

Business Model as an Institution:

The Case of First Iranian Public Private Partnership in Healthcare Industry

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Abstract

As a result of my first year PhD in Marketing Department Lancaster University, this research proposal outlines a theoretical underpinning of new approach to study of business models concept by the means of Actor-Network theory. Reviewing the literature, and identifying different perspective in defining business models, the document shows the inherent dynamics of business models. In attempt to reach a convergence in theory and practice of business model and based on sociology of translation a theoretical framework is offered which encompasses five distinctive moments: business model as a simple actant, business model as an actant with association, business model as a market device, business model as a boundary object, and business model as an institution. By conducting an empirical case study in one of Iranian hospitals this research aims to answer to the main question of how are business models created, realised and practiced over the time.

Keywords: Business Model, Institutional Theory, Actor-Network Theory

Introduction

How are business models created, realised and practiced? "Business models are [one of] the most discussed and least understood" business concept of the last decade (Rappa, 2010). The concept of business models has only recently been explored in any depth by academics and as Linder and Cantrell (2000) observe, the majority of managers and executives do not have a clear idea of how to articulate their business model. However, one common theme emerging from this area of growing academic interest is that developing and implementing an effective business model improves a firm competitiveness (Magretta, 2002).

The term "business model" became widely adopted by practitioners during the dotcom revolution of the 1990's. It was only after extreme proliferation of the term in the business press that academics began to conceptualise what business model actually were. Recently the business model has been studied from different perspectives, e.g. strategy, e-business, entrepreneurship, innovation, and information system (Morris et al. 2005; Shafer et al. 2005). Yet there is little theoretical underpinning in the literature (Linder & Cantrell, 2000; Morris et al. 2006). This abundance, together with the diversity of perspective has resulted in different definitions of the business model. As Linder & Cantrell (2000) observe, when people talk about business models in a business context and an academic context, they mean different things Hence most of the research so far is focused on removing the fuzziness associated with the term 'business model', in order to study its materiality in more depth. Some scholars define business models simply as a way of doing business, making money, and sustaining profit over time (Stewart & Zhao, 2000). On the other hand, there are researchers who would like to define a business model by considering its components (Timmers, 1998; Weill & Vitale, 2001).

Several studies identify different sets of components and offer taxonomies for business models (Osterwalder et al. 2005). Chesbrough and Rosenbloom (2002) explain business models as being concerned with value creation and value capturing. Components such as value proposition, revenue model, market offering and competition have also been identified (Timmers, 1998; Weill & Vitale, 2001; Osterwalder et al. 2005). Most studies agree that business models are concerned with identifying value for the firm and its customers and how this value should be delivered (Magretta, 2002; Johnson et al. 2008). Despite the valuable contribution of this literature, we know very little about where business models come from, how they are formulated and then performed within the firm and within the wider business network.

Doganova & Eyquem-Renault (2009) go some way to address the notion of the performative nature of business models, explaining that maybe the main question is "what do business models do?" rather than "What are business models?" However, their study fails to explain what really happens in creation and realisation of a firm's business model and how a business model might change over time. The purpose of this research is to go some way towards addressing this gap by exploring the various assemblages which a business model makes in the process of its creation.

This document represents a summary of my understanding of this field as a result of the first year of my studies and presents a framework for the development of my research of the next two year. Reviewing the relevant literature in the first part this report strives to summarize the different business model definitions, the different perspectives adopted in the literature, and

describe the historical development of the business model idea. This document then explores the interaction between changing business models and the evolving business environment. I look at ideas underpinning changing business models and their dynamics. I then suggest how the new approach to defining business model, thinking of them in a more active way (Doganova & Eyquem-Renault, 2009) might help to understand the institutionalisation process of business models as they move from their material form into ways of acting and practice.

Thereafter a theoretical framework is proposed, and the research questions are presented. The theoretical framework will provide a lens through which to explore the process of 'business modelling'. Finally and after a brief description of the case study, I explain the next steps to be taken in the developing an understanding of how business models are created, realised and practiced over the time.

Literature Review

Defining Business Models

Perhaps discovering a real and generally accepted definition for the business model is the main goal of most of business model literature in order to stabilise its concept (Morris et al. 2006; Osterwalder et al. 2002); This ambiguity and the different views towards what exactly a business model is lead to the point that when people talk about it, they are not necessarily referring to the same thing (Linder & Cantrell, 2000).

It seems that the first time the term "business model" was used dates back to the mid-50s (Osterwalder et al. 2005). However, the term became popular during the dotcom revolution during the last decade of twentieth century (Linder & Cantrell, 2000). This emergence, during the period 1999-2001, was not "theory-driven", as the term proliferated consultants and academics attempted to theorise the concept of business models (Morris et al. 2006). Theorists defined and classified different business models as the first step (Timmers, 1998; Rappa, 2001), they listed its components (Amit & Zott, 2001), described its elements (Afuah & Tucci, 2001), explained its ontology and references (Osterwaqlder & Pigneur, 2002), and studied its application (Gordijn, 2002). Most studies define business models based on what it consists of or its taxonomy (Conte, 2008). The proposed definition of a business model is driven from by the nature of Internet commerce, but there is evidence that with the burst of the dotcom bubble this definition has been modified by studying the business model generally (i.e. within traditional firms) (Linder & Cantrell, 2001). During the dotcom years the business model concept was interchangeably used as: an economic model, a means which describes how the firm makes money (Stewart & Zhao, 2000); an operational model, a tool which represents internal processes and design of systems within the firm which creates value (Mayo & Brown, 1999); and the strategic model, a construct which considers the firm's positioning of its market sustainability and profit stream (Slywotsky, 1996).

Reviewing the literature it becomes clear that different insights towards the business model phenomenon generate different and equally valid conceptualisations. However, a stream of

new studies continues to criticise current conceptualisations of business models and proposes new and more inclusive definition of business models. This is perhaps not surprising bearing in mind the embryonic stage of this literature.

