Chapter 5.9
Managing E–Procurement in Public Healthcare:
A Knowledge Management Perspective

Tommaso Federici
University of Tuscia, Italy

Andrea Resca
LUISS ‘Guido Carli’ University, Italy

ABSTRACT

In large parts of Europe, the development of healthcare is subject to contrasting forces: explosion in spending, while governments are faced with budget constraints, and pressures to be innovative, technologically advanced in order to improve the services’ quality. Even though e-procurement initiatives can be seen as a solution to the first issue in this dilemma, such initiatives have not been widely deployed and have not delivered the expected benefits so far. In this perspective, as case study of an e-procurement implementation of an Italian local healthcare agency has been examined because of the comprehensive design of the e-procurement system, the differentiation of tools adopted and the multiple solutions already implemented or in progress. The aim of this work is to reconstruct, by following a knowledge management approach, the steps that led to the introduction of e-procurement as a new operating practice, by redesigning supply purchasing, supply chain and logistic processes.

INTRODUCTION

In large parts of Europe, the development of healthcare is subject to contrasting forces. On the one hand, there has been an explosion in spending and, at the same time, governments are faced with strict budget constraints. On the other hand, public healthcare is under pressure to be innovative, technologically advanced and to provide increasingly better quality of services. In this context, e-procurement can be seen as an instrument for providing solutions to the first issue of this dilemma. Two recent European directives 2004/18/EC and 2004/17/EC, according to the i2010 eGovernment Action Plan, promote e-procurement to achieve significant efficiency.
improvements – also in public healthcare – by
reducing at the same time purchasing and adminis-
trative costs.

However, e-procurement initiatives in such
area have not been widely deployed, and most
of them have not fully delivered the anticipated
benefits, so far. The main reason for the lack of
tangible results is the traditional resistance of
public institutions to IT-based process innovation
and the complexity of healthcare procurement – in
terms of the variety of goods, specificity, and of
suppliers’ numbers – that requires different supply
processes and diverse competences.

In order to investigate this scenario in more
detail, the case study of a large e-procurement
implementation at an Italian public Local Health-
care Agency (LHA – Azienda Sanitaria Locale,
ASL), considered one of the most advanced by
the Central Procurement Agency (CONSIP), was
explored. This case study is remarkable because
of the comprehensive design of the e-procurement
system, the differentiation in adopted tools, the
robust testing (since 2000) and the multiple
solutions already implemented and in process
within the Agency. The decision to examine this
case study is also due to the fact that the use of
e-procurement tools is seen as only one aspect
of a more profound reorganization of the entire
supply process.

The purpose of this work is to reconstruct -
by performing interviews with some of the most
representative players and examining documents
and previous studies on this case - the managerial
interventions that made this innovation possible
and in particular how knowledge has been man-
aged in this innovative programme. From this
perspective, it was presumed that the introd-
uction of e-procurement and the reorganization of
purchasing, supply chain and logistical processes,
had required diverse knowledge which has been
investigated at the cognitive level, the organiza-
tional level and the social and institutional level
of knowledge, proposed by Lam (2000).

Distinguishing between individual knowledge
and knowledge related to a specific social context,
this approach gives a comprehensive picture of
the concept of knowledge. Furthermore, this
perspective is helpful to examine the realities of
Public Administrations (PAs) like LHAs, which
are characterized by the importance of rules and
procedures and by hierarchical organizational
structures. Lam’s extensive references to Mintz-
berg’s classic studies (1979) is important in this
point, as the organizational forms singled out by
Mintzberg fit very well in the PA area, reinforcing
the accurateness of this analysis.

RESEARCH STRATEGY

The research question of this work concerns the
dissemination of innovation and primarily its
adoption. The focus is on the ability of a specific
organization to adopt an innovation and on the
elements that facilitate or hamper such adop-
tion. In other words, the issue is the impact, at
an organizational level, that the introduction of
innovation produces, and its possibility to be
absorbed and managed.

At the basis of this investigation there is
the concept of knowledge, as the element that
characterizes an organization, both before the
innovation introduction and after it. Therefore,
a specific aspect to take into consideration is the
meeting of established knowledge and the new
one enabled by innovation.

The research strategy adopted to study the
dynamics between established and new knowledge
is based on a case study, which concerns innova-
tion related to the introduction of a widespread
e-procurement at Viterbo’s Local public Health-
care Agency. Because of its tendency towards
innovation, as seen by the implementation of
several e-procurement projects in recent years,
the LHA of Viterbo can be considered to be an
explanatory case study (Yin, 2003). The analysis
of such a case study provides answers which throw
light on how and why innovation dissemination