2014). The private party consists of independent businesses, which professionally operates in the field, such as hospitals, rehabilitation facilities, pharmacies. (ibid.) The public sector involves Finnish municipalities, which are responsible for delivering healthcare services to the inhabitants (Kela Health Department 2014). As in most developed countries, Finland ensures access to medical services for all citizens and permanent residents. Public healthcare is mostly offered by the basis of residence and is financed with tax revenues. (ibid.) It was already mentioned that the share of private operators is much smaller than the share of their opponents. Kela confirms this trend and announces that public party players control almost all the hospitals, while the private sector party owns only a few hospitals which are complementary to the public ones. (ibid.) On the other hand, collaborations between sectors are encouraged: Finnish Medical Association highlights that municipalities have a right to participate in joint projects with neighbour authorities and with private-sector parties (Finnish Medical Association 2007).

Despite all strengths, the healthcare system started to face serious challenges due to ageing trend, difficulties in service delivery to sparsely populated areas, increases in waiting times for residents for getting appointment with doctors and other problematic points (Regional Government, Health and Social Services Reform 2018). Thus, in order to address issues, policymakers suggest modifying the overall chain of providing healthcare and social services. That is the way how a new reform began its development. SOTE is an abbreviation which came from the Finnish language and means terms for Health and Social Care. (Yle News 2017.) In the English language the reform is called “Regional government, health and social services reform” (Regional Government, Health and Social Services Reform 2018). SOTE reform was suggested to cope with three main difficulties, which are increasing costs, problems with service accessibility and the existence of inequalities. The reform is striving to achieve a better quality of medical services, while balancing the people flows among public and private operators, optimize costs with consideration of future demand

changes and reduce expenses by 3 billion euros per year. (Regional Government, Health and Social Services Reform 2018.) SOTE includes several core initiatives which are dedicated to solving existing problems, which are:

1. creation of 18 counties (regions) and 5 districts linked with university hospitals to carry the legal responsibility for the provision of medical services;
2. optimization and fair allocation of public funds to all of the state's regions;
3. ensure that the provision of healthcare services will be delegated to public or private operators on the contract basis and according to the results of open competition;
4. introduction of freedom of choice model, which allows residents to choose among public and private sector players. (Regional Government, Health and Social Services Reform 2018; Kainu et al. 2016.)

After explanation the key points of the reform it is possible to notice that SOTE is an illustrative example of PPC which strives to achieve both value for the residents (better services, equal access, freedom of choice, reduced waiting time) and economic benefits (reduction of healthcare expenses by 3 billion euros per year).

Today it seems possible to find academic works which unite topics of CSV and PPC and examine how SV can be achieved in PPC projects. One of the most relevant examples is the paper written by Nina Louise Dalgaard (2014) in 2014. That work is concentrated on understanding the interactions between CSV and PPC. Novo Nordisk case study and collaboration called "Actions on Diabetes" were taken as a basis for the research, while the context of the study was framed by the Qatar region. In conclusion of the study, Dalgaard notes that the CSV was successfully demonstrated in the PPC and achieved both economic and social needs. However, the author of that paper highlights that the context of her work was very specific and suggests to conduct further research in other contexts. Furthermore, the research was focused on the business case which may differ from the national level.

## 1.2 Motivation

In modern society, there is a range of global trends which tend to affect every type of human activity. Business environment could not be called an exception, because its nature is highly dependent on social pressure and people's demands, which are formed based on popular trends. Mistrust caused by the latest crisis evoked companies to recover their reputations and focus on responsibility and economic sustainability which are one of the most powerful trends across the world. Creating shared value is a combination of features of responsibility, sustainability, economic development and investments into social progress. Business environment is changing, and companies pay attention to the opportunities to increase their customers' loyalty through CSV. The ways of achieving a successful CSV process were described in the M. Porter and M. Kramer's (2011) article. The article raised wide discussions about the phenomenon, and many academics gave expanded explanations of Porter and Kramer's three ways of CSV while sharing their personal knowledge on CSV processes. For example, Valerie Bockstette and Mike Stamp (2011), Peterson (2016) presented their observations and shortly formulated strategies on how shared value could be created in businesses. One of the main goals of the articles and interviews about SCV is to support companies which are interested in CSV. The authors attempt to explain the term, give applied knowledge and introduce possible strategies for the interested organizations. However, most of the information is concentrated just on SCV processes and miss the knowledge about CSV in PPC context. That fact leads to a lack of relevant studies on how Porter and Kramer's ways of CSV could be utilized in PPCs. Thus, some companies and authorities, participating in PPCs, may face certain difficulties and challenges on their way. The fact of high uncertainty increases risks and may cause avoiding PPC projects. Moreover, it is necessary to note that SOTE reform is not a unique precedent of PPC in Finnish healthcare industry. As the minister of social affairs claims, cross-sectional projects are common in Finland, however, the reform is expected to frame such collaborations and unleash new opportunities for the players (Mattila 2018). Thus, it is possible to notice that experts in the field can see the lack of identified elements of PPC and the need for efficient structures of PPC.

Currently, the Finnish government is focused on the SOTE reform which is expected to restructure the whole healthcare sector in the region. One of the interesting features of the reform is that citizens will be provided with an opportunity to choose the healthcare operator from both private and public sectors without any additional client fees. Hence, the author has noticed that such collaboration of sectors can be interpreted as PPC, while the goals of the reform are to meet the demands of an underserved market, decrease inequalities and get ready for serving the future customer groups. SOTE is striving to solve critical issues of society and offer better services for the population of the country. If the reform goes smooth and can convert its initiatives into reality, the society will receive a high flexibility in choosing the healthcare and social services provider, get optimized services and receive the medical help faster. There are also other elements of the reform which are expected to deliver additional benefits for the society. SOTE is going to unite private and public sectors with the aim to deliver benefits to the population and solve residents' healthcare-related issues. The author notes that the social value goal is put in the core of the reform and can become a representative example of the CSV phenomenon.

Hence, the core motivation of the thesis is to conduct the study which will be able to deliver the knowledge on how CSV can be created in PPCs to the public and private sector players. The organizations which are interested in entering PPCs with the aim to CSV may have a look on that paper and gain an understanding on how such projects are implemented in their region (Finland) and sector (Healthcare and Social services). That thesis can be a solid starting point which provides organizations' leaders with the good theoretical base, at the same time illustrating the theoretical views by the well-recognized example. It is vital to highlight that the SOTE reform case is widely discussed by people with various backgrounds and is itself a well-known in the whole society. The reform has own distinctive features and strategical decisions which are accessible through the SOTE official website. The opportunity to access that data means that the thesis will both cover the most important elements of CSV via PPCs and give a relevant reference to the practical implementation of the theories, which can be utilized by organizations to conduct own research and outline the possible strategy for their own actions. And last but not the least, one of the

author's motivators is the question: will SOTE become a successful example of the CSV via PPC? Following all the motivators, the author strives to research the reform and outline possible strengths and weaknesses of SOTE and its implementation.

Personal motivations can be explained by the desire to deliver knowledge about the topic and demonstrate that the CSV via PPCs is possible in the medical field across the whole country. Furthermore, it is important to the author to give entrepreneurs acting in Finland and representatives of Finnish public healthcare systems convenient access to the descriptions of the current situation within the country which can be used in strategy development of organization's cooperation. The research outcomes also could be adapted for other context situations and cases of creating shared value in PPCs even outside of Finland. Additional personal motivation is based on the author's interest to investigate whether the three ways of CSV described by M. Porter and M. Kramer in 2011 can work in real business environment and how could they be applied in the Finnish healthcare sector.

### 1.3 Research Approach and Problem

#### **Research objective and problem**

Nowadays it can be noticed that not many studies have been conducted in terms of creating shared value via PPC projects. The existing researches are mostly focused on CSV processes or PPC projects separately. The previous academics who discovered similar cases did not have a specially developed theoretical framework, that is the reason why this research's theoretical framework will be fully derived from the literature review. M. Porter and M. Kramer (2011) introduced and described the three main ways of CSV in their article, which were: reconceiving products and markets, redefining productivity in the value chain, and taking an active participation in local cluster development. These three ways of CSV will be taken as a basis for the theoretical framework of this study. The thesis seeks to investigate how the three ways of CSV could be used in order to achieve CSV in PPCs in Finnish healthcare context.

The key objective of the thesis is to explore the process of CSV vis PPCs in Finnish healthcare sector on the example of SOTE reform. The lack of the conveniently

accessible knowledge about CSV via PPCs in the healthcare field may have a negative impact on the development of such projects in the region. The research problem is focused on eliminating the barrier between public and private sectors, engaging them into PPC projects and guiding on creating shared value process.

### **Research question**

How is shared value created through PPC in Finnish healthcare sector?

### **Research approach**

The most suitable way to gather in-depth insights on the topic, analyze the problem properly and gain an understanding of how PPCs can create shared value is to follow the qualitative approach. That approach helps to concentrate on the non-numerical data, leading to a deeper understanding of the phenomena. (Labuschagne 2003, 100-101.) The main data collection method will be a set of in-depth interviews conducted with three experts working in the Finnish healthcare sector. The chosen approach gives the author the tools to collect data from highly skilled experts working at different positions in the healthcare industry. Additionally, each interviewee will represent either the private or public side, which will lead to a broader understanding of the reform's possible outcomes. The author will build the data collection process in a way that engages experts in the field and guides them in the process of sharing their knowledge, perceptions, predictions and overall opinions. According to Labuschagne (2003), that is one of the most successful methods of conducting a collection of qualitative data. (100-101.) The next stage of data analysis will be backed up with the spiral approach, introduced by Creswell (2007). Following the spiral approach, the data will be properly managed, classified, interpreted and then represented. The main program for data analysis will be Microsoft Excel. The coding method of data analysis is chosen for the research because it will organize data in the document in an efficient way, provide convenience in filtering the information, better objectivity and successful data management. (Marelli 2018.) The

mistakes caused by the human factor will be avoided with the help of recorded and transcribed interviews and the coding assisting method of analysis.

As a result, careful data analysis will allow to gain the understanding on how PPC can lead to CSV, which will be based on the reliable points of view from the people working in both public and private sectors.

The thesis will discover the already existing theory from a new perspective and with consideration of a new focused context. Taking the case into account it could be noticed that the research approach will be inductive because usually inductive approaches are chosen to look at new phenomena (Deborah 2013). The research will include both secondary and primary sources of information. The combination of the sources will help to achieve the reliability of the research.

#### 1.4 Structure of the thesis

The thesis includes five chapters. At the beginning of the thesis, there is an introductory chapter which seeks to describe the main concepts, outline the context, explain the motivations as well as provide the readers with the information about research approach and question. The second chapter is the literature review, where all the necessary concepts are explained in detail and the theoretical framework is presented. Third chapter is dedicated to methodology and covers the research approach, research context, data collection method, data analysis techniques, and verification of the results. In general, that chapter gives an understanding of how the research was conducted and justifies the choices. The fourth chapter talks about the results and answers the research question. The fifth chapter introduces the managerial implications, limitations of the research, as well as outlines the recommendations for further studies and concludes the thesis.

## 2 Literature review

### 2.1 Public-private collaboration

#### **Definition**

Public-Private Collaboration (PPC) is a term which attracts the attention of economists and policymakers and means a partnership between public and private sectors with the involvement of both parties' resources in order to achieve a shared objective (Link 2006, 1-3). The similar ideas could be found in the text written by John Donahue and Richard Zeckhauser (2006), where PPC is described as closing of public goals with the engagement of third-party forces (private sector actors) and the actual government entity. The engagement of the capitals from both sectors allows to combat broad public-sector difficulties related to the lack of assets and capacity (Akintoye, Beck & Kumaraswamy 2015, Section 1). It does not have any direct linkage to contracting or philanthropy because both private and public parties have a right to determine the means for achieving the final result and correcting the goal (Donahue and Zeckhauser 2006). To ensure smooth partnership, public-private collaborations must include an agreed set of roles between private and public actors accordingly to the party's field of expertise, a shared goal, properly allocated risks, costs optimization and plan of avoiding additional expenses (Felsing 2011, 1-5). The psychological side of a partnership – trust – is vital for successful project running; hence, carefully implemented/defined policies, regulations and contract statements which clarify the key roles and responsibilities, face-to-face meeting and discussions between parties, adaptation of information distribution policies must be conducted in order to prevent distrust and doubts (European Network and Information Security Agency 2011). Thus, from 2000 PPC model is constantly increasing all around the world in developed and developing countries, providing society with products and services via agreements between public and private sectors (European Commission Directorate-general regional policy 2003). Limitations in public funds and efforts to provide society with better services and products backed up the development of PPC (ibid.)

