

Health Clusters:

A VEHICLE FOR CREATING SHARED VALUE

Looking ahead to meeting different societal demands as well as achieving success as a health cluster, healthcare leaders are looking to creating shared value to drive economic success.

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Health clusters have emerged as a tool for economic development with health and medical services at its core. The role of clusters has changed over time due in part to the complexity of social challenges including economic woes, climate change, and strained public trust in business and government.

STARTING WITH THE BASICS

The leading global guru of cluster economics, Prof. Michael E. Porter of Harvard Business School, defines clusters as “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions (e.g., universities, standards agencies, trade associations) in a particular field that compete but also cooperate.” (Porter, 2000, pp. 15-34).

The overall objective of a cluster is economic development based on a core set of competing and collaborating entities that offer the same or similar types of services. Other goods and services are offered by secondary and tertiary organizations that assist and support the core entities to operate efficiently and more competitively as a group, much like the adage, “A rising tide lifts all ships.” When a cluster is functioning optimally, jobs are created, infrastructure is improved,

businesses are growing, and economic benefits accrue to the community at large. (Ziemba, 2019).

Health clusters in health and medical travel have had a rocky road with few thriving and growing such as the Health Cluster Portugal, while others operate solely as marketing vehicles for their members and others have failed to launch.

Where is the path forward for health clusters? One possibility is engaging in Creating Shared Value.

WHAT IS “CREATING SHARED VALUE”?

According to the Harvard Business School Institute for Strategy and Competitiveness, Creating Shared Value (CSV) consists of “Corporate policies and practices that enhance the competitive advantage and profitability of the company while simultaneously advancing social and economic conditions in the communities in which it sells and operates. CSV value is not corporate social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success.” (Harvard Business School, 2022) Substitute the word “company” with “health cluster” and the concept becomes clear.



CSV for health clusters is particularly relevant because they are focused on delivering a basic and important service: healthcare. The current demands on healthcare providers globally as the world moves into the next phase of the COVID pandemic include financial stresses, staffing shortages, emerging competitors, and continuing access issues. The pandemic has shown the need for an innovative approach to healthcare delivery. Shared value offers a framework that is suited to access to healthcare and to a comprehensive, cross-sectoral approach that is compatible with the cluster structure.

THE PATH FORWARD

The CSV concept is not new (Porter, Kramer, 2011, pp. 62–77). It has been employed in the corporate world for more than a decade with examples of success in sectors including healthcare, primarily in the pharmaceutical sector led by Novo Nordisk, (Novonordisk, 2022) Eli Lilly, and Novartis (Smith, 2016) Health clusters have been slow to adopt CSV principles, but a few examples, such as the European Cluster (Franco et al., 2022), have made strides.

Perhaps CSV is an idea before its time and health clusters needed to evolve before moving ahead to a more complex and sophisticated model. Given the state of

healthcare globally and the significant role that health clusters can play in delivering better services, CSV is a new path forward.

Tools are available to guide health clusters to develop strategies that can succeed. Case studies exist to convince cluster leadership and members that CSV is compatible with the rationale behind developing clusters. It can drive economic development.

Most importantly, CSV can deliver better healthcare to more people while creating greater value for society. Isn’t it time to achieve these goals?

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