

HOLISTIC SERVICE DEVELOPMENT IN THE PUBLIC SECTOR

– CASE STUDY FROM FINLAND

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In the service logic research literature, the service provider can have a role of a value co-creator, offering the inputs to the customer's value creation process and actively assisting the customer. The employees play a crucial role in the success of the service process and value creation. The purpose of this case study is to increase understanding of the challenges related to the development of a customer oriented holistic service in a multilevel service organisation in the public healthcare services. Based on the interviews, the challenges were related to management and supervisory work, resources and their utilisation, operational models, people's grievances related to their own work, and the transfer of information.

1. Introduction

Service as a business logic has aroused substantial interest over the last few years (Grönroos 2007;2011). The key notion is that although a customer buys goods or services, they are both consumed as services, or goods are perceived as resources in a process that is then consumed as a service (Grönroos 2006;2008; Vargo;Lusch 2004). According to the service logic research literature, the service provider can have a role of a value co-creator, not only offering the inputs to the customer's value creation process, but also actively assisting the customer. The employees are those performing these tasks and thus play a crucial role in the success of the service process and value creation. (Grönroos 2007.) The increasing interaction between the customer and the service employee enables greater variance between customers to influence the design and delivery of the service (Vredenburg;Bell 2014).

Service management research has gained interest in recent years in the international public sector research literature (Radnor, Osborne, Kinder; Mutton 2014; Osborne;Strokosch 2013;Osborne 2010). Also research in health care field has noticed the concept of value co-creation. Hardyman, Daunt and Kitchener (2015) studied how value is co-created during health service encounters, McColl-Kennedy, Vargo, Dagger, Sweeney and van Kasteren (2012) as well as Elg, Engström, Witell and Poksinska (2012) studied co-creation styles and how customers can contribute in developing health care services. Nordgren (2009) noticed that the current focus on productivity is misleading in health care, as it ignores the contribution of the patient in value creation. Nevertheless, according to Grönroos and Ravald (2011), helping cu-

customers in value creation is not a one-sided process only, but the service logic has two aspects: logic for consumption and logic for service provision. Still, the customer perspective has been in focus in the discussion of service logic (Grönroos 2008). According to Grönroos (2007), adapting the service logic requires employee support, meaning that service-oriented values should dominate in the organisation.

In Finland, the public sector aims to steer its operations and strategies towards customer centrality. The structure of the Finnish health and social services will be reformed in the near future by bringing healthcare and social services together at all levels so that they will form customer oriented entities. (Alueuudistus 2016a.) The aim is to see the customer needs as a unity and serve the customer according to “one-stop-shop” principle. This requires that different service providers share information efficiently. Also it is required that someone has to be responsible for knowing what the customer needs. This is seen to save time and money, when unnecessary and overlapping procedures are minimized. (Alueuudistus 2016b.)

The purpose of this study is to increase understanding of the challenges related to development of customer oriented holistic service in a multilevel service organisation, aiming to a comprehensive customer service system in the context of public health services.

2. Theoretical background

A recent study by Grace and Iacono (2015) reports that internal customers have received very little research attention in the value co-creation process. According to them, employees as internal customers are resource integrators and key value beneficiaries in the value co-creation process. Consequently, the service provider should pay close attention to internal marketing and other efforts to support its employees in providing the best possible service to the customers (Grönroos 2007). Grönroos (2007) points out that people are both a critical resource and a bottleneck in most service business. Cadwallader, Jarvis, Bitner and Ostrom (2010) note that for many companies designing and executing customer focused service strategies is a challenge. According to them, as well as Bitner, Ostrom and Morgan (2008) and Melton and Hartline (2010) frontline employee participation plays a crucial role in innovation implementation in the service context. Also Grönroos (2007) states that the strategy will fail, if the service employees are not motivated to act in a customer oriented way. Their attitudes, commitment and performance will have an impact to the success of a relationship. (Grönroos 2007.)

Employees and customers, in addition to technology and time are crucial in the development of successful service system. (Grönroos, 2007.) The service system of an organisation, which may be decomposed into several subsystems, can be seen as a configuration of people, technologies, and other resources (Patrício, Fisk, Falcão e Cunha & Constantine 2011). As most services are dependent on other services, a holistic approach at the whole service system should be applied (Ojasalo; Ojasalo 2009). Hence, the processes in the organisation should be designed so that it would be possible to deliver a total service offering for the customer. As Grönroos (2007) notes, inappropriate management or information systems, as well as limited abilities of the customers to adjust to the systems, may cause frustration and complications for the employees.