Merging of resources, technological know-how and skills (intellectual and human capital) without any engagement in privatization trend can be defined as the key elements of PPC. The concept of PPC has gathered together all the baseline data, gained from the private sector and public institutions: production, product development, marketing, and distribution. PPC is dedicated to several leading objectives in healthcare: product development, optimized distribution, product donation, raising of public awareness of diseases, disease controlling mechanisms, increasing product quality, providing poor populations/patients (stakeholders) with necessary health products/services, eliminating/decreasing economic barriers. (Widdus 2001) The other distinctive features of PPCs include the requirements of deep business knowledge, strong development skills, information from various related fields, excellent management, political support from the leading governmental players, environment and social considerations (depends on the project), affordability of a project (Marques De Sá 2017). Moreover, to achieve sustainable collaboration, especially during the early stages partnership should continuously show added value to prove the actual need of its existence (European Network and Information Security Agency 2011).

Globalization trend affects PPC, stimulating the development of new models of PPC, and raising the interest in the topic of global disparity in healthcare. All of the benefits and reasons for PPC, distinguished from various articles, in general, are lead to one main idea – reduction of the disparity and providing poor nations/patients with health production according to demand and boost the overall healthcare industry to optimize resources allocation. (Widdus 2001)

### **Stakeholders and motivations**

Public sector players can be represented by governmental organizations at local, state, or national levels; private party is any privately-run business, several businesses under consortium agreements in one field of expertise or public corporations (Rouse 2009). Comparing to the book written by Felsing (2011, 1-2), the public sector can include ministries, departments, municipalities, state-owned enterprises, while private covers investors, local or global companies. Speaking about

the usual roles allocation, public sector players often are in charge of social responsibility, creating a sufficient level of awareness on the project topic, capital investments, increasing of political support, while private actors can be responsible for management, high-quality commerce and marketing, great innovation process and optimization of operations, investment capital (Rouse 2009). All the responsibilities and roles are defined in a contract (ibid.).

The key reasons for participation in PPC for public sector includes the opportunities which will be open due to the partnership project, such as an improvement of mechanisms of national strategy's implementation (even in conditions of limited public-owned means), help an industry to survive in crisis situations, need to cooperate with other industry representatives in order to conduct national security strategy, and so on (European Network and Information Security Agency 2011). Furthermore, public sector players' motivations can also cover the chances provided by PPC to reach certain public policy outcomes, such as:

- mobilize assets, which help to eliminate social exclusion through the integration of both public and private parties;
- opportunity to conduct reforms in local public services in order to make them accessible for the local community;
- optimize the costs of local services by engaging resources from two sectors (public and private);
- chance to make policy-making processes more flexible with the support of community and business links. (Osborne 2002, 14-17.)

Private sector party can be engaged in PPC by the following reasons: a desire to indirectly influence the future policies/regulations, regulations which require industry to become a member of PPC, problem inside the industry and recognition that solution is lying beyond industry boundaries (European Network and Information Security Agency 2011).

In general, the concept of PPC includes five groups of stakeholders in every healthcare system (Table 1).

Table 1. Key stakeholders and roles of PPCs

STAKEHOLDER	ROLE
Provider	Actor provides service (product) planning, promotion (manufacturing) and operating. Can be both public or private
Payer	Actor (entity or person) ensure financing of the project; can be insurance organizations paying for the treatment/health products for the end customer. Can be both public or private
Beneficiary	The actual customer: an individual, who was medically treated or provided with health products, or the ultimate recipient. Usually people under insurance premium and people with very low incomes.
Regulator	A public actor whose responsibility is to regulate, monitor and manage the project to ensure sustainable project operating
IT infrastructure	Provider of Internet connectivity, data storages for better accessibility, updating data of the patients, software and so on. Can be both public or private

### **Benefits, risks and challenges**

Private-sector actors tend to assume that collaboration with governmental organizations and institutes for sharing public issues and responsibilities in a right way will definitely lead to improvements in their own public value creation and building a positive reputation among the target audience and possible customers (Donahue & Zeckhauser 2006). A range of benefits for the public sector, which can be gained through PPC, includes:

- resources - private actors provide the public sector with resources, required to find a solution for public issue;

- productivity - the technological base from private actors will lead to a significant increase in productivity level;
- information - consolidate necessary knowledge from private organizations, because they often have in use more relevant information related to practical elimination of a problem;
- legitimacy - governmental organizations/institutes got assistance in conducting projects and work, which are not appropriate to be completed by themselves. (ibid.)

The other source defines a list of hypothesized benefits, which public sector actors are able to gain through strong collaboration with the private sector in healthcare environment, which contains:

- optimized access and reach (access to the informational, human capitals is easier);
- higher efficiency (productivity level becomes higher);
- improved measurement and accountant systems (in collaboration of two sectors attention to tracking tools is closer; accounting and measurement tools are used carefully);
- utilization of best practices (a combination of the most efficient know-how from the private and public sectors);
- improved quality (due to the implementation of best practices, the level of quality is also raising);
- resources (a combination of recourses leads to a significant increase in overall amount of resources and assets). (Raman & Bjorkman 2009.)

Considering risks and challenges, PPCs have plenty of specific characteristics and ways of development, which causes some practical-related issues, arises areas of concern and makes this type of partnership quite difficult to design, implement and manage (European Commission Directorate-general regional policy 2003). Due to the

long-term nature of most of the PPCs, the risk of changing governmental policies is high; therefore, the stability of a project contract should be ensured in order to eliminate any political risk and give protection to private party (Marques De Sá 2017). On the other hand, public actors also need security, such as performance guarantees from commercial sector players (ibid.). Public and private sector actors occasionally may have opposite core interests, which can lead collaboration to failure; for instance, one of the threats is that public sector party could abdicate its actual duties and responsibilities, delegating all the issues on health promotion of the citizens to the private sector actors (Buse & Waxman 2001). The other way around, a problematic situation can emerge when private organizations have inadequately managed collaborations, which have an unclear set of responsibilities and overall vision (ibid.). To avoid inefficient working processes, it is necessary to recognize the importance of properly organized management at all the stages of partnership: from planning and creating till operating and finishing (European Network and Information Security Agency 2011). A well-developed contract agreement and suitable strategy are preventions which allow managing project in a successful way (World Bank 2016). In addition, both actors should be extremely responsible, and the process of creation and further functioning of a partnership must be carefully observed, measured, and controlled (Buse & Waxman 2001).

## 2.2 Creating Shared Value

### **Definition**

Creating shared value concept was developed by M. Porter and M. Kramer and described in detail in their article in 2011. However, the base of the creating shared value (CSV) theory was given in the other article written by the same authors in 2006 and called "Strategy and Society: the link between competitive advantage and corporate social responsibility" (Machens 2013, 6). Creation of this concept was a response to the financial crisis which was happened four years before the final publication (Pirson 2012). That global financial crisis was a catalyst for the beginning of changes into the way of perceiving capitalism; thus, despite doubts and fears among specialists, a broader view on capitalism appeared and the overall business environment began its evolution (Gibson 2011). The society was seeking trust to

businesses, global trends began to include increased attention to various social issues, sustainable development and responsibility (Pirson 2012). To achieve success and gain desired competitive advantage in those conditions companies must take into close consideration all of the growing trends and finally reinvent the business approaches and business in general (ibid.). In addition, CSV theory was presented as the evolved version of the outdated Corporate Social Responsibility concept (Machens 2013, 6-7).

According to the original article, CSV can be defined as a set of policies and operating practices that enable achievement of economic success of a company and creating value for the society by facing societal issues and advancing overall social conditions; building a strong linkage between the life of society, its needs and company's corporate performance. Porter and Kramer claim that CSV has nothing in common with philanthropy and sustainable development. CSV's key difference from all other concepts is an underlying approach. Social problems should be put in the core of a business, enabling profitable growth for the company and improving social living standards. In this case, the authors decided to ground their perception of creating share value on economic logic. (Porter & Kramer 2011) The similar ideas regarding possible confusions with other concepts were described by James Epstein-Reeves, where he agrees with Porter and Kramer and underlined again that creating shared value cannot be called philanthropy or confused with corporate social responsibility and sustainability (Epstein-Reeves 2012). Instead of this, creating shared value is dedicated to the overall acceleration of social growth and enhancing social capital, integrating these goals into the core of the company's processes (ibid.). Hence, the new concept was related to managerial changes within organizations and had a target to both provide companies with competitive advantage and bring positive fundamental changes to the society (Scagnelli & Cisi 2014). Porter and Kramer's article put the ideas of CSV into the minds of their target audience, which was management practitioners and scholars (Beschoner 2013). All in all, in the conditions of modern business environment with hundreds of companies integrating shared value differently in adapted for the case ways, the explanation of CSV concept can be blurred: the definition becomes contextual and complex (National Academies of Sciences, Engineering, and Medicine 2016).

Keeping in mind all the world changes happened in business environment after CSV introduction in 2011, it seems useful to read the article by Kramer and Pfitzer from October 2016, where the CSV concept was defined the same way as it was in 2011. Authors tend to believe that creating shared value is driving society to fast-paced progress while giving companies an opportunity to contribute to their own competitive advantage (ibid.). Thus, according to Porter and Kramer, the concept of CSV stays updated, brings changes to businesses' behaviour all over the world and aligns companies' interests with the overall development of society (Porter & Kramer 2014, 149-151).

All in all, CSV concept attracts great attention from managers and scholars, that leads to incredible headway into the academic management literature, where both critical assessment of CSV and the positive reviews can be found (Wieland 2017, 27-34).

Some authors, for instance, Benedikt von Liel (2016, 58-66), remain sceptical about the concept and have certain doubts in the originality of CSV and criticize the overall theory. From the others' perspective, a great step for understanding the role of government in business environment was made and a new broader view on capitalism was brought, enabling further development of business environment (Crane, Palazzo, Spence & Matten 2014). However, even scientists, who tend to criticize the concept, confirmed its relevance and significance by publishing their critical reviews in world-famous academic journals (Risso & Testamarta 2017, 2).

### **Ways to create shared value**

Three possible ways to conduct successful creating shared value process were proposed in Porter and Kramer's article (2011). These ways were:

- Reconceive products and markets with possible reversals – meet customers' needs by providing demanded products and services;
- Redefine productivity in the value chain – conduct changes in value chains in order to improve the productivity level;

- Take active participation in local cluster development to ensure favourable conditions for industry's development – pay attention to innovation activities, productivity and overall growth. (Porter and Kramer 2011.)

These three possible directions lead the business environment to significant changes, such as reconceiving intellectual property rights, quality of human resources available and safety standardization regarding products. (Scagnelli & Cisi 2014).

Valerie Bockstette and Mike Stamp shared the point of view of Porter and Kramer on the three ways of creating shared value and wrote an article with descriptions of the precise actions which could be taken in order to create SV. They are convinced that reconceiving of products and markets could be organized based on the excellent serving of existing and accessing markets, great innovations which allow to reduce costs significantly, enhancing the range of technological solutions. Redefining value chain is interrelated with quality and scalability improvements, development of optimized distribution channels, a profound understanding of all the aspects of the value chain and processes of price formation. Last but not least, cluster development and influencing related and supportive industries in a positive way are conducted through strong communication with reliable local commercial companies and governmental organizations. All of these aspects should be turned to beneficial not only for the business but also for society to meet its needs. Authors claimed that a successful combination of the social and business values will lead to well-organized creating shared value process. (Bockstette & Stamp 2011.)

Speaking about the applying of CSV strategy to a company, some certain steps of conducting this were outlined by Peterson during the workshop (National Academies of Sciences, Engineering, and Medicine 2016, 60-62). His opinion is that in order to achieve successful shared value formation, it is essential to go through three stages: develop the actual shared value initiatives, launch them across all departments and levels within a company, and stimulate continuous innovations for the initiative in all company's levels (ibid.). Peterson supported the ideas of Porter and Kramer (2011) and agreed that CSV can be done in three ways, noting that they could work differently in various industries. Moreover, Peterson noticed that CSV process takes a different amount of time and resources depends on the several basic factors:

motivation of employees and managers, how actively people take the shared value initiative forward and realistic view on the success of the initiative (National Academies of Sciences, Engineering, and Medicine 2016, 61). On the other hand, there were five other key actions for applying the shared value concept into a firm's operations were identified; they are:

- take into consideration of social purposes and embedding them,
- identify the needs of society,
- conduct measurements of social and business values,
- support innovation culture,
- communicate with external stakeholders (government, media) (Pfizer, Bockstette & Stamp 2013.)

To sum up, integration of the shared value concept into the company's agenda requires modifications in a mindset and management approaches within a business:

- changes should be boosted inside the company, involving all the managers and employees into the process;
- patience, strong coordination, accurate tracking and analysis should become the core aspects of the strategy (Bockstette & Stamp 2011.)

### **Benefits, risks and challenges**

To begin with benefits, every business operation must bring sufficient benefits for a company to ensure its successful development in the market: well-organized CSV processes help to improve company's performance and profitability (Porter & Kramer 2011), attract and keep talents and gain customers' loyalty (Moore, K. 2014). Two main targets of a successful business are met by creating shared value: achieving sustainable competitive advantage with unique positioning and attracting the millennial talents who will further develop the company by innovating. (ibid.)

