Chapter XIV

Governance Structures for IT in the Health Care Industry

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ABSTRACT

In this chapter we bind together three elements: governance structures, the health care industry and modern information and communication technology (ICT). Our hypothesis is that modern ICT has even more than before made the concept and operation of the governance structures important. ICT supports some governance structures in health care better than others, and ICT itself needs governing. Our research question also is: which kinds of governance structures in health care are supported and needed by modern ICT?

Our chapter should be of primary interest for Health Care professionals. They should be given a new, partly revolutionary point of view to their own industry. For parties discussing governance structure issues in Health Care, the chapter should give a lot of support for argumentation and thinking. The models and conclusions should be extendable to other industries too. For academic researchers in Governance Structure and IT issues, the chapter should contain an interesting industry case.
INTRODUCTION

The pressures for the Health Care industry are well known and very similar in all developed countries: altering population, shortage of resources as it comes both to staff and financial resources from the taxpayers, higher sensitivity of the population for health issues, and new and emerging diseases, just to name a few. Underdeveloped countries dwell with different problems, but have the advantage of being able to learn from the lessons and actions the developed countries made already maybe decades ago. On the other hand, many solutions also exist, but they all make the environment even more difficult to manage: possibilities of networking, booming medical and health-related research and knowledge produced by it, alternative care-taking solutions, new and expensive treats and medicines, promises of the biotechnology...you name it (Suomi, 2000).

From the public authorities’ point of view the solution might be easy: outsource as much as you can out of this mess. Usually the first ones to go are marginal operational activities, such as laundry, cleaning and catering services. It is easy to add information systems to this list, but we believe this is often done without a careful enough consideration. Outsourcing is too often seen as a trendy, obvious and easy solution, which has been supported by financial facts on the short run. Many examples, however, show that even in basic operations support outsourcing can become a costly option, not to speak of lost possibilities for organizational learning and competitive positioning through mastering of information technology.

In our chapter, we discuss the role of IT in Health Care, and focus on the question, “Which governance structure(s) are best suited for managing IT within the Health Care industry?” Our basic hypothesis is that information is a key resource for Health Care and that the managing of it is a core competence for the industry (Suomi, 2001).

Our analysis is restricted to public primary Health Care. We maintain that the governance problems are most acute there, because of several reasons. First, here the total spectrum of different customers and diseases is met. No customers can be selected or neglected, but all are entitled to some basic level of care. Possibilities to collect more resources, say through customer fees or through financial market operations, are limited (Suomi & Kastu-Häikiö, 1998). As compared to special care units, the activities are fragmented and performed in smaller, less well-equipped units. As compared to the private sector, commercial thinking is less mature: outsourcing for commercial actors in the Health Care industry is a natural topic, as the private companies themselves are just the ones to whom activities are outsourced.

Our chapter shortly discusses two case examples — the primary Health Care in a small and in a middle-sized city — that are reported in closer detail elsewhere (Holm, Tähkäpää, & Suomi, 2000; Suomi, Tähkäpää, & Holm, 2001; Tähkäpää, Suomi, & Holm, 2001; Tähkäpää, Turunen, & Kangas, 1999). Here we aim at showing how the concepts we introduce are reflected in the reality. Picking out two different cases also serves the goal of discussing the competences and resources needed for outsourcing IT activities. Our message is that keeping the IT activities in-house demands certain resources and skills, but similarly outsourcing them cannot happen without any own resources and skills dedicated for this purpose. We discuss the situation of small entities that seem to be stuck in a dead-end situation: not enough expertise and resources either for in- or outsourcing.
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