

# Social Franchising of private clinics in Kazakhstan

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## Abstract

The weaknesses of the healthcare system in Kazakhstan have been observed; the range of sources from government publications to original research has been used; the social franchising of private clinics model as a solution of the health sector problems has been proposed; the research for internal use to identify the willingness of private sector to be involved has been conducted; the data collected has been processed and the recommendations have been provided.

*Keywords:* public/private healthcare sector, reproductive health, social franchising model, health services, strategic planning, innovative approach, social responsibility

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## 1 Introduction

Main directions of Kazakhstan health system development have been addressed in the President's official message «Kazakhstan-2030». Strategic goal is determined as improvement of service quality based on application of modern technologies. The system and structure of health sector are reflected in the Kazakhstan Code «On health of population and health system ». Access to prevention and treatment services and efficiency of applied models and methods became main priorities.

Current stage of health system development can be described as serial integration of Kazakhstan economy into the global system accompanied with application of new approaches in the sector's organization aimed to institutionalization. However, the recent country health system has not been studied enough, and this is an obstacle in decision-making. Obviously there is need to transfer to the new system through adaptation and application of modern technologies in new institutional environment.

The overall strategic plan of the health system development is linked to improvement of living standards in Kazakhstan, which is a way to solution of social issues. Code of Kazakhstan addresses importance of free choice of organization and doctor for every citizen independently of his or her social status. Despite of obvious shifts in country demographic situation the level of reproductive health remains low. This situation is exacerbated by the poor quality of health services and a lack of standardization.

Insufficient health conditions of women and children, the prevalence of socially significant diseases, poor public health and poor provision of guaranteed free medical care define a generally low level of citizens' health.

Consequently, the health sector of the Republic of Kazakhstan needs innovations while preserving rights both consumers and providers of health care services.

## 2 Overview

### 2.1. HEALTH SECTOR PROBLEMS

In Kazakhstan, women of reproductive age from 15 to 49 years are socially vulnerable because of low income and lack of access to quality services on prevention and treatment of diseases with reproductive nature, which are provided mainly in the private health facilities on a fee basis.

Limited access to services and the general level of awareness of reproductive health issues illustrated by the following statistics:

- Extremely high index of maternal deaths during childbirth;
- Low level of condom use;
- Relatively high rates of abortion;
- Increased incidence of diagnosis of breast and cervical cancers.

Quality reproductive health services are not available to all, as provided in the private health care on a fee basis. The costs of these services are quite high. All private clinics are concentrated in urban areas. Thus, the distanced localization of private clinics is also one of important obstacles on the health system map.

Taking into account all of the above, the lack of access to health services is determined as urgent **problem #1**.

The public health sector, the country inherited as a Soviet legacy, has historically developed a vertical hierarchy, with the transfer of management authority to local levels. As a result, municipal authorities use the state budget as the main source of funding.

In a growing economy and development of the country, limited funds are allocated for the public health sector. Public health sector specialists are overloaded and are paid extremely low. All this affects the quality and efficiency of their work because of low motivation. According to statistics, nominal salaries in the public health sector is on average \$450 per month. According to the study, only 46 %

of the population indicated satisfaction with the quality of medical services provided by the state.

Health departments are subordinate to local municipalities. The relevant funds are calculated based on indexes of population living in exact region. Thus, funds are available only for citizens of Kazakhstan who are registered and have IDs or national passports. Representatives of vulnerable groups who are living in Kazakhstan and do not have registration (labor migrants and their families) are not allowed to have access to the services existing in state health clinics.

Taking the above-mentioned facts into account, the lack of access to health services provided in state health clinics for vulnerable populations is determined as urgent **problem #2**.

Private health sector operates through self-sufficiency and their profits, so the interest of clinics in capacity enhancement is obvious and undeniable. However, the process of increasing the capacity of a single private health clinic depends on many factors including the high transaction costs, lack of effective management, quality control system services, etc.

