

REPORT

of the member of Dissertation Council Svetla Marinova on the dissertation

“Formation of a mechanism for increasing the competitiveness of private medical clinics in the context of reforming the healthcare system in Russia”,

submitted for the completion of a scientific degree of

Candidate of Sciences in Economics,

Specialty 5.2.6. Management

by Eduard Oparin at Saint-Petersburg State University

1. Relevance of the topic of dissertation research

The presented dissertation addresses a very important problem for any type of organization, and more so for business oriented for-profit organisations – the issue of better understanding the factors affecting competitive positioning and the ways in which competitive advantage can be assessed and measured. The research problem is even more challenging as it explores the competitive positioning of private medical organisations who strive to deliver medical services and respond to the a key societal need related to providing medical care. This is not an easy task due to conceptual plurality of meanings and interpretations that are often not only related to what medical organisations provide – care, support, service; basic healthcare, advanced healthcare or highly specialized healthcare; health maintenance or treatment; etc.. The root of the problem is in the conceptual understanding of the nature of healthcare – is it a private good or is it a public good, or perhaps it can be both, and the subsequently following issues of ways in which healthcare should be funded and managed. The problem is further complicated by the contextual embeddedness of healthcare. Even in a supranational organization such as the EU where most areas of operations and strategies are being commonly organized or even more and more unified, healthcare remains embedded nationally with the follow up consequences of severe disparities in its organization, delivery and outcomes. That makes many comparisons of

healthcare systems misleading or even pointless as their fundamental presumption, i.e., about the nature of healthcare, is highly diverse.

Eduard Oparin has tried offers an interesting discussion of the conceptual differences of services in general and medical services in particular that raise further issues informing choice of medical provision, accessibility, affordability, etc. of medical services. Moreover, he rightly so discusses the value aspect and value co-creation aspect of medical services, touching upon the need for new business models that should employ the complex understanding of healthcare and medical services – in all aspects of the business model, in the value proposition, in addressing the needs of customers, etc.

Another very important aspect that the thesis is trying to address is actually the medical service itself. Services are indeed provided by a range of actors, public and private organisations, suppliers, institutions, etc. This is a key discussion, which I would also like to take further at the PhD Defense (Viva Voce). If we assume that medical services are services, not care, we then move into the whole literature informed by economics and subsequently by areas that emerged on the basis of classical or neoclassical economics where we speak about supply and demand and need to explore the relationships between suppliers and buyers on the basis of the transaction and hence, employ transaction cost economics theory emphasizing the need for lowering costs and maximizing the benefit for the firm (in this case, medical organization). Therefore, my fundamental question is: Is healthcare a public or a private “good”? and what are the consequences of answering this question in one of these ways or in any combination of these two? There are obviously huge implications for funding, for the role of insurance and taxation input, for the role of state-funded and private healthcare providers; for the purpose of medical institutions and the role of benefit for whom, etc.

The answers to the above question imply the transaction or healthcare focus of a particular medical system with all subsequent consequences for its organization, relationships between the actors in that system, its dispersed, centralized or hybrid governance model, and most importantly, for the delivery of healthcare to the user. This is also related to accessibility, affordability, competitiveness, priorities, etc.

Furthermore, the thesis focuses and explores competitiveness of the private medical sector and embeds the study in adequate and appropriate theories with good and appropriate referencing. However, I would have liked to see a more critical evaluation of the relevance of the theories. For example, when the PhD candidate discusses the resource based view of the firm (RBV), perhaps a critical reflection on its dimensions (VRIO resources) should have been provided in relation to the studied for-profit medical organisations. In other words, which of their resources are unique or valuable and in what ways, inimitable, rare and how best such

organisations can exploit such resources in order to maximise the gains and develop or sustain a well-defined competitive advantage. Another example is the value co-creation aspect, which is included, but it does not become clear how private medical providers co-create value with their customers. One of the interesting aspects here, is that in the language of economics or RBV, or SDL, we speak about demand, buyers, customers, consumers, and this raise the question about patient, user, recipient of healthcare. These fine-grained lines that lead to valuable reflections with implications going far beyond the private medical organisations.