Developing the service system to the direction of customer orientation and one-stop-shop –principle requires a cultural change, which, according to Sundberg and Sandberg (2006), is harder in the public sector than in other sectors due to bureaucracies. They state that moves towards flat and loose structures would weaken predictability, fairness and continuity, which are prioritised above innovation and change in public organisations. Their findings revealed that cross-functional work and processes may collide with the traditional and hierarchical command and control structures, causing collaboration problems in the organisation. Athanasaw (2003) notes that cross-functional teams may lower barriers on cooperation between divisions in an organisation. Cross-functional teams will succeed and have an impact on organisational performance and improvement of service delivery only with support of management through team building, team training and team recognition (Piercy, Philips; Lewis 2013). Sundberg and Sandberg (2006) state that managers often underestimate the importance of breaking the functional mind-set in an organisation. According to Piercy et al. (2013) focusing on overcoming resistance to change is critical to each team, and they call for more empirical research investigating team-based working practices in the public sector (Piercy et al. 2013).

3. Methodology

The case study research was selected as the main research approach of the present study, as the case study is argued to be particularly useful when there is only a little knowledge on the phenomenon, the phenomenon cannot be studied outside its natural context, current theories seem inadequate, the research topic areas are new, the phenomenon is broad and complex, or when the social system under study is complex and unique (Bonoma, 1985; Eisenhardt, 1989; Easton, 1995; Miles and Huberman, 1994; Yin, 2008). A case study is widely used to examine the decisions and behavior of groups and individuals within organisations, and in inter-organisational relations (Dubois and Gadde, 2002; Halinen and Törnroos, 2005; Easton, 2010).

Our target organisation is currently piloting a new kind of way of organising social and healthcare services for their clients. The objective is for people to be able to get all the help they need from one place, and if they need several services, these services will be organised and integrated together in a rational manner as a holistic, customer oriented service. The organisation has multi-level services, which is why its operations and service production are regulated by many different laws, operational methods, clientship criteria and information systems. In order for the organisation to work as desired, 1) the service needs of a client requiring several different services should be identified soon, which requires from front-line employees both sensitivity and the ability to find out client needs as well as the ability to organise the necessary services for solving clients' situations, and 2) the organisation should work in cross functional teams in accordance with the clients' best interests, even if the old operational models and information systems have not yet advanced to support this kind of operation.

In order to identify the challenges in the holistic service systems, we interviewed seven employees. Two of them are responsible for the development of the holistic service system, and five of them represent different service levels or modules in the or-

organisation. Two groups of interviewees gives us an opportunity to hear different perspectives of service organisation. Three of these employees were recruited to the organisation due to the forthcoming changes in the service system, and some of them were present employees, but who have to learn new ways to operate in their everyday work.

Our target organisation wishes to work in a customer oriented manner, stop pushing clients back and forth between different services, and remove all boundaries between services, as they believe that it will improve the service and is more cost-effective. At the same time, it will allow the right services to be produced for the client at the right time. The developers understand the significance of interaction between the client and employee.

4. Results

This study contributes to the literature on service development in public sector by increasing understanding about the challenges of developing holistic services in a multilevel organisation. This study reviews the challenges related to the change of providing all social and healthcare services through one service unit, a well-being centre, instead of offering services provided by several different units. Based on the interview materials analysed, the challenges were related to management and supervisory work, resources and their utilisation, operational models, people's grievances related to their own work, and the transfer of information.

4.1. Management

The pilot project for the well-being centre has started in order to find a new model for combining social and healthcare services and forming cross functional teams to meet the clients' service needs. Issues related to management were brought up in the interviews with both the employees and developers.

Based on the interviews with the developers, the previous structure of these services has not been supportive of the new kind of operations:

I6: Cooperation is talked about a lot, but service structures and management really don't support cross functional work very well, and the idea is that [the study area] is now the test and a pilot project, where integration is implemented at a local level.

According to the developers, developing the operations is still mostly about developing their own operations:

I6: What does integration even mean? It's quite a distant idea. Of all discussion, 98% is related to the internal development of their own operational unit; it is not yet easy to think about the integration required for the entire well-being centre. --- If they [managers of service fields] have that kind of idea about what kinds of new operational methods they'll allow and how they are changed, how their own service structures are dispersed to better support the well-being centre concept, there's a lot of work to be done.