On the other hand, some weaknesses and threats for both parties were not described in detail in Porter and Kramer's article (2011). Possible negative impact on trade-offs and stakeholders, narrow view on the corporations' role in society, naive perception of business challenges, – all of them are the weaknesses of CSV concept, which can become the causes of serious challenges (Crane, Palazzo, Spence & Matten 2014). Several issues which might appear while creating shared value and integrating it into a company were highlighted in the interview with M. Kramer, conducted by P. Brabeck in 2015. In addition to the lack of measurement tools, M. Kramer (2015) spoke about the internal processes within the company: if shared value is created in a wrong way, some departments which are working on human rights or sustainability can be excluded from shared value processes. Both active work with society, paying attention to all departments' involvement, and focusing on company's targets the challenges can help to cope with the challenged and ensure successful shared value creation processes (ibid.). Besides, the information about the possible challenges of implementation of shared value in a company is also written by other scientists in the article; it includes:

- unclearly identified social mission;
- lack of skilful personnel, who is able to measure and link social and business values;
- requirements of a new network and value chain. (Pfitzer, Bockstette & Stamp 2013.)

Some challenges of CSV could be overcome by continuous tracking of the CSV processes with the help of suitable frameworks and tools: measuring is vital for the success (Liel 2016, 150-155). CSV initiatives can face difficulties because of the lack of tracking; thus, a clear way to measure the process is required (Kramer 2015). The way to put the measurement process of the CSV concept into a structural way was suggested in 2011.

According to their article, four main steps form the measurement process:

1. Identifying social-related issues,
2. Creating a business case,
3. Tracking the progress,
4. Measure the results. (Porter, Hills, Pfitzer, Patscheke & Hawkins 2011.)

Insights into the results of tracking and final assessment will open the new opportunities in shared value creation (ibid.). Measurement tools for CSV bring a huge benefit for the concept because it significantly simplifies the process of applying CSV internally and externally: benchmarking the performance in CSV allows businesses to conduct tracking of the progress and notice opportunities for innovations (Wagner 2015).

### **Creating shared value (CSV) and corporate social responsibility (CSR)**

Despite the fact that Porter and Kramer claim that their concept is absolutely original, experts in the field often tend to believe that CSV is not an innovative theory and find it similar to such concepts as sustainable development, stakeholder theory, corporate social responsibility (Scagnelli & Cisi 2014). The confusing detail is that Porter and Kramer in their article told readers that CSV is different to CSR and superior to it, but at the same time they provide a definition of CSV with the key element – responsible behaviour – which is directly associated with CSR (Rasche, Mette & Moon 2017, 75). Other scientists, researching the topic, explain the fundamental differences between the concepts and give an answer based on the Porter and Kramer (2011) article: CSR is mainly related to conducting socially-responsible decisions separate from the underlying company's values, whereas CSV puts social and environmental impacts into the core of every company's process (Sims 2017, 61). Partly similar ideas about the subject were expressed by Dr Sarah Cobourn during the interview, where she mentioned that CSV is controlled by senior

managers of businesses, while CSR is distinguished from the core business processes (Wagner 2015). Yeming Gong explained more differences between the terms:

- CSR relies on improvements of company's reputation and based on allocating resources within a business, putting them into good citizenship's activities, such as recycling, communities support, responds to global environmental challenges, ensuring the well-being of employees and customers;
- CSV cannot be called as a response on external pressure, it is a company's strategy, structure, internal and external processes and dedicated people. (Gong 2013, 295-297.)

Another key difference is in economic value layer: CSR focuses on social value, in contrast, CSV strives to ensure both social and economic benefits (Porter & Kramer 2011).

To conclude, CSR is interrelated with changing of the company's managerial approaches according to external pressure, reputation and sustainability of a company, compliance with national and international standards. CSV is about changing the management system with the focus on the introduction of innovative products on new markets, ability to meet social needs and bring economic value to the company, strengthening the suppliers and local clusters. (Moore C., 2014.)

### 2.3 Theoretical framework

The theoretical framework for this thesis is derived from the literature, mainly from Porter and Kramer's article, published in 2011. One of the main theories of the research – creating shared value – is chosen as the theoretical foundation. In general, the framework includes three key pathways of creating shared value which were described by Porter and Kramer (Table 2). These three ways of CSV were backed up with additional information from the original article. Based on Porter and Kramer's ideas, the author formulated the most important actions which could be taken in order to follow each of the ways.

### **Reconceive products and markets**

Following the reconceiving products and markets, it seems essential to draw attention to two key elements – products and markets. Products and services should be rethought and redesigned in accordance to their necessity to the market and ability to fulfil underserved societal needs. One of the solutions on how to achieve product development could be an integration of the innovation culture. Changes and innovations within organizations drive the process of adapting products and services by the societal needs to meet people’s demand. In this research, there is a certain context – Finnish healthcare sector – which defines the market. However, there is still an opportunity to discover the chosen market by considering customer groups. Hence, the second element is customer group identification and analyzing. Serving new or previously underserved customer groups is vital in reconceiving products and markets way of CSV. Society is continuously changing, and the needs and customer groups should be tracked constantly: the population is ageing, people start to pay more attention to sustainability and want to reduce the negative impact on the environment. New social demands and customer groups appear, and they should be immediately addressed by businesses and public organizations to keep their competitive edge and ensure the wellbeing of the population.

Social value is created by closing emerging important societal demands, letting the people to live in better conditions. Companies conduct analysis on societal needs, possible harms and benefits which leads businesses to the discovery of new development opportunities and help to focus on the audience which was overlooked. Often businesses miss significant opportunities for further development and unlocking new economic value. Reconceiving products and markets way helps enterprises to continuously look for new development paths and grow. That ensures the appearing of the economic value.

### **Redefine productivity in the value chain**

According to Porter and Kramer (2011), the connection between a company’s competitive advantage and social issues exists. Solving of societal problems usually

allow businesses to increase productivity in a value chain. Summarising the information from the original article, three key issues must be taken into account to follow the redefining productivity in the value chain principles. First of all, a network consisting of trustable and reliable suppliers is essential to ensure optimized energy and resource use, smooth logistics, distribution and procurement. Secondly, that way is closely interrelated with support of sustainability in the value chain which means that economic-, social- and environmental-friendly practices should be used by businesses. And last but not least, investing in well-being and human capital development (training, safety, healthcare services) can bring positive changes in businesses' productivity levels because employees become more motivated, engaged and have less lost workdays due to reduced absenteeism.

Social value in this way is created through considering the sustainability and putting responsible attitude into every business process: people receive a better environment both working and living. In addition, economic value for the businesses is created through smooth and reliable communications between local cluster members, cost reduction due to proper resource optimization, reconceiving of distribution channels and increased productivity of employees.

### **Enable local cluster development**

Cluster players – educational institutions, trade associations, standards organizations, suppliers, related businesses – have an impact on CSV processes. In order to support local cluster development, companies should identify issues in logistics, supply and distribution channels, HR management, educational institutions, and market organization. Investing in local infrastructure and improving framework conditions enable companies to improve productivity and sufficiently reduce their operational costs. Taking care of educational institutions ensures a better environment for research and development and educational activities. That drives competitiveness and business development via improving the qualifications of future or current employees and discovering new technological opportunities. The most successful cluster development programs include one core elements – collaborations

between cluster members. To develop a local cluster, there should be strong linkages between all cluster players which makes possible such activities as cost-sharing, assembling the right skills, support. Everyone from the cluster must strive for involvement and active participation of all the members from public and private sectors (NGOs, government agencies, trade associations, private enterprises).

This way creates social value by providing society with cheaper and better quality products, convenient education facilities, space for professional development. While economic value for businesses formed via costs reduction, better-organized business processes, increases in companies' performance and opportunities for growth.

Taking everything into consideration, the theoretical framework covers and opens up the distinctive features of possible CSV processes which are relevant to the research.

Table 2. Theoretical framework – three key ways to create SV

<b>Reconceive products and markets</b>	
Products	Redesign products to improve them and meet the demands of underserved markets with the help of innovation culture integration
Markets and customers	Serve the existing and new customer groups by identifying unmet societal needs
<b>Redefine productivity in the value chain</b>	
Supply chain	Ensure supplier accessibility and reliability
Sustainability	Sustainable practices in value chain and avoid additional costs to both business and society
HR efficiency	Invest in human capital development, consider safety and health

Continues on the next page

Table 2 continues

<b>Enable local cluster development</b>	
Infrastructure	Local infrastructure development ensures better productivity and leads to a reduction in operating costs
Human capital	Drive competitiveness and business development via investments in education institutions and research projects
Collaborations	Ensure local partnerships among cluster members

During the research, this theoretical framework will be utilized as the foundation of analysis on how shared value is created via healthcare and social services reform SOTE. Thus, it will help to answer the main research question.

### **3 Methodology**

#### **3.1 Research approach**

The research approach of the study is qualitative. Like any other approach or method, a qualitative approach has its own distinctive characteristics. It can be interpreted as an approach which mainly focuses on the meaning and understanding of the phenomena and does not measure it in terms of quantity or frequency (Labuschagne 2003, 100-101). The qualitative approach involves investigations in naturalistic settings with an attempt to make sense and interpret the subject of study in terms of people's perceptions (Denzin & Lincoln 2005, 3). The other distinctive feature of the approach is that the data is primarily nonquantitative including various relevant texts, such as transcribed interviews, field notes, videos, pictures, documents (Saldana 2011, 3-4). Qualitative data provides in-depth studies with the help of direct quotations, interviews with experts in a field, carefully conducted descriptions of the phenomena, and observations (ibid.).

The research is inductive which means that the author concentrates on the close understanding of the nature of the phenomena (Saunders, Lewis & Thornhill 2009, 125-127). The aim of the research is to look at the existing and previously researched phenomena (CSV) from a new perspective (PPC), which is suitable for choosing the inductive method (Deborah 2013). The inductive logic of the research goes to align with the research question. As a result of the study, an understanding of the possible way of CSV will be identified (Figure 1).

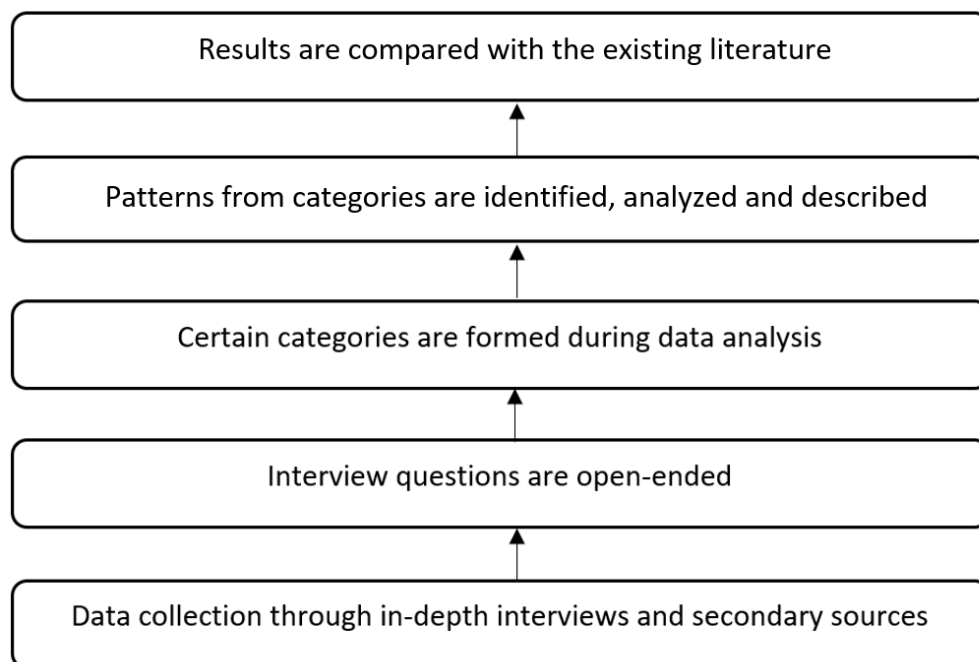


Figure 1. The inductive logic of Research in a Qualitative Study (Adapted from Creswell 2009, 63)

The research is exploratory which means that the purpose of the study is to look for new insights and assess phenomena in a new light (Robson 2002, 59). Exploratory studies usually lead to building a new theory (Jupp 2006, 110). However, this bachelor's thesis is aiming only to explore the phenomena and provide the basis for

possible further studies which can be more advanced and lead to the development of a new theory. Two principal ways of conducting exploratory research are utilized in the study: reviews of relevant literature and in-depth interviews with experts in the field (Saunders, Lewis & Thornhill 2009, 140).