All these facts are linked to the **problem #3**: limited private clinics' opportunities.

## 2.2 THE PROPOSED SOLUTION

Central Asian branch of Population Services International proposes the social franchising model in private health sector as an option to establish fare access to reproductive health services for vulnerable women in reproductive age. This option is based on PSI's global experience in South Asian and African countries.

PSI considers piloting the model as project on the territories of Republic Kazakhstan, Republic of Tajikistan, Kyrgyz Republic within the current projects funded by US Agency of international development in Central Asia.

The master thesis is focused on the context of the Republic of Kazakhstan, since the basic studies were conducted among private clinics located in Almaty city.

The voucher referral system is recognized in many global social projects.

The holder of the voucher is referred to the appropriate private clinics in Almaty, which are unified into a single branded network.

Private clinic, in turn, provides services to the holder of the voucher at a discount (70%). Vouchers are distributed by social workers to potential customers. Social workers conduct informational and educational work among the target group, creating demand to receive medical services. Informational and educational unit of the model, aimed at changing the behavior of a potential customer from risky to safety, is an important part of social franchising marketing model.

All vouchers have registration number and are unique. Thus, there is no way to receive repeated services under same voucher. When a client is in a particular private clinic, the registration number of the voucher is entered into the database. If the voucher is already in there, the system indicates this fact.

The model will cover around 7-10 private clinics located in Almaty city. Association of private clinics in a network

will provide overall marketing costs, which significantly reduce the level of operating expenses for marketing activities based on one clinic. All clinics which will be united into a network will position its activities through a single brand "Ana" and slogan. Thus, it will provide a worldwide brand awareness among the target group.

Section of quality control is the main technical aspect of the model. The model will be funded by international donors, representatives of the business environment, including pharmaceutical companies.

Target groups:

- Clients, or women of reproductive age from 15 to 49 years living in Almaty city and the surrounding neighborhoods, socially disadvantaged due to low income and low awareness of the risks. Clients will get access to high quality medical services at affordable prices;
- Private clinics located in Almaty city, which have license to provide health care services. Due to the model private clinics will be able to increase the capacity and profits. The clinic will also have the opportunity to improve administrative management, implementation of the marketing plan in the operations, the use of new IT technologies, as well as the introduction to the methods of monitoring the quality of services.

Roles of participants:

- *Medical staff* of the private clinic will provide high quality services with reproductive nature based on social franchising model and referral system;

- *Franchisor (PSI)* will unify private clinics into one network with same brand and slogan, unified strategy and innovative approaches. Franchisor will ensure access to high quality services with reproductive nature for targeted women.

- *Franchisee (private clinics)* will satisfy the need in health services through the equal access to services.

## 2.3 RESEARCH METHODOLOGY

To better estimate the possibility of social franchising model and the level of demand for it, PSI team has decided to conduct research study for internal use.

*The goal.*

The survey aimed to collect information about current situation in the private health sector in Kazakhstan, based on the private clinics of Almaty city. Particularly, the accent was made on the package of services for women of reproductive age, the price, the motivation of clinic staff members and the problems they face on the way to success.

*The question.*

«Why the private health sector in Kazakhstan is not involved into solution of limited access to services among vulnerable women of reproductive age?»

*The hypothesis.*

The private clinics would be interested to participate in the process of improving access to health services among vulnerable women of reproductive age by entering social franchising network under one brand and unified standards.

*The Object.*

The private clinics of Almaty meeting PSI selection

criteria.

#### *The Subject.*

The willingness of private clinics to participate in the social franchising model to improve access to services among vulnerable women of reproductive age.

#### *The Methodology.*

In-depth Interview and Focus-Group have been chosen as the main methods of the research. In the opinion of the author this methodology offers an accurate assessment on the feasibility of social franchising in Kazakhstan.

*In-depth interview* assumes individual interview with a person in open dialogue, asking the direct questions. Interviewer is interested in respondent's opinion on this or that question, determines his habits, etc. Usually this method is used to observe inside emotions, when the confidential information about the social norms is needed.