Having said this, Eduard Oparin develops a good theoretical review leading towards to BSC and measures/tools that have been developed by other scholars in relation to medical services and the performance of medical organisations, and more specifically private ones. Again, performance as a concept should be analysed in view of the fundamental question, I raised above. The Author provides examples of indicators developed by other scholars and develops their application. His findings are interesting and valuable, and have academic rigour. Nevertheless, I would be interested to know if these indicators are ready/made and fully applicable to the Russian private medical organisations and if there are any other specific indicators that might reflect the contextual specificity and the nature, needs, wants and preferences of Russian consumers that, in my view, should have some specificity. I wonder why, for example, the consumer perspective of private medical service providers and private medical services was not explored, for example, by a survey, focus groups using these services vs a focus group that has not used the services or some interviews and a survey.

Eduard Oparin demonstrates a good understanding of extant literature with reference to other medical systems providing examples of the US, British, Chinese, Indian, European, Australian ones. To what extent are these examples relevant to Russia, considering the fundamental question I asked. He emphasizes the differences between these healthcare systems, but one fundamental aspects is their inclusive or exclusive type. This has nothing to do with Doctor competences per se and their medical competencies and capabilities; this is a fundamental question the answer to which affects the organization of the entire medical system – actors, activities, critical junctures, relationships and funding mechanisms, as well as more secondary aspects that were mentioned related to private-public partnerships or patient choice.

The data provided on the Russian healthcare system in comparison or independently is relevant, adequate, and informative. Perhaps data on waiting times to see a consultant (specialist) in various systems for simple procedures, operations, consultations, etc., might have given a bit better view of the reality of healthcare in various countries. For example, the high investment levels in the NHS in the UK have done nothing for waiting times to see a specialist in state-funded or private service – with waiting times for routine operations being usually longer than 4

months. So, issues such as accessibility of a GP, accessibility of different types of specialists, waiting times, etc., i.e., indicators that directly refer to the delivery and availability of the service at the point of need, might have provided more exciting comparisons and led to Author to a much more meaningful discussion.

To conclude this part, the researched topic is really important not only from the perspective of the private medical service providers, but to the medical institutional system, and most importantly, to the recipients of healthcare in all its diversity, it is a problem that deserves investigation and has huge societal implications.

2. The validity of the main provisions, conclusions and recommendations formulated in the dissertation

Above, I dealt with the topic and the conceptual issues in PhD Thesis presented by Eduard Oparin. Here, I shall focus more specifically on the structure, key points raised, methodological aspects, and discussion.

The PhD Thesis is structured well.

It has a substantive Literature Review/Theoretical Background relating competitiveness and competitive advantage of firms to economics, industrial organization, RBV, the value perspective, strategic management literature – Porter and dynamic capabilities. This part is well-written, argued and some of the most important consequent implications for measuring the competitiveness of private medical service providers are outlined. A more conceptual critical analysis might have been beneficial.

Following this, there is an interesting presentation on medical services and healthcare with their specificity, and the issue of competition and competitiveness in relation to medical services, which is quite interesting and reflective. The Author rightly exposes the different views on competitiveness and the impact of private medical service provision on the competitiveness of all medical organization in a national healthcare system. This also includes a thorough part on methodological approaches to assessing the competitiveness of medical clinics, which is highly relevant and addressed properly. It is interesting to note that the part refers to “market”, which actually is in line with the overall position that here the Author takes a transaction oriented view of provision of medical services in accordance with the private interest of the medical organisations studied in the Thesis. Thus the BSC is useful as a tool of structuring the indicators that can be used and organizing these in a streamlined, simplified system that reflects the provision of private medical service. I would like the Author to discuss how the BSC, which is inward, firm indicator oriented, takes care of the service orientation of private medical provision, and more so, of customer/client-oriented indicators and further discuss their specificity in the

Russian context. Moreover, as the BSC is firm-specific and is also developed for each strategic goal, could the Author give examples of BSC development in relation to specific strategic goals of for example, one private medical service provider. What are the challenges, what is the practical use and organizational communication use of the BSC for private medical organisations? Furthermore, the Thesis present a number of different perspectives on possible systems of indicators and their application – could the Author argue which of these, or any combination of these might be most appropriate, in his view, and why?

The Thesis has a good overview of other medical systems from across the world exploring their approaches to strengthening competitiveness and performance. Indeed, this is well-registered and detailed. I wonder what the implications are for service availability at the point of need and at the point of entry, pricing, how are these related to costs and gains, to VRIO resources and value creation. I am still missing the discussion on what out of these might be most appropriate for the Russian private medical service provision and most importantly, why? Very often, systems are better functioning elsewhere, but they are institutionally embedded, culturally diverse, and generally fall into two main groups, inclusive and exclusive at the point of need.