The research is cross-sectional which means that the data was collected at a particular period of time (Chambliss & Schutt 2006, 31-32). Moreover, that type of research usually covers several sections of the studied subject (ibid.). In contrast, longitudinal research approach is characterized by gathering data over time (Saunders, Lewis & Thornhill 2009, 155-156). It is necessary to highlight that longitudinal research is frequently preferable than cross-sectional one because it allows considering and directly measure the influence of time (Chambliss & Schutt 2006, 31-32). However, the research is undertaken in time-constrained conditions. Thus, due to the research environment and strict timetable requirements, it seems impossible to collect data over time and follow longitudinal research principles.

### 3.2 Research context

The research context is mainly determined by the Finnish healthcare sector, which is currently presented by dominant public players and complimentary private operators (Kainu, Kohler & Larsson 2016). The trend was visible already since data from 2014 which indicates that the number of public healthcare operators was 176 in contrast to only 36 private hospitals in the country (International Trade Administration 2019). In 2014 Kela presented the information that public side controls the majority of the country hospitals, presenting private party as a supportive operator (Kela Health Department 2014). Statistics mentioned by Kainu et al. demonstrates that in 2016 public sector was responsible for 82% of country's healthcare expenditures, and private party's expenses reached 12% (Kainu et al. 2016). The figures provided by International Trade Administration in 2017 confirm the tendency and highlight that the percentage of healthcare services funded by public side accounted for 73% of the whole sum of healthcare expenses, while private party's share was 26% (International Trade Administration 2019). Therefore, even nowadays the share of private-sector party is growing but still stays relatively low comparing to percentages of public bodies. It may have an impact on the general context, influencing

collaborations between sectors and unleashing a range of new opportunities for both sides.

Speaking about other important features of the region, it is vital to mention that already for over 10 years Finland follows its traditional healthcare policy with the main goal to increase the quality of life, minimize inequalities and promote a healthy lifestyle among the residents (Finnish Medical Association 2007). According to the International Trade Administration, in 2017 Finnish healthcare expenditures reached 22.1% of country's GDP, which is 17.3 billion dollars (International Trade Administration 2019). Finnish healthcare sector consists from the three complement systems of providing health services: municipal healthcare, private healthcare and occupational healthcare which is provided by private and public actors (Teperi, Porter, Vuorenkoski & Baron 2009, 47). The country provides health insurance coverage for its residents and delivers healthcare services via public organizations (International Trade Administration 2019). SOTE's official website explains that public health and social services include 11 points, which are healthcare, hospital services, dental services, mental health, maternity and child health, social work for adults, protection of children, disability-related services, housing for aged residents, home care, rehabilitation (Regional Government, Health and Social Services Reform 2018). Currently, public healthcare is mainly provided by municipalities (Equal and cost-effective services for all 2016). Every municipality is responsible for providing healthcare services for the inhabitants of its region and is obliged to fund medical treatment for residents in the area (Finnish Medical Association 2007).

Despite the fact that the Finnish healthcare system has been functioning successfully for many years, during the latest decade policymakers figured out problematic sides, which were mainly caused by current trends. According to SOTE developers, one of the most powerful trends in the ageing population. As experts claim, the present of the working population is continuously decreasing due to that trend, while the demand for healthcare and social services is raising. That causes worries that tax revenue decreases year by year in contrast to sufficiently growing loans which state takes in order to ensure the access to services. Furthermore, SOTE announces that nowadays the questions of unequal access to healthcare and social services, insufficient flexibility and lack of freedom of choice, further development of e-

services and management of information flows became vital for the government and residents of the country. In addition, the SOTE team highlights that inefficient practices in providing healthcare and social services lead to uncomfortable conditions for the population, such as long waiting times and increased costs. To address the mentioned problems, Finnish policymakers suggested SOTE reform, which is striving to minimize inequalities, balance the expenditures, improve the quality of services and introduce the practices, which will be both efficient and effective for achieving the goals (ibid.).

Therefore, already for a long period of time, Finnish politicians have been talking about the changes in social services and healthcare sector (Yle News 2017). They were convinced that it is possible to reconceive the social- healthcare services delivery and reorganize the system. The essence of the reform is to establish new regional counties which will be responsible for providing citizens and permanent residents with healthcare and social services. The number of those counties will reach 18, and they will partly take the duty to deliver social and healthcare services. Moreover, 5 university hospitals will be included in the new system and share the service provision duty. The counties will be funded by the state and will be obliged to ensure the provision of demanded health and social services. Thus, in order to balance the costs of the operators, counties will pay certain compensations for the service providers. The new system will take into account different types of clients, which will have an impact on the amount of compensation. As SOTE team states, in practice, older people tend to require more intense and careful treatment. Therefore, compensation for that group of clients will be higher in order to keep costs balanced. Additionally, SOTE developers say that some of the service providers can operate in remote areas which also give them a right to receive additional compensation. As a part of the reform, Finnish politicians propose a freedom of choice for people, which means that residents will be allowed to choose a provider of health or social services from both public and private sectors. It will help to reduce a load on public hospitals, balance people's flows, decrease waiting times and optimize the processes of service provision. These actions seem to be even more relevant if the trend of ageing is taken into account. As it was mentioned above, one of the global trends, ageing population, which concerns mostly developed countries also

covers Finland region. Thus, the reform is dedicated to anticipating future changes and preventing possible difficulties. (Regional Government, Health and Social Services Reform 2018.)

Table 3. Some of the aspects of SOTE reform

Aspect	Objectives
Services according to individual need	Organize healthcare and social services into packages to: <ul style="list-style-type: none"> <li>• ensure a smoother shift from one service to others;</li> <li>• guarantee faster access to doctors.</li> </ul>
Locally accessible services	Guarantee access to online services and home care. In urban areas locate service providers close to other socially important points (e.g. shops) and integrate mobile services for better accessibility.
Flexibility and population involvement	Opportunity to vote in county's elections, client panels, youth and disability councils to gather feedback and involve residents to the sector's development.
Mother tongue	Client can use Finnish and Swedish languages or English language in most of the services. Personnel is obliged to deliver the information on how services are organized.
Occupational healthcare	No crucial changes in occupational health services. Employed residents can follow their current model.
Freedom of choice	Residents have a right to choose among public and private service providers and pay the same client fee despite the choice. It allows people to decide which operator suits the best for their needs.
Online services	Ability to book an appointment and receive a piece of advice on the Internet, have an online consultation or access service provider by phone. SOTE proposes that there will be more client advice points than nowadays. It improves the accessibility of services.

In 2017-2018 many people were convinced that implementation of the reform slowly became a reality because several hospitals had been already involved in experiments on freedom of choice policy in 2018-2021 years. In 2018 some health and social services centres participated in pilot projects and got their social and health services vouchers. However, the final decision about the integration of freedom of choice system was going to be announced in June 2018 by the Finnish parliament. If the proposal was accepted, already from the autumn 2019 people would be able to choose unincorporated service providers, while the counties would start to organize the social and health services by 2020. However, the discussions about SOTE reform continued even after June 2018 and the final decision was published on the official website on 8<sup>th</sup> March 2019. SOTE team claimed that the preparations for SOTE reform were interrupted. (Regional Government, Health and Social Services Reform 2018.) The reason for stopping the reform were tensions in the Finnish government and parliament (International Trade Administration 2019).

This thesis had been started before SOTE was discontinued. Therefore, the initial goal was too different sides of Finnish healthcare environment and get a profound understanding of how shared value is created in PPCs. The author decided to concentrate on the current situation in the Finnish healthcare sector and track the implementation of the reform. The core idea was to study the SOTE case and research whether it is able to provide a broader view and demonstrate the opportunities for CSV through PPCs in the whole country. The author highlights that even though SOTE was expected to become an example of a successful CSV via PPC, the failure also should be treated as a vital knowledge for future collaborative projects. More information about that limitation is available in Chapter 5.

### 3.3 Data collection

The process of data collection was divided into certain steps (Figure 2). From the beginning, the author formulated a set of opportunities and goals. Taking into account the qualitative nature of this research, the opportunities for data collection included gathering mostly non-numerical pieces of information (e.g. texts, interview transcriptions). The main goal was to gain a sufficient information sample to answer the research question.

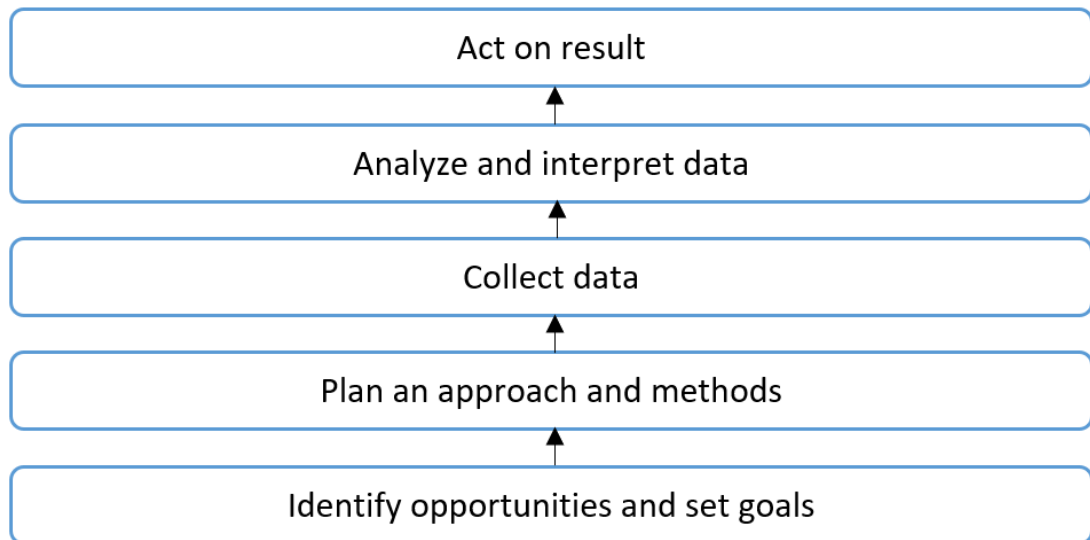


Figure 2. Steps of data collection process (Adapted from Ontario Human Rights Commission 2010, 21)

The data collection method is one of the major elements in the research approach, hence, it is useful to be aware of the full range of approaches for data collection (Creswell 2007, 17). The most common methods of gathering data in the qualitative study are in-depth interviews, participant observations, focus groups, and document analysis (Guest, Namey & Mitchell 2012, 4-5). Semi-structured in-depth interviews include a flexible conversation between researcher and interviewee with the key goal to extract all possible information from an interviewed expert with the help of open-ended questions (Morris 2015, 3-4). This method ensures the depth of gained data by better concentration on perceptions and attitudinal level of responders than alternative data collection methods (Kaar 2007, 2-3). The important aspect of semi-structured interviews is their softness in mapping between words and perceptions (Olsen 2011, 9-10). Moreover, from the psychological perspective, face-to-face conversation helps to avoid the influence of group-related behavioural patterns, makes the participants feel free to express their points of view and provides a researcher with a deep understanding of expert's opinion (Kaar 2007, 2-3). The other possible strengths and weaknesses were covered in the book written by Alan Morris in 2015 (Table 4).

Table 4. In-depth interview: strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Helps to gain rich personal data</li> <li>• Provides an ability to understand expert's motivations and context</li> <li>• Gives flexibility to follow up the conversation and ask for wider explanations</li> <li>• Access to non-verbal information</li> </ul>	<ul style="list-style-type: none"> <li>• Interviewed person could present inaccurate data</li> <li>• Time-consuming in terms of choosing the right people, setting the appointment, and transcribing</li> <li>• Potentially expensive</li> </ul>

Considering all the strengths and weaknesses of the approach, the author decided that semi-structured in-depth interviews can be taken as the main data collection method for the research. In this research, the possible limitations of the method are taken into close consideration in order to avoid any inaccuracies in data. One of the ways of verifying the information presented by an expert could be participant observation or interviews with people who have some knowledge about the interviewee (Morris 2015, 7). The issue of accuracy will be partially solved by reliable interviewees, who will be chosen based on recommendations, professional qualifications, and involvement in the investigated field. As a prevention measure to avoid any mistakes caused by the human factor, the author coded all the interview questions and kept them structured with the help of the theoretical framework. Thus, the data will be clearly organized, and anything will not be missed during the analysis stage. Additionally, strong time management and planning allow utilizing the method efficiently despite its time-consuming nature. The involvement of extra costs is eliminated by arranging the interview appointments with people from the easy-accessible region or via Skype call.

One of the most important and challenging stages was the process of identifying the most suitable candidates for the interview and inviting them to take part in the research. The selection process was based on several principles. First of all, the qualifications, awareness of the reform, working experience, educational background

were taken into close consideration. All that data was found via LinkedIn, Facebook, websites and additionally asked during the first minutes of each interview. That helped to ensure that all the candidates have necessary competencies to analyze the reform and answer the interview questions. Secondly, the author concentrated not only on candidates' qualifications but also on the diversity of the potential interviewees. That means that the respondents were from both private and public sides which allowed to get valuable insights from the different sectors. The data was gathered from two respondents representing the private sector and one expert representing the public side. Furthermore, the candidates also have different job positions, which helps to extend the insights and observe the reform via the lenses of both managers and medical personnel. Thus, one of the interviewees works at the management position of the private sector company, while two other candidates were reflecting the views of the medical staff. The table 5 on the next page demonstrates the most important features of each respondent and clarifies the sources of primary data.