Management was also brought up as a challenge in the interviews with the employees, and one interviewee wondered how the community of a well-being centre could become efficient when the operational methods and management styles of the various services are so different.

I5: It is challenging to bring a group this big together into one efficient working community when they have such different working methods and managers. This [pilot project] aims to combine services that are classified under healthcare services and that have, to some extent, different legislation than those working under social services. Even working together may not increase clients' satisfaction with the services they receive.

According to the employees, other leadership challenges were that they could not meet the executive managers, the areas of responsibility concerning the development of the well-being centre had not been defined well enough, and there is no organised model for the development work. One interviewee felt that employees do not have the possibility to influence the development of the well-being centre.

Regarding supervisory work, both groups brought up that the well-being centre will have several supervisors. According to the developers, this, in part, hinders the flow of information. In the initial situation of the well-being centre, the healthcare services alone have eight operational units, which all have their own supervisors and phone service hours. According to one interviewee, customer oriented service would be achieved when the operators significant to the client all work together, which is not happening right now. Another interviewed person sees the scattered management as challenging, as it affects communication. If there were fewer supervisors, it would facilitate internal communications, according to the interviewees.

I6: and with regard to communication, it's difficult that the supervisors are so scattered. And that the whole structure is so scattered, employees are mostly together and then there is some individual supervisor there; maybe if the group was smaller and managed the entire building, they could communicate internally, systematically.

In the employee interviews, three out of five employees brought up issues related to supervisory work. The issues brought up were linked to 1) shortcomings of concrete actions, development discussions and supervision, 2) lack of support and everyday presence, and 3) the many levels of management.

I2: And the thing I would like to have, which has not been brought up, is a development discussion. So that I would have a supervisor who could take charge of that. -- We don't really have that kind of discussion in our social care worker teams, about how we actually do our jobs.

4.2. Resources

The developers' comments did not refer to lacking resources, but four employees out of five brought up resources, which could refer to either the time or employees available.

Time was mentioned as a resource that was lacking when the matters being discussed were 1) internalising the issues brought by the change, 2) developing the operations, or 3) not having the time for all the matters required for client work. On the other hand, the resources were related to the comments of two interviewees about how 4) employee resources are often low, which affects the operations.

I5: Sometimes information seems insufficient in relation to the confusion of the situation, there has only been little time to prepare for matters and changes.

I3: Ideas may come up, but they get buried under all the busy work, as client work takes such a large share of the time.

4.3. Operational models

Four employees brought up the differences between operational models, which are related to either 1) differences between social and healthcare services, both in relation to operational models and to 2) how clients' situations are reviewed. The differences in operational models also came up, when 3) workers attempted to set up joint meetings. Also, 4) ignorance of the operational models of others was brought up in the comments of three interviewees.

I1: This traditional model of thinking sits tight. Healthcare has certain operational criteria, principles and models and a very specific hierarchy, and there are also clear boundaries between social services and healthcare services. -- So the question is how these operators from different sectors can start to work together. -- It's a big challenge.

According to the developers, the old operational models create challenges for developing the well-being centre, as they do not support the implementation of cross functional cooperation. The old operational models are partly due to indicators guiding the operations, which emphasise the 1) percentage of answered phone calls and affect the 2) attitudes related to information systems. The old operational models are also connected to 3) recognising one's own role as well as to 4) how the client may experience the service.

The interviews with developers brought up underlying factors of the reasons due to which the operational models differ from each other. One reason could be that the person's or family's need for help may be seen differently in various services. How clientship is defined also varies between the services. On one hand, this offers the clients a large number of different services to choose from. On the other hand, it is thought that whichever service the client first uses affects how the service fulfils the client's original service need from the client's perspective.

I6: Working separately has led to a situation where a person's or a family's need for help is seen differently in every place. This enables quite a big selection of combinations for the clients, too. And abusing the services is easy, too.

4.4. Identifying the faults in one's own work

Each employee brought up challenges related to their own work, either at a general level or in a very concrete manner. Challenges or shortcomings were related to 1) changing the operational model (either their own or generally), 2) the extensive evaluation of clients' service needs, 3) the impact of one employee's absence, and to the fact that the 4) population within one employee's area of responsibility is very large in the well-being centre.

I3: Overall, you should be as open to change as possible, in order for this well-being centre to come true. -- So you should be willing to change the methods themselves, even if they conflict with the previous model.