There is a very good section on healthcare innovation, digitalization and an analysis of the factors that hamper the promotion of these in the Russian healthcare system. The contextual specificity is well-explained here in view of population specificity, medical service concentration, ability to innovate and a number of other aspects related to the status of digital infrastructure and willingness/ability/culture of adoption and usage In my view, the Author raises a very important issue that should be taken further in other studies – what hampers the innovation adoption and diffusion in the Russian healthcare system and how innovation diffusion should be improved – this is a question for organisations, institutions and regulators – an extremely important question for the competitiveness of medical systems and medical service providers at all levels. I wonder whether there are any data on any medical patent applications by private and state-owned clinics, in this regard that might have been used as data.

Eduard Oparin has not overlooked the effects of the Covid-19 pandemic on the medical service provision and the changes it has triggered in terms of face-to-face and digital provision, type of sought out services, effects on profitability of private medical providers, etc. The pandemic is a critical juncture that has posed the question about the value of a human life, which is beyond the environmental sustainability agenda, and countries have responded differently to the challenges associated with it. So, have private medical service providers. On the other hand, it has also opened up opportunities for health system change, adaptation and new aspects of coordination between actors, including strengthening of public-private partnership. A key

question, in this is the question who is the principal and who is the agent. This has formed rather different responses in the Chinese, Danish, or the US medical systems, their spending response and engagement of all medical service providers, as well as the cost to the patient, just for a comparison. This is, indeed, a very important question as the Author points to some of the challenges in improving the public-private partnership in providing medical services in Russia. This has a profound reference to the need for patient-centred healthcare and the understanding of what it should really mean in the Russian contextual specificity.

The discussion on the specificity of the development of the healthcare system in Russia and its competitiveness is rich, interesting, engaging and data analysis is adequate and thorough. The chapter offers a great insight into the factors that form the perceived competitive advantages of paid medical services in Russia. I really enjoyed reading this part that points to the poor integration of private medical provision into the national health care system and the factors that act as deterrent for a better integration, such as regulatory aspects, conflict of interest, range of services choice, limited and perhaps not so well constituted public-private partnership initiatives. This discussion leads me to ask the question: while private medical provision is very important, indeed, should the institutional system in Russia finally address the core question: what model best fits Russian society, culture, conditions, as for example, Denmark has done or the US has done – and these are really opposite extreme models. Only then, there can be a meaningful positioning, great opportunities, greater value of the private medical service provision in Russia, as well as well defined and successfully implemented public-private partnership projects.

This feeds very well into the suggestions and discussions in Chapter 3 on the development of a mechanism of increasing the competitiveness of private medical clinics with special attention to strategies for embedding them in integrated business groups or by creating new business groups, which can increase not only their scope and reach, but also make them more competitive, reliable, trustworthy and increase their bargaining power vs the state provision of healthcare. In addition, the Author discusses option for organic growth. The integration of private medical care in the health system of the nation is explored to a good standard. The developed methodology for assessing the competitiveness of private medical services in Russia is commendable and should be tested further.

3. The novelty of the main provisions and conclusions of the dissertation research

There are several points of scientific novelty in the dissertation. First, the thesis explores competitiveness of the private medical service sector in Russia and the Author has developed an excellent assessment of the problem areas. More so, the Author develops suggestions on tools for

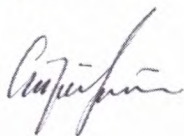
increasing the competitiveness of private medical clinics in Russia. The Rocket Model he suggests with the subsequent explanations can serve as a good point for brainstorming across the country, involving various actors and institutional decision-makers. I have read the papers published as part of the PhD process and believe that the Rocket Model has to be in the attention of another publication or future project. This forms a theoretical contribution to extant knowledge and future research agenda. Second, the developed indicators and their testing is a contribution as the Author has demonstrated that the assessment/measurement system he used in the thesis has practical application and can be used successfully for comparative purposes in the future. Third, the Author has shown evidence of scholarly publications on the topic of his PhD thesis that demonstrate his academic ability to reach out to a wider audience, beyond the management of a single private medical service provider.

4. Specific areas of discussion

I have raised these in the text above and shall make the questions I raised at the core of the issues to be discussed at the Defense.

Overall, the dissertation research “**Formation of a mechanism for increasing the competitiveness of private medical clinics in the context of reforming the healthcare system in Russia**” presented by Oparin Eduard Valerievich for the degree of Candidate of Science in Economics meets the qualification requirements for Candidate Dissertation in Scientific Speciality 5.2.6. Management.

Signature:



Professor Svetla T. Marinova
Doctor of Science
Aalborg University
Denmark

Date 01/02/2022