*Focus-Group* is a group discussion of a particular subject. The biggest value of this method is that participants feel free to answer questions in a friendly and comfortable atmosphere. The disadvantage is that the participants can influence each other.

The information have been drawn from a range of sources including official government publications, reports from multilateral organizations and development partners present in the region, academics and original research.

Author has conducted dozens of in-person interviews with private and public sector gynecologists, proctologists, clinic administrators, health business professionals and doctors. These visits were an essential part of information gathering activities for this research, as they provided with a first-hand understanding of the status in the private sector. They also served the dual purpose of deepening PSI Central Asia's existing health sector relationships and building new relationships with potential franchisees. On-staff gynecologists and doctors in PSI Central Asia offices have also provided advising during the survey.

### 3 Results

#### 3.1 RESEARCH RESULTS

From September to December 2014, 40 small-medium private clinics have been identified that offered family planning services in Almaty city.

Author conducted long-form in-person interviews with seven of the identified providers. Information gathered from the interviews was condensed into the clinic profiles attached to the thesis.

These profiles were meant to give a snapshot of the type of providers social franchise is interested in collaboration with.

In the Master's thesis, the results of the interviews were presented in a form of a story for the better perception.

The results of research showed that there is significant potential to operate social franchises successfully in Almaty.

The new strategy design for private health sector development is a unique chance to transfer from a soviet model characterized by vertical and hierarchical systems of care to innovative model developed to make the healthcare services in Kazakhstan sustainable and institutionalized, particularly, the reproductive health services.

This innovative model assumes the application of social

marketing and Private Public Partnership (PPP) methodologies as a collaboration of government and business units to stand against social problems such as the limited access to the health services among women of reproductive age.

Taking into account low funding level from government the diversification of such methodologies during the strategic development of the private health system is the most effective operational approach as of today.

The strategy aimed on developing of unified social franchising model should be based on detailed data analysis during the research.

STIP (Science, Technology, Innovation and Partnership) approach should become a cornerstone of the newly created operational platform for private clinics. The tools that could be adapt to the fluctuating environment factors is the crucial central point in the strategic planning process, thus the start-up will require technical analysis, supportive supervision and accurate data management.

#### 3.2 CONCLUSIONS AND RECOMMENDATIONS

Current barriers and obstacles, which were found during the research, will be solved through application of technical pack of services. There is a task to develop operational, strategic and business plans with elements of social marketing including innovative approaches and global experience to increase capacity of clinics' staff members on stigma and discrimination.

Finding 1. There is a need to improve technical capacity of private clinics through application of social franchising model.

In accordance with study results technical capacity of private clinics remain on a very low level. Only 14% of respondents inform on electronic surveillance on disease cases. In any other cases clinics continue to use hard copies of archives. All respondents agrees that there is a need to improve technological base of a clinic through application of new IT technologies. However current situation of private clinics in the environment of undeveloped business appear to be an essential obstacle for wider inclusion of modern international techniques of business development.

#### Recommendation.

The model of social franchising will allow applying electronic surveillance systems, to computerize client's archives, to establish electronic individual packages with information for every client (disease story, treatment schemes, dates of latest contacts, etc.).

Another innovative way to applicate the social franchising model into operational structure of private clinics will also allow further use of global PSI experience in social franchising (SMS communications with clients). This approach will illustrate technical readiness to apply technological innovations in the sphere of social support towards the vulnerable groups.

Finding 2. There is a need to increase client's turnover to increase profit.

In accordance with study results, most clinics expressed high interest in increase of client's turnover.

«Our clinic serves around 400 clients at average. We are interested in increase of client's turnover».

«Our clinic is in high need to increase client's turnover»

*«We wish to increase client's turnover, but we can't make it happen due to low capacity of staff».*

Recommendation.