Table 5. Interview participants in brief

<b>Respondent 1</b>	<b>Respondent 2</b>	<b>Respondent 3</b>
<ul style="list-style-type: none"> <li>• Private sector</li> <li>• Management position</li> <li>• MSc International Management</li> <li>• Working Experience in Finnish healthcare: 8 years</li> </ul>	<ul style="list-style-type: none"> <li>• Public sector</li> <li>• Medical worker</li> <li>• General Medicine (Doctor)</li> <li>• Valvira licence</li> <li>• Working Experience in Finnish healthcare: 17 years</li> </ul>	<ul style="list-style-type: none"> <li>• Private sector</li> <li>• Medical worker</li> <li>• MSc Human Nutrition and Food Related Behaviour</li> <li>• Working Experience in Finnish healthcare: 11 years</li> </ul>

It seems relevant to mention that one of the respondents was not originally from Finland. Respondent 2 has migrated to Finland from outside of the EU and gained medical education in Russia. Despite that fact, the respondent is highly confident and has been working in the Finnish healthcare sector from 2002. Moreover, foreign education was authorized by Valvira and Respondent 2 got a right to work as a medical doctor in Finland. Relying on this information and taking into account Respondent 2's broad working experience and awareness about SOTE, the author came to the conclusion this candidate will have a favourable influence on the diversity of the interviewees. Respondent 2 has both in-country knowledge and international experience, which could have a positive impact on the depth of the insights. Considering the practicalities, the common language was Russian, because Respondent 2 does not have enough proficiency in English, while the author cannot speak Finnish fluently. Thus, the main implication of the decision to involve foreign interviewee was the necessity to translate the interview from Russian to English in order to have all gathered data in one language. That influenced the timings and schedule of the research, however, all the changes in the timetable were done immediately, and it did not have any negative effect on the quality of the thesis. What is also important, the decision did not bring any additional costs on translations because the author is fluent in both Russian and English languages. The translation was conducted in the Microsoft Word document.

In addition to in-depth interviews, the data collection process included gathering information from secondary sources. All the secondary sources are Internet websites or web-pages. The issue of reliability was taken into consideration and the level of reliability of all the sources was assessed by the author. Secondary data acted as a foundation for building a set of interview questions and utilized in cross-validation of all gathered data. After the planning stage, the data was collected. Three in-depth interviews were conducted with experts in the healthcare field. The approximate length of each interview was one hour. All the conversations were recorded and transcribed by the author. Then, the data was briefly analyzed, and the author gained an understanding of whether more data is needed. The collected data was enough to answer the main research question. Therefore, the next process of data analysis began.

### 3.4 Data Analysis

In the research study, qualitative data analysis techniques are utilized. There is plenty of methods for the qualitative analysis described by many authors (Madison 2005, Miles & Huberman 1994). However, Creswell (2007) introduced the data analysis spiral model which combines the ideas of all methods written before. He claimed that the qualitative data analysis process consists of several closely interrelated stages: data collection, data analysis, report writing (150). The spiral approach was considered as a suitable and well-structured model, and its main principles lay in the core of the data analysis process (Figure 3). According to the chosen method, the first step was data management: the gathered data was combined into one Microsoft Word document, divided by units, where an interview was one unit, and organized. These actions provided the author with a convenient structure and easy access to the information. During the second stage – reading and memorizing – the author used a highlighter marker option in Microsoft Word to put the codes in the text. Coding is an assisting approach in this study. The codes represent certain categories in the whole information passage. They were derived from the theoretical framework in advance and put on every interview question. Thus, the next stage of the spiral approach – describing, classifying, interpreting – is directly linked to the previous actions. In order to make the text readable and create an opportunity to use the filter option, the information was reduced and put in a Microsoft Excel document. The Excel document consisted of four graphs which were called code, data, place of data and comments, and the information was typed accordingly to every graph name. After structuring the data, the author conducted comparisons, made observations, analyzed the information carefully and wrote the comments. The last stage was representing and visualizing. The author formulated the results of the analysis, created visual materials (tables and figures) in order to insert them into Results Chapter.

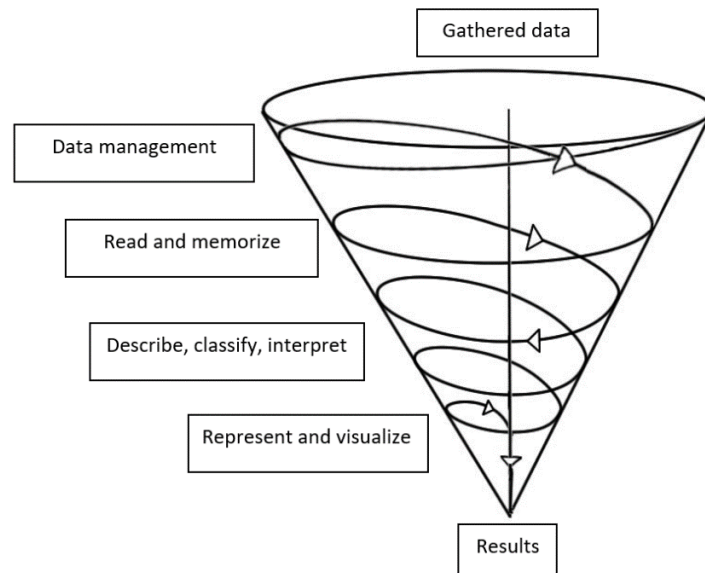


Figure 3. Data analysis method (Adapted from Creswell 2007, 151)

### 3.5 Verification of the results

#### **Validity**

The validity of a research study can be interpreted as an appropriateness of the utilized tools and data. Appropriateness of different elements should be taken into consideration. The research question(s) must be valid for desired results, the design must be valid for the chosen methodology, a researcher must take care on the appropriateness of collected data and make sure that results are valid for the sample and context. (Leung 2015.) In order to ensure the validity of the study, the author utilized two methods which were suggested by Creswell (2007): triangulation and clarification of research bias (207-209).

Triangulation is a part of validation processes. It means a procedure where a researcher collects the information from multiple, different sources in order to find convergence and formulate categories of the study (Creswell & Miller 2000, 126). In this research study, the author searched information from multiple sources to conduct cross-validation. There were no restrictions on the data collection methods, thus, the data was gathered from diverse secondary sources and from a set of interviews with the experts in the healthcare and business fields. As an additional

prevention measure, the certain codes were put into each interview questions in order to quickly analyze the respondents' answers and ensure cross-check of data.

A research bias affects the validity of the study. Several aspects which could cause bias were formulated by the author and carefully considered in this research: interview questions, research sample, reporting techniques, researcher's communication skills and confidence in the studied sector. The interview questions can have an impact on the respondent's answers. The author avoided such type of questions and developed them in a neutral way. Any author's ideas about conjectural answers were not put in the question formulations. Thus, interviewees could fully concentrate on the questions and express their own opinions. Furthermore, the clarity of the questions was taken into account: they were simple and concrete. It helped to prevent misunderstandings. Biased research sampling was prevented by carefully choosing the interviewees. Experts were chosen according to their qualifications, experience in working in the healthcare sector, knowledge about the case project and reform. During the reporting, the author strived to objective writing. However, because of the qualitative nature of the research, it could be challenging to produce an objective passage. As a prevention, the interview responses were treated critically and cross-validated with each other to increase the objectivity level.

Communication skills of the researcher – the body language, emotions, language style – was considered as an important element of the research, because the empirical part included a set of in-depth interviews. The behaviour and communication skills have an influence on the overall interview process. An ability to create a relaxed atmosphere and make an interviewee talk require knowledge of behavioural patterns. The author took care of that and remained neutral in dress, a tone of voice, demonstrated polite attitude to interviewees and gave sufficient time to answers. Therefore, any biases related to behaviour and communication abilities were prevented. Finally, it is necessary to underline that the author is not an expert in the healthcare sector. The lack of healthcare-related knowledge can have an influence on generalizations and judgements making them too extensive.

## **Reliability**

Reliability of qualitative research is usually associated with the trustworthiness of the methods undertaken and the credibility of final outcomes. The assumptions made by a researcher must be transparent and logical, which means that an independent reader or other researchers will be able to come up with the same or similar results that an author did. (Noble & Smith 2015.) The author took this into consideration and included into the report clear descriptions of the research process, provided justifications for methods and approaches chosen for the research study implementation, created a set of illustrations (figures) which demonstrates the research process in a transparent manner and acquire the secondary data from public sources.

Transcription the collected data is a vital element in the reliability and accessibility of the interview-based information (Luton 2010, 40-41). In this research close attention was paid to transcriptions, which means that all the data collected both from secondary sources and in-depth interviews was carefully treated and transcribed by the author. During the interviews, the author recorded all the conversations in order to ensure the integrity of the gained data and prepare the materials for further transcription. Transcriptions provided the author with easy access to gathered data and helped to avoid any possible issues related to data losses and misinterpretations because of inaccurate data or analysis.

The data collection process also included access to secondary sources, such as web-pages and websites. The Internet contains a huge number of web-pages, which may include some information written by unconfident people. Reliability of the data gained in that way was ensured by careful choice of the websites. The author utilized several criteria which helped to reduce the possibility to collect inaccurate data. The author paid attention to sites' domains and checked the site's owner to assess the reliability of the source. Thus, the websites of well-known organizations were considered as trustworthy sources: <http://www.kela.fi>, <https://yle.fi>, <http://alueuudistus.fi>, <http://www.finlandhealth.fi>, <http://www.jyvaskyla.fi>. All the information from secondary sources is public and open for everyone. Thus, the data can be retrieved by any reader or researcher. Furthermore, the data was collected from multiple sources in order to achieve data triangulation and increase the

reliability of the research outcomes. The empirical data was collected from interviewees. People chosen for the interviews are the experts working in the field of healthcare. The data was treated critically and cross-checked in terms of reliability.

## **4 Research results**

This chapter is dedicated to answering the research question. In order to ensure a clear structure, the results of the research are presented with the help of a theoretical framework, which was taken as a structure of that chapter. That also demonstrates a direct link with the theories described in the literature review chapter and makes the navigation in the research report easier. Thus, the results are structured under the three main headlines – ways of CSV according to M. Porter and M. Kramer (2011). Each way of CSV includes up to three actions which theoretically should be followed in order to succeed in achieving SV. The content under each headline will explain how the theoretically recommended actions were or will be followed by SOTE team and identify whether the reform is complying with the whole way of CSV. After reading the results chapter, the reader will gain an understanding of how SV was or will be created via SOTE reform.

Additionally, this chapter could be used as a basis for the development of strategies for the PPC projects by future researchers or by the organizations which are striving to enter PPCs with the aim to create SV. The author recommends paying special attention to the fact that currently the reform SOTE is discontinued. That means that the strategy created for SOTE may be inefficient for some PPCs and should be reconceived according to the context.

### **4.1 Reconceive products and markets**

To begin with, the first way of CSV includes two core elements, which are products and markets. First of all, in order to follow that way, the reform should focus on reconceiving of products – healthcare and social services – and meeting the demands of underserved groups of population. The innovation culture may be also intergraded as a part of the strategy. Secondly, it seems important to pay attention to markets

and customers, making sure that the existing and emerging customer groups are clearly identified.

#### 4.1.1 Products

The general responses of the interviews supported the idea that SOTE reform strives to reconceive the healthcare and social services. The respondents highlighted that the initial goal of the reform was achieving the reduction of current inequality in access to healthcare and social services across the country. Nowadays the services provided by the Finnish public sector operators seem to be not easily accessible in some regions of the country, while also the quality of these services vary significantly. The medical worker participated in the interview noted that Finland has a specific characteristic related to the density of the population, which historically was quite low. Additionally, there are sparse population areas, located mainly in the north part of the country, which have low competitive advantage for the prospective specialists and cannot deliver the similar development opportunities as the capital or other big cities offer. Moreover, the problem of the ageing population cannot be ignored by the medical community, and the public players should admit that the need for healthcare and social services will be continuously increasing in the next years. The respondent came to the conclusion that current strategies may encourage an increase in the gap in quality and accessibility of the services, which leads to unmet societal needs and overall inefficiency of the system.

The fact of the existence of underserved markets was confirmed by the SOTE team and published on the official website. The developers of the reform have identified the other core problem that population face while receiving the healthcare and social services – bureaucracy and unoptimized people flows. Due to these issues, the citizens cannot get the services at the right time and the whole process becomes non-client oriented, non-flexible and generally inefficient.