Among all these propositions two general types of business model definitions are identified: (1) *defining business model by its component* (what are business models?) or (2) *defining business model by its functions and actions* (what do business models do?).

(1) What are Business Models

It is an irony that as long as there is no commonly accepted business model definition, its components vary from study to study. On the other hand, different business model components construct different business models and different definitions. Some of the main research and business models' components and propositions are summarised in the table No.1.

AUTHOR	YEAR	BUSINESS MODEL COMPONENTS
Horowitz	1996	Price, product, distribution, organisational characteristics, and technology
Viscio and Pasternak	1996	Global core, governance, business units, services, and linkages
Timmers	1998	Product/service/information flow architecture, business actors and roles, actor benefits, revenue sources, and marketing strategy
Donath	1999	Customer understanding, marketing tactics, corporate governance, and intranet/extranet capabilities
Markides	1999	Product innovation, customer relationship, infrastructure management, and financial aspects
Afuah & Tucci	2001	Customer value, scope, price, revenue, connected activities, implementation, capabilities, and sustainability
Alt & Zimmerman	2001	Mission, structure, processes, revenues, legalities, and technology
Amit & Zott	2001	Transaction content, transaction structure, and transaction governance
Applegate	2001	Concept, capabilities, and value
Gordijn et al.	2001	Actors, market segments, value offering, value activity, stakeholder network, value interfaces, value ports, and value exchanges
Hamel	2001	Core strategy, strategic resources, value network, and customer interface
Petrovic et al.	2001	Value model, resource model, production model, customer relations model, revenue model, capital model, and market model
Weill & Vitale	2001	Strategic objectives, value proposition, revenue sources, success factors, channels, core competencies, customer segments, and IT infrastructure
Betz	2002	Resources, sales, profits, and capital
Dubosson - Torbay	2002	Products, customer relationship, infrastructure and network of partners, and financial aspects
Rayport & Jaworski	2002	Value cluster, market space offering, resource system, and financial model
Gartner	2003	Market offering, competencies, core technology investments, and bottom line
Morris et al.	2005	Factors related to offering, market factors, internal capability factors, competitive strategy factor, economic factors, and investor factors
Osterwalder et al.	2005	Value proposition, target customer, customer relationships, distribution channels, cost structure, revenue stream, key partners, key resources, and key activities
Shafer et al.	2005	Strategic choices, value creation, value capturing, and value network
Johnson et al.	2008	Customer value proposition, profit formula, key resources, and key processes

Table No.1
 Business Model Components

Here four recent major studies which seem more plausible are reviewed thoroughly:

** Morris, Schindehutte and Allen (2005)*

Regarding the context of entrepreneurship, they identified three distinctive categories to summarise the previous business model components: economic, operational, and strategic.

Using all the aspects of these three theoretical categories, they define a business model as a "concise representation of how an interrelated set of decision variables in the areas of venture strategy architecture and economics, are addressed to create sustainable competitive advantages in defined markets" (p. 727).

In the next step they come up with a framework which includes three specific decision-making levels for entrepreneurs: foundation level, proprietary level, and rules level, where components of the business model are defined in the first level basically, and create unique value and establish guiding principles in the second and third levels. Hence Morris proposes an entrepreneur's business model which has six core components: **factors related to offering, market factors, internal capability factors, competitive strategy factor, economic factors, and investor factors.**

** Shafer, Smith and Linder (2005)*

Reviewing previous studies, Shafer et al. identified twelve different business model definitions consisting and identifying of forty-two different components.

They defined a business model as "a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network" (p. 202).

This business model has four components which they believe encompasses the key components of all those former forty-two studies: **strategic choices, value creation, value capturing, and value network** (See Figure No.1). These four main components of business model provide a salient foundation to understand business model definition clearer.