4.5. Problems with the information flow

According to the employees, problems related to information flow were linked to both 1) the incompatibility of different information systems between healthcare and social services, and 2) the crucial people missing from the meetings. Employees should have the opportunity to 3) look up any information related to the change when they have the time. On the other hand, it was seen that 4) there were gaps between the different operations, which hindered the flow of information.

In the interviews with the developers, the impact of operational models on how the problems related to information systems could be solved was brought up, and changing the old operational models is seen as the supervisors' duty.

I6: But even though this is possible for families with children, this possibility is not really used; consent [for looking at client information from various systems] is not requested, so that they [various service providers] would be able to see the information. I mean, it's rare if it is requested. It just isn't the usual method.

I4: Even though these registers cause problems for us, it would take an actual change in legislation to make it work better.

5. Discussion of findings

The main purpose for our target organisation is to pilot a new way to organise social and healthcare services. The organisation has multi-level services, and operations and service production are regulated by many different laws, operational methods, clientship criteria and information systems. In spite of these, the service employees need to cooperate to provide holistic service for the client, if needed. As Cadwallader et al. (2009) note, the translation of customer-focused service strategies into results by successfully executing them is challenging.

Grönroos (2007) stated that the people are critical resources and bottleneck in the service business, and Melton and Hartline (2010) as well as Bitner et al. (2008) see the front line employees, and their involvement in the development and implementation of a new service, is crucial, this study confirms that. But our case shows that critical for the success of change to customer orientation is the attitudes and behaviour of top management and supervisors, who should accept the idea and encour-

age the front line employees to act in a customer oriented way. The challenge is that the old leadership culture does not support the new way of thinking, the customer orientation. Employees do not seem to believe that they have an opportunity to have an impact on the development of the well-being center, and they think the change process is not properly managed. On the other hand, it seems that the vision of the change is neither clear for the managers and supervisors. Sundberg and Sandberg (2006) have also stated that managers may often support the functional mind-set in an organisation instead of breaking it.

The developers pointed out that the one reason for this pilot-project is to find out the ways how different services can cooperate. But according to them, the management is still discussing about their own operations instead of how to cooperate. Sundberg and Sandberg (2006) findings revealed that cross-functional work and processes may collide with the traditional and hierarchical command and control structures, causing collaboration problems in the organisation, which is in line with our results. Piercy et al. (2013) notes that the use of cross-functional teams can only have an impact to the performance and improvement of the service delivery if they have the support from management.

Organisational structure with several levels of supervisors complicates information flow, and the understanding of the everyday operative organisation of tasks and responsibilities. Employees seem to need more support from their supervisors wishing them to be more often present in the everyday activities. This is in accordance to Piercy et al. (2013) that managers and supervisors need to be able to be approached and they need to be trusted. Also Whittaker et al. (2007) revealed in their study that there is a relationship between the supervisor feedback environment and role clarity.

According to the findings of this study, different operational models in health services and social services affect to the service provision in the new wellbeing centre, making it difficult to implement crossfunctional cooperation. Building cross-functional teams suffers for these differences, not least because of different information systems. Grönroos (2007) notices that computerized systems and information technology in the service provision should be designed from customer oriented perspective. He also states that technology and how to use it might be a bottleneck in a service process, which may cause frustration and complications for the employees, which is in accordance with our results.

Some of the differences in operational models are caused by laws, which cannot be changed in this piloting project, but the employees and their supervisors need to find ways how to cooperate despite these challenges. As Athanasaw (2003) notes, cross-functional teams may lower barriers on cooperation between divisions in an organisation. What is interesting to note here, is that there were two types of responses to this challenge: according to one the only way to improve this is a change in the legislation, but according to another opinion a solution would be a change in attitude , meaning that willingness to change some everyday operational practices would solve the problem.

6. Conclusion

Developing the service system to the direction of customer orientation and one-stop-shop –principle requires first of all a change in the organization culture and management. According to our findings, when the front line employees need to change their action towards customer oriented holistic service, it requires adequate information systems, clear instructions and support from the management and supervisors. First of all the management has to be committed and supportive to this kind of change. We agree with Sundberg and Sandberg (2006) who claim that in the public sector, the coexistence of horizontal and vertical management structures is crucial have to be also horizontal. They note that a successful change requires strong process owners, in our case leaders of cross-functional teams, which according to Athanasaw (2003) can lower the barriers in the organisation. Nevertheless, support from the management is needed (Piercy et al. 2013). We conclude that when the management and supervisors have a customer oriented attitude, it is possible to overcome the challenges with / in the operational models and service delivery in every day working practices.

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