There are several points in the reform which are expected to resolve the problems mentioned above. One of these points is reconceiving the product and the way it is delivered to the customers. All the interview respondents shared the opinion that the freedom of choice concept and digitalization of the services could be called an innovative solution to the initial issues. Private sector representative tends to believe

that SOTE is dedicated to redefining the product itself by introducing the new rules and changing the existing system. As a part of the reform, some services will be converted to an online format in order to allow greater accessibility and flexibility. Online-based solution will become complementary to the other propositions of SOTE, such as relocation of the offline providers and situating them close to other socially important venues. The offline services still will be presented in the majority. As the medical worker from public sector claims, the modernization and digitalization will allow the person to communicate with the patients directly via special software. That shift to online services and relocation of offline operators will ensure the decrease of the access inequality gap between the different areas of the country. The demand for underserved customer groups will be satisfied with the utilization of technological tools and improving the variety of local easy-accessible services.

The reform will unite the healthcare and social services operators from both public and private sector, creating a unique multiple provider model which will have a positive impact on the competition and the overall quality of the services. Two respondents tend to suppose that the increase in competition should have a strong positive effect on economic development and revenues, which will be valuable for both private and public players. They are strongly convinced that in addition to the evident social value, which is achieved via providing better vital services to the citizens and reduction of inequality gaps, the economic value will be fueled by increased rivalry and overall development of the healthcare and social sector.

Therefore, both the primary data gathered from the interviews as well as the secondary data from the official SOTE website support the idea that the reform follows the first recommended action of the first way of CSV.

#### 4.1.2 Markets and customers

The previous sub-chapter was mainly concentrated on one of the core goals of the reform – improving the accessibility and quality of the healthcare and social services across Finland. The team of reform's developers highlights that SOTE is entirely dedicated to providing services equally to all existing customer groups. According to one of the interviewed medical workers, that focus on the current customer groups is lying in the core of almost all reform's propositions. The SOTE team admitted that

nowadays there are underserved areas in Finland, and some people are not able to get the necessary healthcare or social help. Thus, in order to satisfy customers and fulfil the unmet needs, SOTE introduces digitalization, modernization, freedom of choice concept, moving offline services to more accessible locations and strives to conduct the general optimization of people flows. In addition, SOTE will be expected to influence the decision-making processes by providing citizens with the opportunity to vote in the regional elections. As a complementary channel to deliver people's opinion to the authorities, panel discussions and feedback collection will be utilized. All the interview respondents shared the opinion that the existing customer groups are well-understood, their demands carefully tracked, and the big-picture view is gained as a part of SOTE reform. Hence, the analysis of the current market brought information about unaddressed societal demands, and SOTE is expected to improve the wellbeing of the citizens by changing the system. One of the respondents noticed that the delivery of social value, in that case, seem to be evident because the reform closes the essential societal needs and increases the living standard. In contrast, the achieving of economic value could be more complex. The manager from the private sector tends to believe that reconceiving of the market may shift the focus of commercialized businesses towards the newly emerging customer groups while distracting the attention from the problematic areas with underserved population. The respondent claims that it seems to be relevant to the current situation in the Finnish healthcare sector because the ageing population trend influences companies' vision and mission. The strategies of many companies begin to take into consideration the fact that the group of aged customers will be significantly increased in the following years, and some preparatory activities should be taken in advance. Despite the fact that future changes in the healthcare industry could be profitable for private party businesses, it still seems important to address the population demands. The interviewee supposes that SOTE, as an example of PPC, brings a balanced view on the case, and encourages participants to unleash the hidden opportunities of underserved markets. With the help of innovative solutions, such as digitalization and modernization, it will be possible to reach the areas with previously locked potential. The other interviewee also shared a similar idea, telling that the new opportunities for industry's development could be found in the

previously underserved locations. Thus, both social and economic values are achieved by reconceiving the existing customer groups.

While meeting the demands of the current customers, the reform also strives to identify the emerging client groups and anticipate their needs. According to the SOTE official website, one of the underlying reasons for the reform is the ageing population of the country. Both medical workers participated in the interviews agreed that there is an extensive debate about the radical growth of the elderly group of customers. The experts in the field predict the possible overload of public sector healthcare providers. The reduction of the working population will lead to a significant decrease in funding for public healthcare providers. The private sector manager noticed that already today the state actively searches the ways to control the upcoming costs and ensure the provision of the vital services for the emerging customer group. SOTE suggests the reorganization of the system in a way that will be able to bridge a financial gap in the state's finances. Furthermore, by balancing the population flows between private and public sector operators, the reform will optimize the load on the public sector players, improving the overall service delivery and bringing costs under control. The public sector medical worker stated that the social value is going to be created again by meeting the wellbeing demand, while economic value will be achieved by minimizing the financial gap and preventing the industry's crisis. The other respondent believes that the critical lack of finances in public sector and no attempt to hedge the problem might lead to unhealthy competition between private operators, while also significant slowdown in the development of public service providers and decreasing of the competitiveness of the whole region. Thus, the interviewee noted that the economic value in SOTE could be potentially built by the opportunity for strong cooperation between private and public operators and general development of the whole healthcare sector.

To sum up, all the interview respondents concluded that reconceiving the market is one of the important parts of SOTE reform. The posts on the official SOTE website, which was taken as a secondary data source, also highlight that the propositions of the reform were based on the meeting the needs of both current customers and the emerging groups of clients.

## 4.2 Redefine productivity in the value chain

Before considering the second way of CSV it is important to note that it covers three key elements, which are supply chain, sustainability and HR efficiency. In short, supply chain refers to optimize the existing supply chain and improve it by paying attention to supplier's accessibility and reliability. That element has a strong positive impact on the logistics, distribution and procurement processes, as well as encourages trustworthy business relationships between the operators. The second element is closely interrelated with sustainability and includes the recommendation to utilize economic-, social- and eco-friendly practices. The core idea of these sustainable practices is to meet the needs of the current generation without compromising the ability of future generations to meet their own needs (International Institute for Sustainable Development). The third element is dedicated to human capital development and is expected to improve people's wellbeing, while also paying close attention to health and safety issues. Despite the fact that the main focus is on employees, the investments in societal value creation are encouraged. Hence, the third element is able to bring positive changes in the working environment, making employees more motivated and engaged in their work.

### 4.2.1 Supply chain

To begin with, the respondents found the questions about that element of CSV quite difficult to answer due to lack of the information available on the topic. One of the interviewees expressed the idea that the reform is definitely striving to reconceive the whole supply chain by suggesting new ways of collaboration between private and public healthcare and social care providers. Out of the data from the website, the interviewee has made a guess that SOTE has several propositions which are dedicated to improving the productivity in the current supply chain. Thus, the private sector manager believes that the digitalization and modernization will allow to explore new ways of communication with the customers and between the reform's participants. In addition, the digital services will eliminate travelling time and cost, improve the access to the sparsely populated regions, make communication between personnel smoother, while also simplify the logistics processes and optimize the use of energy. The similar ideas were expressed by the private sector medical worker,

who tends to suppose that the adaptation of new operating methods and general optimization of the supply processes are put in the core of the reform. The respondent underlines that one of the key propositions of the reform is the creation of 18 counties which will be responsible for the provision of healthcare and social services. In the interviewee's opinion, that element of SOTE has a strong effect on the supply chain, because it leads to appearing of separate authorities which will control the development and distribution of the services. While agreeing that the reform is improving the accessibility of the services and encourages internal communication among personnel, the respondent states that the reliability of the reform participants was also taken seriously. The evidence of that is the fact that SOTE gives the population an opportunity to vote and have an impact on the local matters. On the other hand, the public sector medical worker states that it would be important to have a look at the strategy which explains how the reliability of private sector players will be assessed. The respondent notes that there is an unanswered question about the criteria that will be utilized for evaluation of the healthcare and social care operators. The interviewee concludes that there is not enough data to understand whether all the reform participants are reliable, therefore, no critical judgements or supportive comments can be made.

To sum up, at least two respondents share the opinion that the second element of CSV is followed by the SOTE team. With the help of societal pressure and control, the counties are expected to work more smoothly and take their duties more responsibly, which can lead to better services to the population. Moreover, the better accessibility of services and improved communication channels between the employees, employers and customers may also have a great positive effect on the CSV. The economic value is achieved through the resource optimization, reduced costs and general optimization of the supply chain processes.

#### 4.2.2 Sustainability

The insights about the sustainability of SOTE processes were mainly related to economic sustainability which seems to be one of the key principles of the reform. The private sector manager demonstrated a webpage from the official SOTE website which indicates that the reform is expected to have a strong positive influence on the

general government finances. The author would note that the official website indeed contains the information about bridging the part of the sustainability gap in terms of finances, showing that the SOTE aims to cover 30% from the sum that Finnish government is striving to save (About the reform 2019). Based on that data, the respondent expressed the idea that the actions taken by the reform developers today comply with the initial definition of sustainability. The manager believes that the reform will provide the government with an opportunity both to meet the needs of current customer groups and improve the quality of the delivered services and to anticipate the future societal demands and get prepared for the changes of the environment. Thus, the expert says that due to the ageing population trend, the ability of the state to provide high-quality services to the expanded customer group will be problematic, causing a huge gap in the tax revenues available and the expenses on the provision of the healthcare and social services. The reform proposes ways to optimize the whole process of delivering the services, while also balances the load and balance people flows between private and public sector operators. Thus, the interviewee makes a conclusion that modification of the system and introduction of freedom of choice concept are the key elements of SOTE which supports the economic sustainability of the reform. The private sector medical worker also expresses similar ideas and supports the statement that the reform is dedicated to economic sustainability. The main argument of the respondent is that SOTE is expected to dramatically reduce public spending and ensures the stability in the government finances. The public sector medical worker does not share any comments about the economic sustainability of the reform because of the lack of competencies in the field of sustainability matters.

Another line of thought on the sustainability matters is considering the eco- and social-friendliness of the practices which are followed by the reform. The private medical discusses the implication of digitalization and modernization on the sustainability of the reform. The respondent is conceived that the shift towards the online platforms potentially will not be able to sufficiently reduce the presence of some non-eco-friendly actions, such as paper and energy use. However, from the social-sustainability perspective, the reform is dedicated to providing equal access to the treatment, improve the quality of services and ensure that further generations

will receive the necessary services as well. However, to the interviewee's mind, the most valuable and relevant part of the reform for sustainability is decreasing the public spending and optimizing the tax revenue usage.

To sum up, the social and economic values in that element are closely interconnected. Due to the reform, the financial gap in government finances will be significantly reduced. That leads to the economic value of the whole nation. At the same time, the provision of healthcare and social services to the society according to the new demands will be possible, which means the social value for the population.

#### 4.2.3 HR efficiency

The interviewees' responses to the questions related to the HR efficiency were controversial. Two medical workers participated in the interviews have identified certain aspects of SOTE which are expected to improve the wellbeing of the employees, as well as provide them with the chance to develop their skills and competencies. First of all, both experts agree that the preparations for the increased number of customers due to the ageing trend will help to optimize the people flows and balance the load between private and public sector operators. The control over the load may result in better efficiency of the healthcare and social services providers and give staff the opportunity to follow a more client-centric approach. Thus, the decrease of bureaucracy-related paperwork for the counties and the general balance of the people flows will increase the amount of time dedicated to one client for the medical workers. As public sector doctor says, the opportunity to utilize a client-oriented approach could be a core motivator for the medical workers, bringing more meaningfulness to their daily duties. Additionally, the doctor working on the private side shares the opinion that employee's productivity may be strengthened by the understanding that the staff members are playing an important role in the modification of the whole healthcare system. As the respondent believes, SOTE team should invite the employees and their line managers to participate in the decision-making processes in order to accelerate the reform implementation, ensure more engagement of the staff and increase overall productivity. Hence, the productivity of the medical workers will have a significant positive influence on the quality of the services, customer satisfaction and treatment rates. That fuels the social value, while

economic value will be created with the risen revenues and overall development of the field.

The opposite insight was gained from the manager working in the private sector, who stays sceptical about the success of the reform in terms of HR management. The respondent tends to believe that the key aspect which will impact the existing HR practices is the restructuring of the current healthcare system and uniting the healthcare and social services together. The expert claims that this part of the reform will redefine all the processes of delivering healthcare and social services, while especially influencing the division of responsibilities between healthcare and social professionals. The interviewee highlights that due to these changes in the duty division and other radical modifications of the system, a set of new competencies may be required to provide a high-quality service in a professional manner. Thus, the requirements on the types of educational background for working in the field may be significantly changed after the reform implementation. SOTE's official website does not clarify the situation regarding the unavoidable changes of the working environment and cannot provide a strategy for training the personnel in accordance with the new business realities. In addition to the mentioned problems, the manager states that the general sectoral boundaries of healthcare field will also be expanded and redefined by mixing healthcare and social services together. That means that there is a strong necessity to develop new operational cultures, forming new attitudes and rethinking the vision and mission statements. The interviewee anticipates the possible challenges in reorganizing the HR-related systems and agrees that SOTE team could ignore the importance of the development of a clear HR strategy, which takes into account training, development of new competencies, sustainability of the working environment, psychological safety of the employees, their motivation and engagement in the reformation processes. The respondent concludes that lack of a well-formulated HR strategy could cause higher resistance, absenteeism and unacceptance among the employees. Therefore, the overall productivity level of the employees can be dramatically decreased, while both social and economic values will be in danger of becoming destroyed by personnel's resistance.