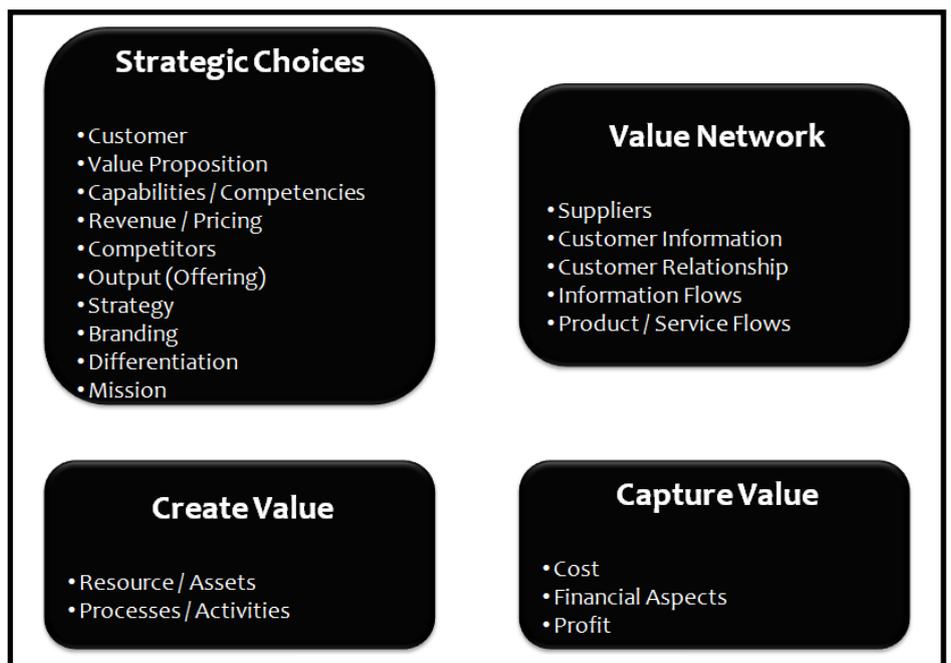


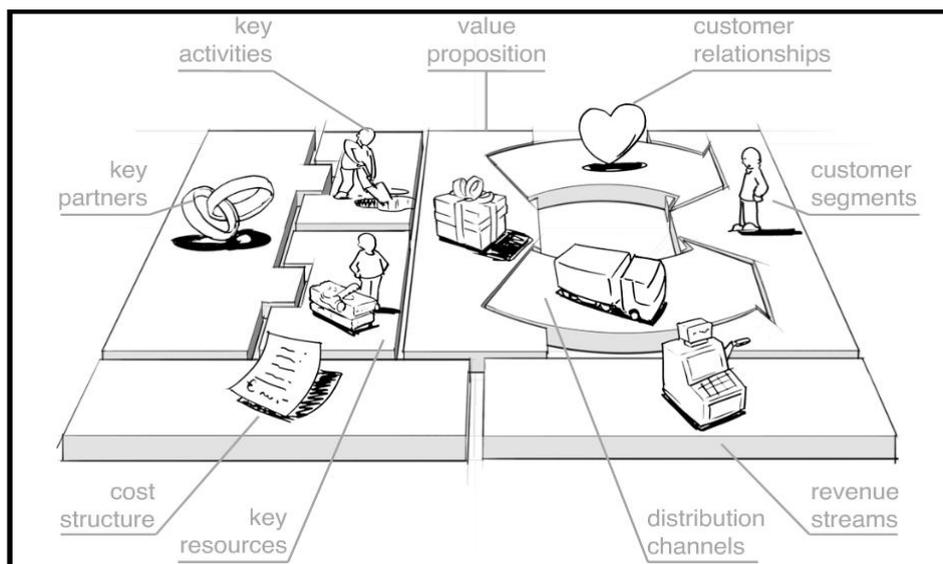
Figure No.1

**Osterwalder, and Pigneur (2005, 2009)*

Seeking to create a common language, they identify nine different business models internal (as they excluded all the components which are related to competition and implementation) building blocks from their previous studies.

Then they proposed the business model definition as "a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams." (p. 17).

Based on the definition, a business model consists of nine distinctive blocks: **value proposition**, **target customer**, **customer relationships**, **distribution channels**, **cost structure**, **revenue stream**, **key partners**, **key resources**, and **key activities**. (See Figure No.2)



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 Figure No.2
 Business Model Components
 Osterwalder & Pigneur, 2009
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** Johnson, Christensen and Kagermann (2008)*

Focusing on business model success solely, they explain that if the business model is defined properly and companies understand their current business model, they can enjoy growth which is delivered by business model innovation. They consider that the innovation in the business model produces results better even than product or service innovation. They believe that in order to be successful, it is essential to find out how to satisfy the potential customers by "getting the job

done". This leads to a business model which has four components: **customer value proposition** (creating value for customers), **profit formula** (defining how the company creates value for itself and the customers simultaneously), **key resources** (the assets which deliver the value created to customer), and **key processes** (operational and managerial processes which deliver the created value and are reputable and growing in scale). (Figure No.3)

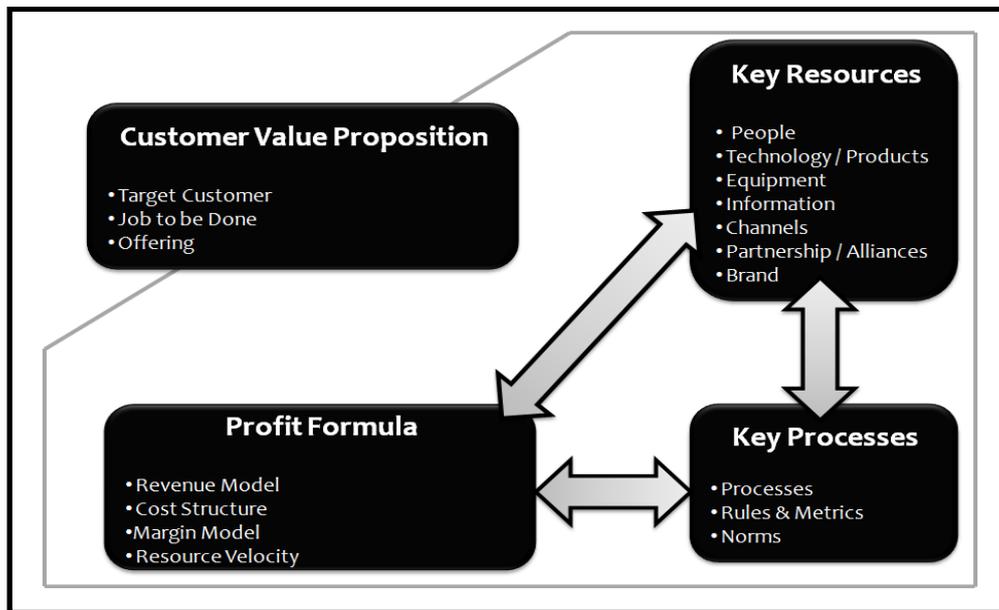


Figure No.3
 Business Model Components
 Johnson et al. 2008

Examining these four different perspectives of business model components as an example, it is obvious that although the components are named differently, the ideas are pretty much similar. The four business models are defined as a construct, representation, or conceptual tool which aims to create value for the partners (e.g. customer) and itself within a network, and taking advantage of the value which is created.

(2) What do Business Models Do

Despite multiple definitions for business model and explanations about what does it consist of, there is an emergent literature which mainly try to explore business models based on their role in business (Chesbrough & Rosenbloom, 2002; Maggretta, 2002). Especially in entrepreneurship literature the usefulness of the business models is not defined by how they describe firms but by how they create and capture the value within firms' context (Amitt & Zott, 2001). Magretta uses a metaphor for business model, declaring that business models are "stories that explain how enterprises work" (2002: p.87); she claims that the story should begin with "an insight to human motivation" and end in a reasonable profit. This literature tries to shift from an essentialist view towards business models, where business models are defined as description of the firms, to a

functionalist view which defines business model as “the method of doing business by which a company can sustain itself” (Rappa,2001:p.1).