The application of social franchising model will allow to increase client's turnover through strengthening of medical package of services for vulnerable women living in Almaty city. The package will contain reproductive health services, including antenatal services, consulting on family planning, services on detection of cervical and breast cancers, additional services, etc.

Finding 3. Low capacity of medical staff is another obstacle to develop private business in health sector. Most respondents informed that medical personnel didn't attend any trainings during last 5 years.

*«Our clinic is very interested to provide opportunity of trainings for our staff, but we don't have enough funds to support this».*

*«Noone in our team participated in trainings during last 2 years».*

Restriction in funds remains to be one of the main obstacles to provide opportunity for medical staff to participate in professional trainings.

Recommendation.

The application of social franchising model on reproductive health will ensure strengthening of professional capacity of medical staff of private clinics through provision of trainings on reproductive health and family planning issues and informational materials and access to web resources.

Finding 4. There is a need on application of strategic and business planning to improve operational structure of private clinics.

Respondent's answers showed the absence of strategic planning in operational structure of private clinics. Clinics are not supported by marketing plans. Only one clinic informed on using the on-line recourses. Maximum Marketing budget which was mentioned within questionnaires' is 150 US dollars/per month. There is lack of skills in strategic planning, HR and funds.

Recommendation

The application of social franchising model includes development of strategic plans with environmental analysis within the geo locations of private clinics, social and economic factors, national strategies and competitors, fund recourses, etc. The model contains a SWOT and PEST analysis.

This stage fully depends on teamwork with dissemination of roles and functional responsibilities for every team member. The model contains the decision-making schemes based on timely involvement of technical specialists and consultants.

Strategic planning process is a milestone to develop network of private clinics unified under common brand and slogan with application of classic and social marketing tools, innovative technologies and environmental analysis (PEST, SWOT, STIP). This process should be supported by effective partnership between state and private health sectors of Kazakhstan. There is a need to apply modern PR technologies with effective advocacy plan.

Finding 5. There is a need to improved corporate social responsibilities (CSR) of private clinics.

The social vector of the model is oriented to vulnerable women of reproductive age. There is a social model with elements of social marketing.

Recommendation.

Clinics which will participate in our model should work hard on their CSR.

#### 4 Conclusions

The main hypothesis of this dissertation sounds as follows: «Why private health sector of Kazakhstan doesn't equally participate improving of access to health services (prevention and treatment) among vulnerable women of reproductive age?». The master thesis determined main barriers and obstacles to active participation of health private sector in solving social issues in Kazakhstan.

The main obstacle is undeveloped private health sector with absence of clear strategy of private health sector for further transformation of new strategies from old "soviet" systems to innovative modern systems aimed to sustainability and institutionalization, particular in the sphere of reproductive health. Lack of funds appears as another obstacle in the sector development. In the conditions of low funding the diversification of strategic methods of business planning will be the only operational tool to improve the sector.

Also, undeveloped innovative tools don't support the sector development process. Innovations in science, technology, information and partnership (STIP) will help to strengthen operational structures of private clinics. All systems should be adaptable to local environments.

Another huge obstacle in the health sector development is lack of human resources and lack of access to global information and tendencies.

The social franchising model will propose new modern strategic mechanisms to manage the sector together with innovative technologies and marketing tools. All these factors will influence the client's turnover and overall profit.

The model's application will also increase capacity of medical staff of private clinics through the training programs, provision of informational materials and access to web recourses.

The model's application contains the development of strategic plans, which will allow the clinics to act as a transparent and relevant mechanism.

Clear advocacy, positioning statements, strong partnerships will be main conditions of smart strategic planning process.

Study results illustrates the readiness of country health sector to wider the potential of smart corporate social responsibilities. However there is obvious evidence which remains an obstacle to further sector development in social directions with lack of access to services for vulnerable women of reproductive age.

Author of the master thesis proposes the application of social franchise model to further development of corporate social responsibility of private health sector as a decision option to improve reproductive status of socially vulnerable women of reproductive age living in Almaty city (Republic of Kazakhstan).

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