On the other hand, the author would make a note that the HR strategy could be taken into account by the SOTE team but may be poorly communicated to the society and the personnel. As a piece of possible evidence that HR matters were considered by SOTE developers, the National Institute for Health and Welfare's (THL) official website contains the information that THL plays an important role in the development of the knowledge base for social and healthcare services (Finnish Institute for Health and Welfare 2019). Furthermore, THL claims that their team works on the development of the new assessment and evaluation system which will allow tracking the progress of the national healthcare and social service operators (ibid.). To sum up, it is important to notice that today the preparations for the reform implementation are discontinued, which may be caused by the high resistance and might be a sign of a poorly developed HR strategy. Therefore, the author recommends not to rely heavily on the SOTE example in terms of HR strategy development and pay additional attention to the problematic areas in SOTE's HR plan.

To sum up, most of the interviewees share the opinion that SOTE will promote the further professional development of the people working in the field while giving them an opportunity to be a part of meaningful changes of the whole healthcare system. The social value, in that case, will be achieved by providing employees with the support of their professional growth and by achieving the better-quality services across the country. The economic value will be created by the optimization of the HR systems, increasing productivity of the employees, generating better revenues and decreasing the overall costs. The opposite opinion doubts the ability of SOTE reform to achieve both social and economic values.

### 4.3 Enable local cluster development

Last but not least third way of CSV consists of the three elements which are infrastructure, human capital and collaborations. All the elements are dedicated to improving the development of a local cluster by strengthening the relationships between cluster members and optimizing management processes. First of all, infrastructural matters should be considered carefully in order to make the communication between cluster players smoother and enable better productivity

and sufficient reduction of operational costs. The second important element is the human capital. Investments in education and training programs, as well as ensuring the favourable conditions for research activities can have a strong positive effect on the further development of the whole industry and can significantly increase the competitiveness of the country. Finally, creating close linkages between cluster members and encouraging collaborations are able to provide the necessary support for every cluster player and lead to cost-sharing or assembling the right skills activities.

#### 4.3.1 Infrastructure

That element of CSV seems to be one of the most engaging topics for the interview discussions. The general responses of the experts supported the idea that SOTE has a great positive influence on infrastructural development. The public sector medical worker explains that in general infrastructure includes the physical environment which helps to organize practicalities in the most efficient way. The respondent gives several examples of infrastructure improvements, which are the provision of water and electricity, repairing existing roads, organization of mass transit, development of the IT servers and network components. The interviewee tends to believe that all these solutions simplify the logistics, supply and distribution processes, making the transportation of goods and materials easier. According to the expert's position, that is especially valuable for the healthcare field, because stable access to water, electricity, IT systems and special machines or devices is vital for professional treatment. At the end of the answer, the respondent claims that SOTE has at least two propositions which will have an impact on the current infrastructure. First of all, the reform is striving to relocate the offline healthcare and social services providers and situate them closer to other socially important locations. The interviewee is convinced that changes will modify the local infrastructure and provide people with convenient access to all vital services. Additionally, two other respondents also mentioned that one-stop-shop basis and supported the idea that transferring service providers to the different regions and ensuring the easy access to them will have a positive impact on the logistics and distribution processes.

The public sector medical worker also highlighted the second proposition of the reform, which is digitalization and modernization solutions. The respondent agreed that there is a lack of information on how digitalization will influence the IT side. However, the expert tends to believe that the shift towards online services in the healthcare and social sectors will unavoidably lead to the improvements of the whole IT infrastructure. The integration of online healthcare and social services will require better information flows and smoother processing of the data, which is not possible without more powerful servers and other network components.

To sum up, as all three experts agreed, the infrastructural development will lead to better quality services and stability of their provision to the population. The social value will be created by fulfilling the needs of the citizens. On the other hand, the economic value can be created by the increased productivity of the operators, better performance, optimization of business processes and reduced operational costs. On the other hand, the private sector manager identified certain challenges that the reform can face while achieving economic value. The interviewee expresses the opinion that any infrastructural improvements can be very expensive even for PPCs. However, the expert claims that additional expenses do not contradict with the reform's aim to reduce the operational costs and bridge the financial gap because unusable infrastructure brings more losses for the whole country's economy. The respondent highlights that in SOTE case, the efficient PPC could balance the costs. Thus, if SOTE attracts private companies which can invest in infrastructure development, the economic value will be created by expanding the businesses and fueling economic growth.

#### 4.3.2 Human capital

In the beginning, the author would note that one of the previous sub-chapters was dedicated to the HR efficiency which also covers the human capital matters. In order to avoid repetition, the author decided to discuss one other topic which is also a huge part of human capital. Thus, this sub-chapter seeks to investigate the influence of SOTE reform to the educational activities, especially on the research projects. Only one of the experts participated in the interviews had sufficient knowledge about the

topic. To ensure reliability, the author has found the secondary data source which is able to back up the ideas expressed by the respondent.

The public sector medical worker tends to believe that the goal of encouraging research and educational processes is not put in the core of the reform and is presented as a complementary action to other SOTE's propositions. Thus, the interviewee says that we cannot expect a significant positive impact on the educational sector. As the expert claims, one of the elements of SOTE is delegation of some medical emergency services to the university hospitals operating in different regions of the country. According to the official SOTE website, some of the hospital universities will take a responsibility to deliver high-demanded medical services to citizens, while others will be able to perform the more specific specialized treatment duties or other demanding treatment to the population (Regional Government, Health and Social Services Reform 2019). The other source also confirms the data and states that certain hospital universities will fulfil the demand on the specific care which is not available via other operators (Kallioma-Puha & Kangas 2016). Relying on the information mentioned above, the interview participant comes to the conclusion that the SOTE team has already clearly identified the responsibilities for the university hospitals and described their place in the new industry's environment. The respondent is convinced that the duties assigned to the hospital universities will have a strong positive influence on the research culture of those universities, providing the academics with more opportunities to organize research studies. The expert also highlights that in addition to the service provision duties, the hospital universities will be also involved in the pharmaceuticals matters with the aim to find a way of more rational usage of medicines. Hence, as the interviewee tends to suppose, that aspect also may fuel the research activity of the hospital universities. The author would highlight that currently there is no information available in the open sources, however, in April 2019 website Lääketeollisuus provided the article which presented the same ideas which were presented by the respondent. Currently, the article is not available at the website. Therefore, the author suggests taking the information into account but treat it carefully to avoid unreliable results.

To sum up, the respondent underlines that there are no direct investments in the field of education and research. The interviewee is not aware of any training

programme announced by the SOTE team, which could be either a sign of poor communication of that aspect of the reform or ignoring that element by the team of developers. Based on the accessible data, the public sector medical worker finalized that involving hospital universities to the reform can improve the communication between cluster members and bring some valuable results due to promoted research activity. The social value can be achieved with the help of innovative solutions derived from the researches because they potentially can improve the quality of the services. Moreover, due to the attraction of the university hospitals, citizens and permanent residents will receive more stable healthcare and social services provision, which also is linked to the social value. The expert anticipates that the opportunity to discover new technological solutions for more efficient treatment can dramatically increase the competitiveness of the whole country, encouraging business development and attracting more foreign investors. These changes ensure possible cost reduction, optimized business processes and increased performance, leading to the creation of economic value.

#### 4.3.3 Collaborations

Generally, the respondents share the idea that SOTE is striving to improve collaborations between the reform's participants. The interviewees highlight that SOTE has one main element which is dedicated to promotion and strengthening of partnerships between service providers. Thus, out of all propositions, the experts identify digitalization as the core element of improving the collaborations between service deliverers. All respondents agreed that the creation of a single online platform for communication purposes will have a strong positive influence on the existing culture and will shift it towards a more collaborative one. The private sector medical worker tends to believe that digitalization and integration of online-based solutions will be able to unleash the new ways of communication between service providers across the country. The respondent is convinced that accessible and smoothly working interaction platforms allow employees both improve the quality of the services by using the fast and efficient communication channels and explore new ways of collaboration with other reform participants.

On the other hand, as private sector manager thinks, the reform itself is a partnership between different public and private healthcare operators and other non-commercialized organizations, such as university hospitals. Thus, due to its PC nature, the reform accumulates the key cluster players and unite them by interrelated tasks and specific responsibilities. To an expert's mind, that is the main reason why investments in internal collaboration support can be considered as investments in the interactions between cluster members.

To sum up, all the respondents expressed the idea that the collaboration aspect is included in SOTE's strategy and is followed automatically because the reform can be interpreted as a PPC. However, in addition to its embedded goal to increase collaborations, the reform also proposes digitalization and modernization solutions. One of the interviewees stresses that this proposition is a great additional solution which can fuel interactions between cluster members and promote a culture of collaboration. Smooth communications among cluster players could lead to better services accessibility and quality, while also unlock the room for further joined innovations. Hence, social value is expected to be achieved by the improvements in service quality. The economic value appears from the culture of collaboration and innovativeness which can ensure the further development of the industry and increase the region's competitiveness.

## **5 Discussion of research findings**

The exploratory research conducted for this thesis was striving to investigate how shared value can be created in PPC projects. In order to gather more focused data, achieve better-quality results and ensure that they can be applied to other cases, the author decided to concentrate on the well-recognized reform SOTE which seeks to reorganize the whole Finnish healthcare and social sectors. Broadly speaking, one of the core elements of the reform is to unite private and public sector operators together and reconceive the existing system. Thus, SOTE could be seen as a PPC project with the aim to create certain value for the Finnish society, while also promote business and industry development.

Three experts from both private and public sectors were invited to participate in the semi-structured in-depth interviews related to the main topic. After the extensive discussions with the interviewees, the author has conducted an analysis of SOTE reform and its strategy. Relying on the three ways of CSV described by M. Porter and M. Kramer in 2011, the author paid careful attention to every element of each way of CSV. In general, the results demonstrated that partially every way of CSV was followed by SOTE team. During the interviews, some experts came to the conclusion that the reform's strategy could have weaknesses in some specific elements, such as Supply chain (4.2.1) or HR efficiency (4.2.3). The outcomes indicate that the reform was not committed to following every element of each way of CSV, which seems to be relevant for the real-life case. The experts agreed that instead of focusing on all the ways of CSV, SOTE team determined all the elements of the first way of CSV. Therefore, despite the fact that several elements of other ways of CSV may not be followed by SOTE, the reform put the first way of CSV in the core of all its propositions.

## 5.1 Managerial Implications

Before considering managerial implications, it is important to mention that the preparations for the SOTE were interrupted on the 8<sup>th</sup> March 2019. Taking that into account, the interested parties should reconceive the reform's strategy and avoid similar mistakes in the future PPCs. The Limitations chapter (5.3) will introduce more aspects which could have a strong negative impact on the reform's successful implementation.

To begin with, findings from the research have some implications for the businesses and public representatives who are interested to enter the PPC with the initial goal to achieve SV. The study demonstrates that despite the fact that SOTE team did not develop their strategy in accordance to Porter and Kramer's framework, there is a strong linkage between reform's propositions and the first ways of CSV. Due to the nature of the reform, it was concentrated on many complex elements, and therefore involved almost all elements of other ways of CSV. However, even that wide and complex national reform was mostly focused on two main objectives, which were the reduction of inequality and anticipation of new demands from the population. These

objectives are closely related to the first way of CSV and address the issues of reconceiving the service to make it more accessible and redefining market to comply with the realities of upcoming changes in the demand. Out of that example, the author concludes that at the beginning, while considering the opportunity to enter the PPC, it seems essential to develop a strategy which will cover the elements of one of the ways of CSV. That would be the most efficient way to structure the processes and clarify the areas which require additional attention.

The thesis has the Results chapter, which is fully dedicated to the explanations of all mentioned elements of CSV. There readers can find the data about each way of CSV in detail. Every aspect of the reform was discussed with the experts and properly described to provide interested parties with an understanding of how social and economic values may be created as a result of SOTE propositions. Therefore, any private or public representative is able to take that chapter as a basis for identifying the most suitable way of CSV, as well as use as a guide during the strategic development phase.

## 5.2 Comparison with the literature

Relying on the fact that the topic of CSV was dominant for the whole thesis, the author decided to assess the results of the research in the light of existing literature on CSV and its management.