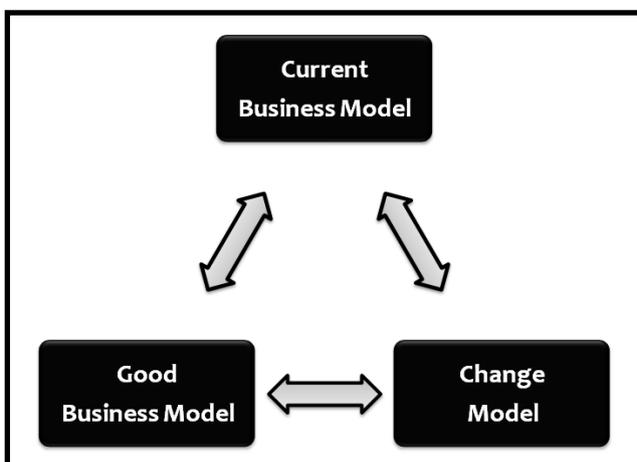
These two distinctive streams in business model literature, “what are business models” and “what do business models do”, stem from taking two different perspectives (i.e. essentialist, and functionalist) towards the concept both aiming to stabilise business models by fixing a definition thereof (Doganova & Eyquem-Renault, 2009). However both fails to reach the point since not conclusive enough approach which each take. It seems that in order to stabilise the concept of business model (or in the better word: business modeling), we need to consider both perspectives as well as exploring the dynamism inherent in the concept. We need to know what the potential components of business models are in order to understand what they will do, and to frame all these process we need to have a clear understanding of its dynamics.

Dynamics of Business Models

Since no business operates in isolation (Ford, 2002), and there is always an ongoing stream of internal and external change (e.g. new competition context), firms should change and reform their business model in order to sustain competitiveness (Linder & Cantrell, 2000; Schweizer, 2005). This makes the business model a dynamic construct of the firm: which could be a result of internal change of the firm or external response to new technology innovation (Chesbrough, 2007), partnership development and access to more complementary assets (Chesbrough & Schwartz, 2007), or new market positioning (Yip, 2004).

There are again two distinguished streams in literature: (1) the process of *good business models* (Linder & Cantrell, 2001) which are suitable for any situations, and (2) the business models types which are the best alternatives for *a typical situation* (Heuskel, 1999; Schweizer, 2005).

The first stream explains the business model changing process by describing the path which a firm should take in order to construct an alteration to its current business model to become a good business model; this is an ongoing process over time. Considering the fact that “good” is a judgment, this part of literature qualifies “good business models” in practice and by the reports

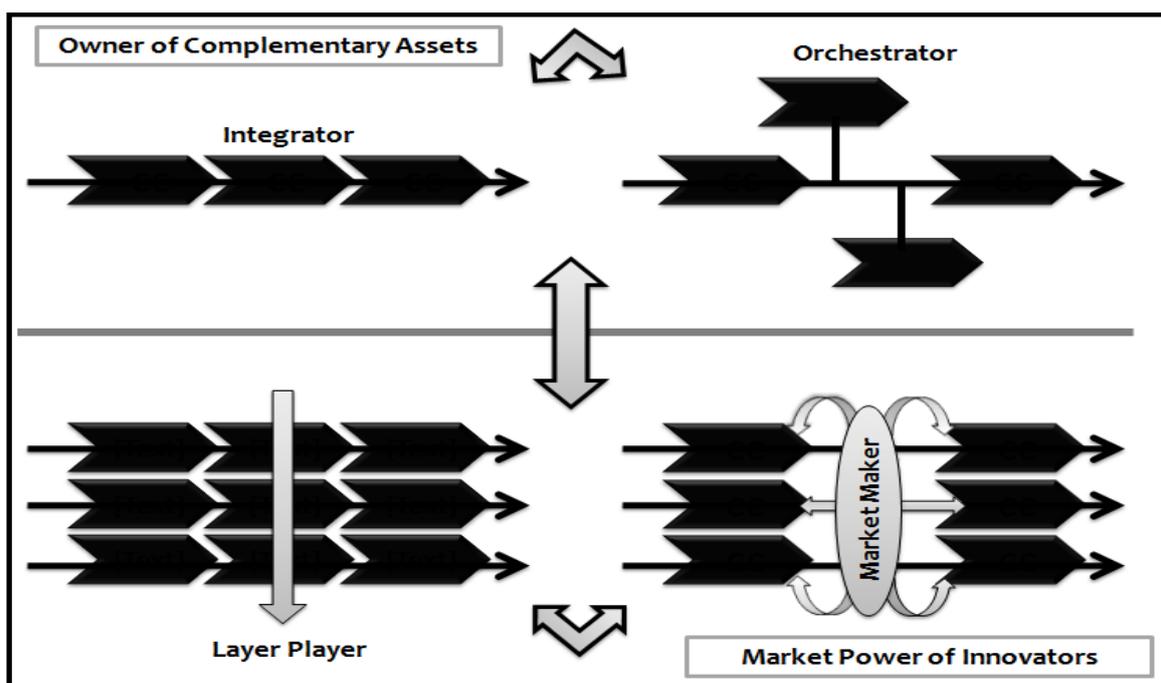


to practitioners. Linder and Cantrell (2001) state that among the business models which they studied, the more successful models were the ones which: (1) “offer unique value”, by providing a better service/product for the same price or same service/product for the better price; (2) since it is enjoying a specific differentiator, it is hardly duplicable; and (3) in contrast with some ideas which identify the conceptual business model as a better means of predicting the rapidly changing business

Figure No.4

environment (Petrovic, Kittl et al. 2000), is grounded in reality (Linder and Cantrell, 2001). Furthermore in order to establish a framework for firms to act properly in the evolving competitive context, they identified four basic types of change business model: Realization Model, Renewal Model, Extension Model, and Journey Model (Linder and Cantrell, 2001). These four change models range from the least actual change, to the current business model (Realization Model- which actually does not include real change, but perspective alteration), to the fundamental transformation (Journey Model).

The second stream, some studies propose in order to face the changing nature of the environment, it could be easier to have several business models configurations and implement each of them in different situations (Schweizer, 2005). Based on proposition of three dimensions for the business model: Value Chain Constellation, Total revenue potential, and the Power tradeoff between innovators and owners of complementary assets; Schweizer depicts four possible business models: Integrator, Orchestrator, Layer Player, and Market maker. The firm which has a vast access to the complementary assets within the industry with more revenue potential is defined by the Integrator Business Model. When the firm performs better in one or few steps of a value chain, outsources the other steps, and has the fair access to a set of necessary complementary assets, its business model could be called the Orchestrator Model. On the other hand, the other two business models, Layer Player Model and Market Maker Model, are in close relationship with industry innovation (Heuskel, 1999; Bresser et al. 2000). However, the former model is basically specialized in just one step of the value chain and gains its superiority by its innovation power (Schweizer, 2005), compared to the owners of complementary assets, while the Market Maker Business model applies to the firms which aim to create new steps within the industry value chain by use of power of information (See figure No.5).



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 Figure No.5
 Business Models Dynamic
 Adopted from Schweizer, 2005

Although it is risky and costly, these four different business models could be substituted at the request of the firm based on its current advantages and goals. In this sense, these four business models act as different positions which a given firm can take. For instance, consider a firm which has Layer Player Business Model based on its: supremacy in innovation; trapping in the context which imitation is easy; and the revenue potential is increasing. In such a situation the firm could try to integrate the form Layer Player Business to Orchestrator or Integrator Business Model, when the revenue potential is more; however, this move requires the firm gather adequate access to complementary assets, costing time and money. This view seems to provide the firm with a better idea about what perspective they should face, with immediate change within themselves and/or imposed by the environment. It is much easier for firms to reckon their capabilities, consider themselves as one of these four business model configurations, anticipate the uncertain nature of the business context, and understand what the possible choices in order to sustain competitive are.

Even though both the approaches offer valuable insights, understanding how business models change and evolve over time, seems to be based on how they conceived. When the business model is defined by its component, then the changing process starts from each component of the business model and it is the role of the firm to assess if each component is flexible enough to face the internal and external changes individually and collectively. However it should be considered that change in one component effects other components and the business model as a whole spontaneously (Morris et al. 2006). The emphasis here is not just the shift from one phase to another but also on exploring what makes business models shift and how they might make necessary change. In order to answer this question we need to reach an understanding of what a business model is (a definition which might first stabilize the concept) and the use this to identify and explore shifts, changes, spread, or translation of one type of business model assemblage into another.

Business Models: Convergence

In reviewing the literature it is evident that for every different study there is a different definition and understanding of just what a business model is. Different definitions of business models provided by each study have led to their “misuse and distortion” (Shafer et al. 2005). This could be interpreted in this way for a different business model within the firm’s network, which indeed results in different components that a given business model may have in a certain case. This lack of divergence among the business model literature urges the shift toward pragmatism perspective in study of business model.

In this regard business model can be examined as a market device (Doganova & Eyquem-Renault, 2009; Callon et al., 2007). Doganova & Eyquem-Renault (2009) defined Business models as a non-human actor (or *actant* as would Latour it), which facilitates the market-making process by mediating the relationships between other (non-) human actors within its network; and coordinating their action (Doganova & Eyquem-Renault, 2009). As a market device, business models seem not only “plastic” but also “robust” enough to perform such a role; this is when it acts as a boundary object (Star et al., 1989).

Doganova and Eyquem-Renault (2009) understand business models as a boundary objects which are made from two main parts: **narratives** and calculations (2009). While narratives “draw a world and justify the entities” which have been taken into account in the business model's investigation, the role of calculation is to “associates those entities to create new ones” which then become stable and are converted into characters of the business model story. In order to explore the narrative's specifications five questions should be addressed:

What is the initial situation? What is the sequence of events? Who are the characters involved? What is the plot of the business model? And how does it drive the story?

Taking this pragmatic perspective business models are demonstrated (but not defined) as,

“A scale model of a new venture, which aims at demonstrating its feasibility and worth to the partners whose enrolment, is needed” (Doganova & Eyquem-Renault, 2009: p.1568).

Business Model fairly can be used as a verb, how doing the business. In this regard it is distinguished from “strategy” – a mute actant within the network of a business - by addressing more expanded characteristics of the business. To this end, any theoretical framework that might be valuable in understanding the process of business modeling, is likely to need to encompass the identification and examination of the *actors* (the people) and the *actants* (the things that affect the actions of the people), involved in the process.

Theoretical Framework

My reading of the literature suggests that, over time, a successful business model follows a course of action to gain a stable socio-economical stance. Within this course of action, business model could be translated by different actors and actants distinctively and as long as the translation itself encompasses the process implicitly (callon, 1986), supposedly the “process of business model's institutionalization” could be classified within five distinctive stages (see Figure 6): once business model is an actant along with a group of other actors and actants; when it starts to make association with a set of more relevant human and/or non-human actors; for the network to survive, its components must be integrated (Tolbert & Zucker, 1999), this is when the business model tries to facilitate the coordination among other involved actors (the business model as a market device); when it enables the translation of pertinent communications among other actors in order to provide coherence and flexibility for the network (the business model as a boundary object); and finally through the time, encompassing all those “regulative, normative, and cultural-cognitive elements” (i.e. involved actors) it becomes an institution (Scott,2008).