In the beginning, it seems important to have a look at the SOTE reform which was taken as a basis for the research analysis. In general, according to the literature, the reform can be called as a project with the initial goal to achieve SV. As Porter and Kramer (2011) explain in their article, social issues should be the key part of a strategy and should be placed in the core of all the processes. Moreover, according to Gong (2013, 295-297), CSV cannot be perceived as a usual response to societal pressure because CSV is itself the main strategy and structure of a project, which influences all the internal and external activities on the way to achieving SV. Additionally, Sims (2017, 61) shares a similar idea and claims that CSV unites social and economic values together and locates them in the heart of every process. Taking back to SOTE and its propositions, the author wants to highlight that the reform has

two core aims which are dedicated to bringing fundamental positive changes to the population of the country by improving the accessibility and quality of healthcare and social services. These two objectives were taken into close consideration while developing the propositions. Hence, every suggestion of SOTE strives to fulfil the identified societal needs and meet the determined goals. On the other hand, the reform paid special attention to bridging the gap in the government's finances and ensure that the following generations will receive medical and social assistance at the required level. Thus, SOTE has a great impact on the taxation system by changing, optimizing and balancing the spending on healthcare and social services. Taking everything into account, the author can conclude that the first comparison went successfully because SOTE reform places both social and economic values in the core of its strategy.

The other important aspect to be compared is how the ways of CSV work in theory and how they can be applied to the real case. The data gathered via interviews and the secondary data sources lead to the idea that SOTE predominantly follows the first way of CSV because the main reform's goals are closely linked to the elements described by Porter and Kramer. SOTE redefines the product by suggesting integrating the new online format, strives to serve citizens and permanent residents living in sparsely populated areas at the same level as other customer groups enhance the range of technological solutions via promoting digitalization and modernization of the existing system and anticipated the upcoming demand from aged customers. These elements were described by Porter and Kramer in their classical article written in 2011. However, other ways of CSV were also covered by SOTE. The reform pays great attention to redefining productivity in the value chain by optimizing the distribution channels, reducing the operational costs, and striving to increase the productivity in the supply chain. Moreover, SOTE is dedicated to building strong collaborations between cluster players by making improvements in the infrastructure and attracting cluster members to take part in the reformation. More information could be found in the Results chapter or checked in Table 6. All these ways of CSV were derived from Porter and Kramer's article and were included in the theoretical framework of that study. The interview data demonstrated that the reform covers most of the elements described by the academics in their theory.

Table 6. Results in brief

Way of CSV	How SOTE follows it
<b>Reconceive products and markets</b>	<ul style="list-style-type: none"> <li>- Improves accessibility of the services to the population and their quality (digitalization, freedom of choice, relocation of offline providers)</li> <li>- Fulfils the needs of underserved customer groups who mainly live in sparsely populated areas</li> <li>- Anticipates the needs of future generations</li> <li>- Take action to balance the load which will be increased due to the ageing population trend</li> <li>- Optimizes the finances and bridges the financial gap</li> </ul>
<b>Redefine productivity in the value chain</b>	<ul style="list-style-type: none"> <li>- Digitalization allows introduction of new ways of communication (Supply chain)</li> <li>- Creates 18 counties which are responsible for service delivery (Supply chain)</li> <li>- Ensures tax revenue optimization (Financial sustainability)</li> <li>- Provide opportunities for professional development (HR efficiency)</li> </ul>
<b>Enable local cluster development</b>	<ul style="list-style-type: none"> <li>- Relocation of offline operators and digitalization (Infrastructure improvements)</li> <li>- Attracts university hospitals and promotes research projects (Human capital)</li> <li>- Link operators together (Ensure collaborations)</li> </ul>

The important note would be the fact that SOTE reform recognizes that such national-wide modifications of the industry will unavoidably lead to the need for accurate assessment and evaluation system. As Bockstette and Stamp (2011) believe, the integration of CSV in any project's agenda required the use of proper tracking tools. Similarly, Liel (2016, 150-155) tends to suppose that measuring lies in the core of success and some of the challenges which may be faced during CSV project preparation and implementation can be predicted and avoided with the continuous evaluation of the processes. The reality complies with the theory, and the SOTE team

has attracted National Institute for Health and Welfare's (THL) to develop an assessment system which will play a great role in tracking the progress of the reform and evaluate the work of each operator (4.2.3 HR efficiency).

However, before making any conclusions about the second comparison, it is essential to consider the weaknesses of the SOTE strategy which were revealed during research interviews. One of the respondents expressed the idea that the strategy may ignore some important elements of HR management, such as the involvement of all stakeholders into the modification processes (4.2.3 HR efficiency). The expert remained sceptical about the efficiency of processes of sharing information with the employees and was convinced that some parts of the developed strategy were poorly communicated to the people working in the field. Having look at the literature, the author notes that in order to achieve SV smoothly, it is vital to involve all the managers and other staff into the reformation process, make them aware of the upcoming changes, and deliver the core ideas of the project to all company's departments (National Academies of Sciences, Engineering, and Medicine 2016, 60-62; Bockstette and Stamp 2011). Due to the fact that even experts in the healthcare field have a lack of information regarding some aspects of the reform, the author would share the idea that SOTE may have potential weaknesses in active work with the population and employees. Additionally, Kramer (2015) mentions that one of the mistakes in the CSV project could be excluding some departments from the processes or avoiding active communication with society. The interview data indicates that while having potentially undeveloped areas or poorly communicates aspects of HR management, the reform also does not specify the strategy regarding employees training in accordance with the new business environment. The author of the thesis stresses that the involvement of HR specialists into the reform development and paying special attention to HR specific elements may be either underperformed by the SOTE team or the information about these areas could be poorly communicated to the population and experts in the field. Taking back to the literature, both reasons can be called as mistakes in CSV processes and may lead to unexpected challenges, such as high resistance, lack of innovativeness among employees, failure to build strong collaborations, inability to modify the organizational cultures and change management approaches, poor quality of human

resources available, and issues related to intellectual property rights in case of registering patents (Scagnelli & Cisi 2014; Porter & Kramer 2011; Bockstette & Stamp 2011). All in all, both the interviewed experts and the literature pay attention to the weaknesses in HR management and lack of communication, which should be taken into account by SOTE team to avoid challenges caused by mentioned weaknesses.

The third comparison is related to the key actions which can be used to put the CSV into the core of all project's operations. Pfitzer, Bockstette & Stamp (2013) identified five actions, which are considering societal issues, identifying the needs of society, organize measurement of social and economic values, promote the culture of innovativeness and communicate with external interested parties. Despite the fact that there are no reports on the topic, and it seems challenging to gather information on what stages SOTE had and how exactly they were followed, the author decided to analyze that based on the interview results. Thus, the outcomes show that societal problems were identified at the beginning of the reform development because all experts agree that SOTE's propositions are based on solving certain societal issues. One of the results was that the promotion of innovative culture could be done via inviting university hospitals and providing them with opportunities to conduct researches (Human capital 4.3.2). That confirms that the reform follows two more actions described by Pfitzer, Bockstette and Stamp. Additionally, as it has been already mentioned above, the SOTE team invited THL to develop a tracking system, which also corresponds to the action explained by the academics. To sum up, the primary and secondary data supported the idea that SOTE reform intentionally or unintentionally follows the actions described in the literature.

Out of all comparisons, the author can make a conclusion that the research results comply with the pieces of literature on the topic of CSV and management. The reform taken for the research analysis indeed has all features of a CSV project with theoretically right strategic choices and propositions. The mistakes of SOTE's strategy, noticed by the interview respondents, have been already explained by many academics. That means that the guidelines and possible solutions for further improvements exist in the books and articles and can be utilized by SOTE team to improve the case.

### 5.3 Limitations

The thesis has several limitations which could not be overcome during the research process. To begin with, the major limitation was the inability to organize interviews with people who developed the SOTE reform and have the best understanding of the current situation in the Finnish healthcare sector. The author has tried all available tools and channels to communicate with the SOTE team, however, despite the efforts, the result was negative. Thus, access to primary data sources was limited.

Other core limitation was the lack of knowledgeable experts who are aware of the nuances of SOTE reform and can anticipate possible consequences of such changes. Before the research, the author was convinced that most of the medical employees have sufficient information about the reform. In fact, it can be noticed that the majority of the staff in both private and public sectors have a weak understanding of the future changes, which leads to the guess that SOTE might be poorly communicated to the doctors, nurses and other employees in the healthcare industry. Thus, the author made a decision to proceed with the research and choose the best candidate from the accessible pool of experts. That limitation may have a negative influence on the quality of the gathered data, especially on the predictions of SOTE's results. Hence, there is still room for further research.

The next limitation was related to organizing an interview with public sector expert. The author has received several refusals to conduct interviews with people working in the public sector because of bureaucratic issues. Additionally, private sector players also brought some limitations. Most of the private companies refused to participate in the interviews because of the fear that their data will be distributed to their competitors. The author conducted two interviews with private sector experts. But they were organized with two key requirements. Both organizations asked to prove that the data is gathered for the research purposes and will not be sold or delivered to competitors. Moreover, the private party experts required not to declare their names and other personal information in the thesis in order to avoid any publicity. Therefore, the overall pool of candidates for the interviews was significantly cut down due to bureaucracy and privacy policies.

The study has a language limitation which is caused by the author's unproficiency in the Finnish language, which is the national language at the country of research. Finnish specialists have been discussing the SOTE reform for many years, and these debates contain the most relevant and useful information which could enrich the research data. However, due to lack of language skills, the author could misunderstand some phrases which may lead to invalid, unreliable and biased research results. That is the reason why all the articles and comments written in Finnish language were ignored. That caused a sufficient reduction of secondary data scope.

Last but not least limitation which could not be ignored is that by the end of that research study the official SOTE website announced that the preparations for the reform's implementation were discontinued on 8<sup>th</sup> March 2019. In the English version of the official SOTE website, the author did not find any justifications or explanations of why the reform is frozen. The article by the Finnish news portal, released on 13<sup>th</sup> March 2019, confirms that SOTE reform preparations must be finished for today (News Now Staff 2019). The same article clarifies that Finnish political parties still striving to solve the problem of an ageing population and increasing costs on healthcare services, however, they have certain disagreements about the actions to be taken (*ibid.*). Due to the language limitation mentioned above, the author of that thesis does not have an opportunity to read the articles and comments written in Finnish, that is why most of the information about SOTE's end is missed. The key implication of that limitation is that due to current SOTE failure, the results of this thesis do not outline the successful example of the CSV via PPC. The author highlights that the end of SOTE reform could be caused by political or other factors which may not even exist in other countries and contexts. Hence, the SOTE strategy still may be efficient for certain situations and could be utilized by the companies and public organizations as supportive material for strategical planning. However, the mistakes of SOTE reform should be identified and taken into account.

## 5.4 Suggestions for further research

Taking into account the limitations described in the previous paragraph, the author would highlight that there is the room for further research which will be able to expand that study and look at the topic from a different angle.

This thesis is concentrated on the situation in one particular industry in one chosen country. That might be not applicable in some other industries or regions because of the specific features and differences between industries and cultures. For instance, the author tends to suppose that in terms of bureaucracy some other countries probably can provide more favourable conditions for the research and help to avoid the limitation. In contrast, other regions can reinforce the red tape limitation and strengthen it by local law system. Moreover, currently, the SOTE reform is finished unsuccessfully, which may lead to a hypothesis that its strategy was not suitable for such types of collaborations. The key goal – creating shared value – was not achieved by SOTE. Thus, in order to understand how PPCs can lead to CSV, it could be useful to investigate the situation in different contexts and look at the PPS cases from the perspective of other regions and industries.

In addition, the level of this research is Bachelor, what limits the author's ability to conduct the study on a more advanced level. Hence, the future research may seek both to conduct a deeper investigation of the phenomena and develop a theory which can clarify the patterns of CSV via PPCs, while also better-detailed strategy on how to create shared value in PPCs can be outlined.

Taking into account the last limitation described in the previous paragraph, the author suggests conducting the further study which will seek to identify the failures of SOTE reform and clearly formulate them in order to avoid similar mistakes in other PPC projects. For that research, the language limitation should be avoided because most of the information in secondary data sources is in Finnish. The field of the research would be management, business or political studies.

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## Appendices

### Appendix 1. Interview questions

1. What do you think: is SOTE reform dedicated to serving new or previously existed underserved customer groups?
2. What role is innovation environment playing in SOTE?
3. What kind of unmet societal needs will be served by 'freedom of choice' system and integration of digitalization concept?
4. In what way SOTE reform will help to optimize the provision of healthcare services?
5. Will the supply chain be modified in terms of accessibility and reliability? How?
6. Does SOTE follow sustainable principles and what are they?
7. Will SOTE support R&D activities and invest in HR capital development and education somehow?
8. If yes, do you see the possible positive impact on the competitiveness of Finnish healthcare cluster and overall business development? If no, what would be done in order to strengthen the competitiveness of Finnish healthcare sector and overall business development?
9. How the infrastructure would be changed during the reform implementation? Will it lead to some changes in productivity and cost-efficiency?
10. Can PPC be called as the way of efficient cost reduction, development of local supply channels? What benefits can PPCs bring to the local cluster development?
11. Do you expect significant achievements in creating shared value through the reform? Can you say that PPC is a prospective way to create both economic and social values? Why?