This process clearly displays institutionalisation process of the business model (Zucker, 1977; Jepperson, 1991; Scott, 2008), this process is continuous as well as adaptive to any changes in other involved actors and/or the context itself, over time (See the figure No.6), however the order of each stage is a matter of question and needs an empirical exploration and it should be noted that each stage would translated by different actors at the same time. As soon as the business model becomes adapted, it can be stable enough to be first valued by its performance (e.g. if it is successful or not regarding the relevant metrics in the context) and second replicable. Explicating this process, would represent are the main contribution of my study and addresses a significant gap in the current literature.

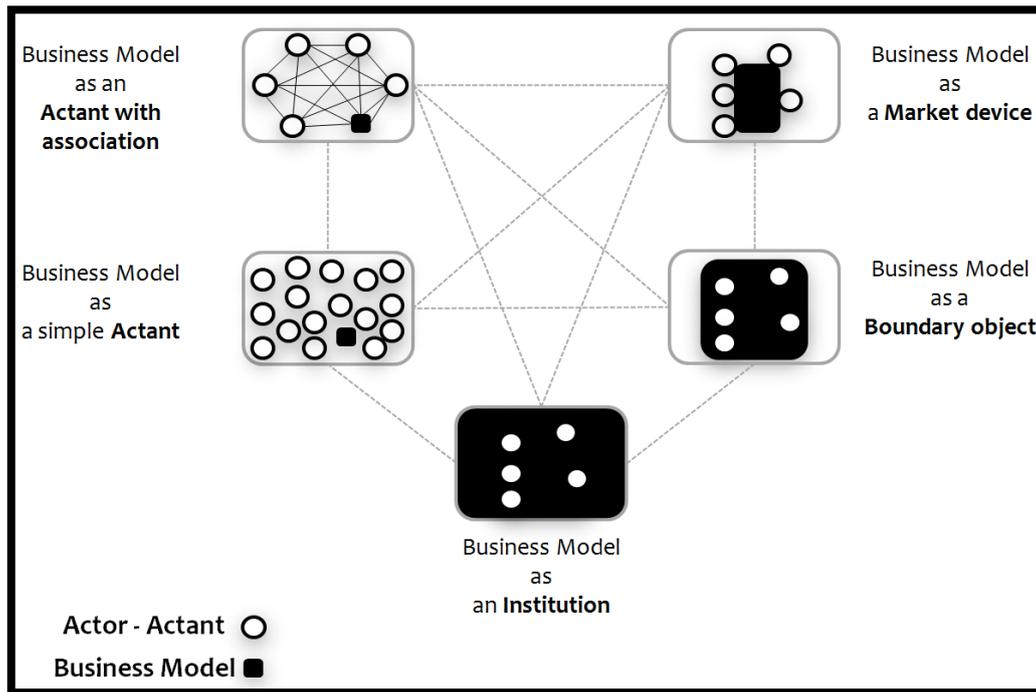


Figure No.6
 Theoretical Framework-
 Institutionalisation Process of
 Business Model

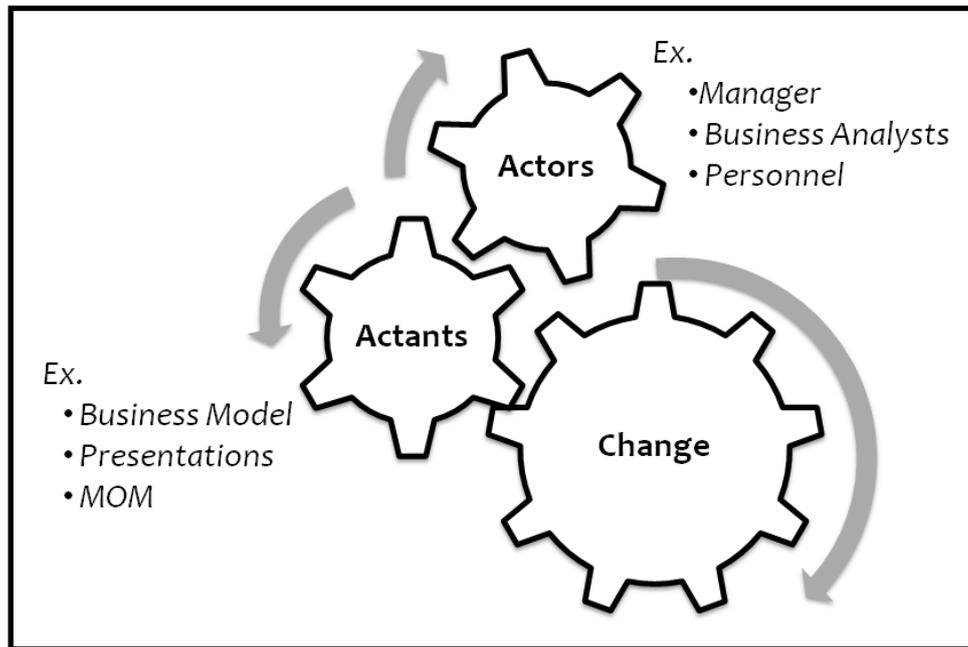
For each stage of this process we need to understand how the business model shifts and evolves from one stage to the next stage; for this an analytical framework is devised building on the work of Doganova & Eyquem-Renault (2009).

Analytical Framework

From herein, non-human actors are referred to as “actants”, hence and human actors as “actors”. The aim of the analytical framework is to provide a lens through which to explore the dynamics of every stage of institutionalization process of business models and the transitions made from one stage to the next. The stages are mainly defined based on the five questions which were proposed by Doganova & Eyquem-Renault (2009) (see Figure 7):

1. What is the initial situation?
2. What is the sequence of events?
3. Who are the characters involved?
4. What is the plot of the business model?

5. How does it drive the story?



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 Figure No.7
 Analytical Framework-
 Developed from Doganova & Eyquem-
 Renault, 2009
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Business Model as an Actant. Initially as Latour (1988) clarifies, apart from that either it is realized or not, always there are actors and actants. One of those silent actants at this stage is certainly a business model itself, it is distinguished from other characters by being “autonomous”. There are also other actants and actors (we do not know how many) who are struggling to become stronger and try to set up a network.

Business Model as an Actant with Association. Stronger actants and actors will ally with others to become audible (Latour, 1988). This is when a business model starts to build its association and along with other strong actors and actants who already allied construct a network.

Business Model as a Market Device. As soon as the business model (as an actant) persuades others to become their spokesman, it starts to facilitate the coordination within the network.

Business Model as Boundary Object. This is where business model becomes strong enough by the robust alliance which it already made and become more flexible and adaptive to encompass the other actants, actors, and perhaps agents.

Business Model as an Institution. The strongest business models are the ones which can last enough to stabilize itself among the other actants and actors; this is when they act as an institution, when they are too strong that can rule the others. This is the stage which business model gains the potential to move to the new context.

How this process of power struggle starts and how it goes stage by stage is unknown, but perhaps it can be explored by explaining the relationship between the actant and studying the way they become allied. This is the role of the analytical framework which is provided to examine the dynamics of these relationships (i.e. Actant-Actant, Actant-Actor, and Actor-Actor) and explain how they become a mean of locomotion for moving from one stage to the next.

Methodology and Research Questions

This research sets out to understand how business models are created, realised and practiced over the time. In order to develop an understanding of this process, in-depth qualitative data observing and describing the evolutionally process of a business model is needed. To this end an exploratory research design based on case study methodology (Yin, 1994) will be adopted. As Yin explains, case study research method is “an empirical inquiry that investigates contemporary phenomena within its real life context, especially when the boundaries between phenomena and context are not clearly evident” (Yin, 1994:p.13).

Applying the analytical framework presented in Figure 7, to a case, the methodological approach would be to identify and examine the actants and actors involved in the business modelling process. Further, to explicate how both actors and actants *act* within the context of the case, would require a focus on change (in the actors and actants involved in the process, and their interactions with one another). In order to explore these issues, we need to identify a case setting where the process of a new business model's development could be studied. Further, the passage of time, and the likelihood of significant change (in business model components and context) during this time are vital considerations. One suitable setting for a case study would be the Healthcare sector in Iran where significant change is currently resulting from PPP (public private partnership) initiatives. Here, hospitals are trying to build new business models that allow them to offer specialised, profit centres that deliver service excellence. One such initiative is the Hashemi Nejad Hospital, the most famous Kidney Centre in Iran.

In order to gather deep rich data from this case study setting, that reveals the underpinning activities of the business model, we will need to draw on descriptions of how the networks of actors (e.g. Manger of the hospital), actants (e.g. business model itself), artifacts (e.g. Hospital New Ward) and agents (e.g. the hospital itself) were configured and reconfigured through a course of time. One of the main tools here is to consider the actors narratives. The narratives demonstrate a set of events, decisions, and activities which were employed during the time and will justify the contextual details of their occurrence (Bartel & Garud, 2009). This will involve the critical examination, evaluation, categorization, and classification of negotiation encounters between the network actors, and recording the process of the relationship and business model conceptualization and development. The narratives from involved actors will address and clarify three facets of the case:

- “What they think happened?”
- “What they think they had to do?” and
- “What they think they did?”

Such data will enable us to address the core research question:

- **How business model is created, realised, and practiced over time?**

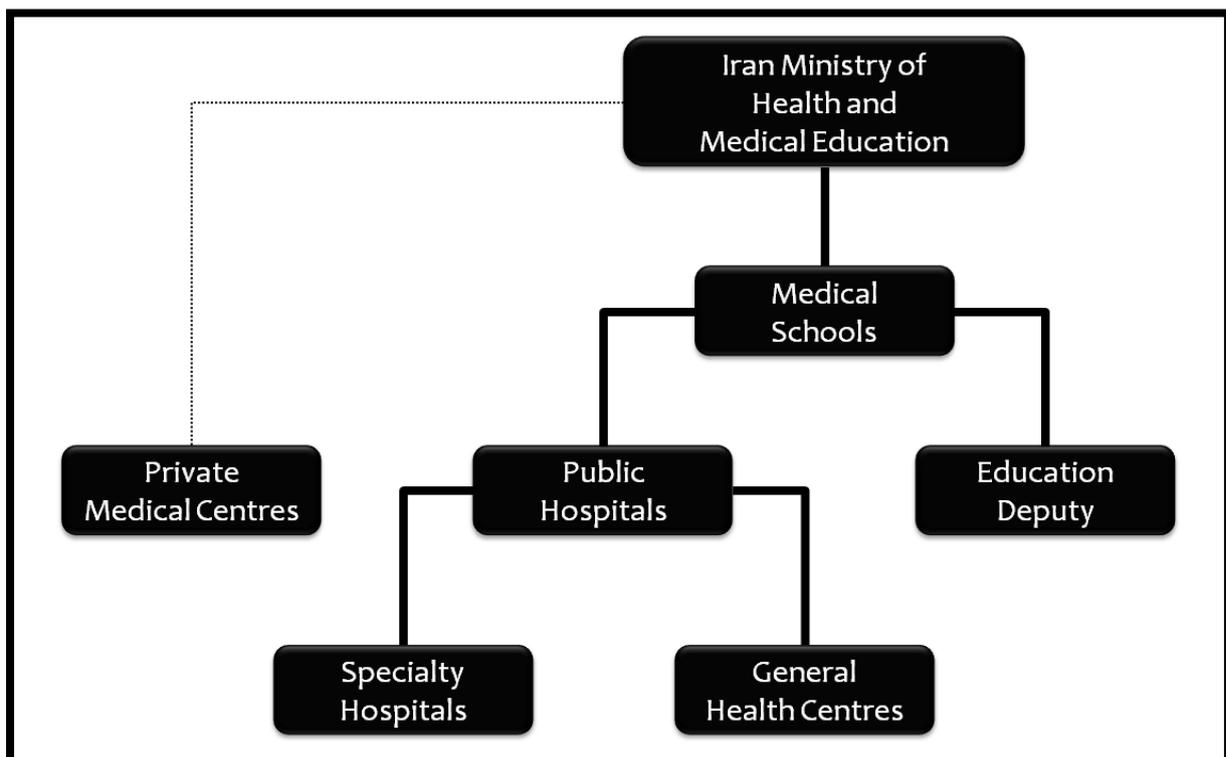
To address this question we need to understand the different levels at which business models are created and realised. This approach should also help to generate insights into how business models become stable and replicable and how the change in business models might affect change in context.

Given the likely effect of the public-private context in this research (c.f. Barkema and Vermeulen, 1997) the Hashemi Nejad Hospital case would provide a unique context to examine the research question, thus I intend to triangulate data collection and analysis. Data collected for multiple levels of analysis; business environment, the industry, the firm and the business model (c.f. Pettigrew and Whipp, 1991); and from multiple parties within the network, will provide the opportunity to explore different perspectives of the same network working towards the development of a single business model. Data collection will emphasize obtaining contemporary manifestations of the evolving business models as well as a series of participant observation in negotiations and post negotiation personal interviews.

Comparing the two different performance indicators data (i.e. before and after reform) will feed the process of describing how the involved actors and actants made the constituted net to work taking the significant role of the case business model.

The Case Story

Today the largest healthcare delivery network in Iran is owned and run by the Ministry of Health and Medical Education through its network of health establishments and medical schools in the country. The ministry is charge of provision of healthcare services: Medical Insurance, Medical Education, Supervision & regulation of the Healthcare system, Policymaking, Production &



◆.....◆ Figure No.8◆
 Iran Healthcare Sector Overview

distribution of pharmaceuticals, and Research & development.

Under direct supervision of Iran Ministry of Health and Medical Education (IMHME), there are about more than five hundred public hospitals and clinics which offer basic and high levels of care at the lowest cost as well as around hundred and fifty private hospitals which are mainly founded and operated by a board of interdependent physicians, which provide services for well-to-do persons by charging high fees.

HashemiNejad Kidney Centre (HKC) is the national referral centre for urology and nephrology which categorised as a public specialty hospitals within the Iranian healthcare sector. It was the first hospital to launch a routine program of renal transplantation in Iran (25 years ago). In mid 90's the government decrease the level of subsidization on public healthcare centres seeking for increasing the level of service quality which led to some severe managerial and financial dilemmas for the hospital. This lack of financial stream caused dramatic decrease in level of service quality by losing some top surgeons plus a vast number of clients within the hospital.

In 2004 when IMHME was preparing to sell the hospital equities to private parties due to bankruptcy of HKC, the new management of hospital claims that it launched a reform process based on the European Foundation for Quality Management (EFQM) as the last survive struggles. On the other hand Benchmarking from the idea of some successful public private partnership in foreign healthcare system (e.g. BERLIN-BUCH HOSPITAL in Germany), the advisory board of the hospital advised the management to launch the first private care ward (MOHEB – Institute of Patients Support) within the Hospital Innovatively (i.e. by aggregating charity donations). MOHEB is a non for profit organization established as an annex to HKC to complement the parent centre by bringing the standard of care comfort only expected from a private hospital together with the technical and professional excellence.

Remarkably far beyond the hospital situation in 2004, in the light of the new management, innovations, and reforms currently HKC is one of the most successful kidney centres in the middle east proven by various awards, significant change in the healthcare standards and the scope of knowledge production during these six years.

Initial Phase 1957 - 1995	<p>1957: <i>Founded at the heart of northern Tehran</i></p> <p>1983: <i>Affiliated to Iran University of medical science and dedicated to urinary disease</i></p> <p>1983: <i>Established the country's first and longest running regular program of renal transplantation</i></p>
Dysfunction Phase 1995 - 2004	<p>Mid 90's: <i>Government decrease the level of subsidization on public healthcare centres seeking for increasing the level of service quality</i></p> <p>2002: <i>The hospital lost more than half of its patients (clients) which led to lose its specialized physicians and staff</i></p> <p>2003: <i>Ministry of Health was preparing to sell the hospital land to private parties</i></p>
Success Phase 2004 - 2010	<p>2004: <i>New management launched a reform process based on the European Foundation for Quality Management as the last survive struggles</i></p> <p>2004: <i>Launching of the first private care ward within the Hospital (PPP) by aggregating charity donations</i></p> <p>2008: <i>HKC picked and designated as the regional training centre for Olympus endo-surgery in the Middle East.</i></p>

◆.....◆ **Figure No.9**◆
The Hospital Change Process

Concluding Points

This year has been an informative year for me. I have spent a lot of time reading and trying to refine and frame my research question. My increasing knowledge of the limitations of the extant business model literature, together with my introduction to the Actor-Network Theory literature has enabled me to developing some understanding of the process and emergence of business model. This understanding has enabled me to develop a theoretical framework to represent at least a starting point for understanding the evolutionary process of business model and to identify a theoretical lens through which to investigate this process further. On this basis my key tasks for the next year are to:

1. develop further my understanding of ANT and its application to my area
2. Develop a deeper understanding of methods to ensure data collection opportunities are not missed
3. Begin data collection
4. Move iteratively between data collection and analysis to guide further reading and insights and understanding are developed.

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