

THE FUTURE OF PUBLIC HEALTHCARE MANAGEMENT: FROM THE BUREAUCRATIC MODEL TO THE SERVICE ECOSYSTEM LOGIC

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Abstract

This article aims to explore the transformation of public healthcare management paradigms from a bureaucratic model to a service ecosystem logic. This conceptual approach critiques the traditional bureaucratic model that positions hospitals as administrative institutions and patients as passive service recipients. Through literature analysis and theoretical reflection, this study formulates a conceptual framework for hospital management based on a public value ecosystem. The findings suggest that implementing a service ecosystem logic requires reorienting hospitals' roles as collaborative nodes connecting doctors, patients, communities, local governments, and private sectors in the co-creation of health value. The theoretical contribution of this article lies in reconceptualizing hospitals as collaborative ecosystems that sustainably generate public value. Practically, the study provides a new direction for Indonesia's public healthcare management to develop adaptive, inclusive, and socially oriented service systems.

Keywords: public service management; hospital management; service ecosystem; public value; healthcare innovation

Abstrak

Artikel ini bertujuan mengkaji transformasi paradigma manajemen layanan kesehatan publik dari pendekatan birokratis menuju logika ekosistem layanan (service ecosystem logic). Pendekatan konseptual ini berangkat dari kritik terhadap model birokratis yang menempatkan rumah sakit sebagai lembaga administratif semata dan masyarakat sebagai penerima layanan pasif. Melalui analisis literatur dan refleksi teoretis, artikel ini memformulasikan model konseptual pengelolaan rumah sakit berbasis ekosistem nilai publik (public value ecosystem). Hasil kajian menunjukkan bahwa penerapan logika ekosistem layanan menuntut reorientasi terhadap peran rumah sakit sebagai simpul kolaborasi lintas aktor, melibatkan dokter, pasien, komunitas, pemerintah daerah, dan sektor swasta dalam proses co-creation of health value. Kontribusi teoretis artikel ini terletak pada konseptualisasi ulang rumah sakit sebagai ekosistem kolaboratif yang menciptakan nilai publik secara berkelanjutan. Secara praktis, temuan ini memberikan arah baru bagi industri dan manajemen layanan kesehatan publik di Indonesia dalam membangun sistem layanan yang adaptif, inklusif, dan berorientasi kesejahteraan sosial.

Kata kunci: manajemen layanan publik; rumah sakit; ekosistem layanan; nilai publik; inovasi kesehatan

INTRODUCTION

Public healthcare institutions in Indonesia are currently at a critical crossroads of managerial paradigm transformation. For decades, regional public hospitals (RSUD) and community health centers (puskesmas) have operated under a bureaucratic logic characterized by hierarchical structures, procedural rigidity, and administrative control (Denhard, 2015). The Weberian rationality that emphasizes efficiency and compliance once served as the backbone of stability for the public health system. However, amid increasing societal complexity, rapid digital transformation, and growing public

demand for participatory governance, the bureaucratic model has begun to reveal its limitations (Yuliani et al, 2021). Health services that remain overly focused on administrative structures often lose their essential purpose: to create meaningful health value for society.

This phenomenon marks a legitimacy crisis in public sector bureaucracy; a crisis not rooted in weak regulation, but in a paradigmatic mismatch between rigid governance mechanisms and dynamic public needs (Bevir, 2013). Public health bureaucracy continues to perceive patients merely as service recipients rather than as collaborative partners in the co-creation of health value. Consequently, healthcare delivery often culminates in procedural compliance rather than genuine public value creation. The COVID-19 pandemic has made this discrepancy even more evident, demonstrating that the success of healthcare systems depends not on rigid hierarchy but on their capacity to network, adapt, and innovate across sectors; a logic entirely different from the classical bureaucratic paradigm.

Recent developments in public management theory reveal a significant epistemological shift: from New Public Management to Public Service Logic (Osborne, 2018) and Service-Dominant Logic (Vargo & Lusch, 2004). Within this emerging paradigm, public organizations are no longer conceived as isolated service providers but as integral components of a public value ecosystem involving multiple actors (health professionals, bureaucrats, patients, communities, and digital technologies), who collaboratively generate health value (Moore, 2019; Ancarani & Mauro, 2018). This transformation requires a new mindset: hospitals should no longer be viewed as administrative centers of service provision but as nodes within an evolving ecosystem of interaction, learning, and innovation.

The novelty of this conceptual article lies in its reflective and theoretical articulation of a public healthcare management model grounded in Service Ecosystem Logic (SEL) (Vargo & Lusch, 2016; Osborne et al, 2015). It reconceptualizes public healthcare institutions as value orchestrators; entities that not only deliver services but also facilitate the co-creation of public health value (Prahalad & Ramaswamy, 2004). Under this framework, hospitals and community health centers are understood as components of an open social system in which health value emerges through collaborative interactions among actors, resources, and shared meanings.

The contribution of this article is multidimensional. For the healthcare industry, the concept of a public service ecosystem provides a strategic orientation for developing more adaptive, innovative, and human-centered hospitals and health centers (Bryson, Crosby & Bloomberg, 2015). It promotes the integration of digital technologies, medical empathy, and patient participation into a unified system of health value creation. For public service managers and policymakers, this article offers a conceptual framework to transform regional hospital governance from administrative compliance toward cross-sector collaboration (Sørensen & Torfing, 2021). The ecosystem paradigm underscores the importance of trust networks and coordination among bureaucrats, medical professionals, communities, and the private sector in achieving sustainable public value in health services.

For academics, this article expands the theoretical horizon of public management by bridging two previously distinct traditions: bureaucratic administrative logic and service-dominant management logic. Integrating these perspectives opens a new avenue for developing theories of value-oriented and collaborative healthcare governance. Thus, this paper not only provides a conceptual reflection but also delineates future empirical research directions on how public value ecosystems can be realized within Indonesia's healthcare context.

Ultimately, the future of public healthcare management will not be determined by how strongly bureaucracy maintains its structure and procedures, but by how effectively health institutions cultivate ecosystemic capacity; the ability to connect knowledge, trust, and compassion into a living orchestra of public value. It is within this ecosystemic logic that the future of public healthcare finds its renewed meaning; not as an administrative machine, but as a collaborative space for the creation of human-centered value.

METHOD

This article employs a conceptual–reflective approach that focuses on developing a new theoretical framework for understanding the transformation of public healthcare management (Jaakkola, 2020). Rather than testing empirical hypotheses, this approach aims to synthesize existing theories, prior empirical findings, and the contextual realities of Indonesia's public health governance to propose a new conceptual model: the Public Healthcare Service Ecosystem Model (PHSEM).

The conceptual methodology follows the tradition of theory-building through synthesis (Whetten, 1989; Jaakkola, 2020), wherein theoretical construction proceeds through three key stages: (1) identifying conceptual and empirical gaps in the public service management literature, (2) integrating relevant theoretical perspectives, particularly Service-Dominant Logic (SDL) and Public Service Logic (PSL), and (3) formulating conceptual propositions that explain the interrelationships among elements of the public healthcare service ecosystem.

The first stage involves a critical review of the public healthcare management literature in Indonesia and globally, including studies on healthcare bureaucracy reform (Denhardt & Denhardt, 2015), regional hospital governance (Yuliani et al., 2021), and the practices of co-production and co-creation in public services (Osborne, Radnor & Strokosch, 2016). The analysis reveals that most studies remain grounded in bureaucratic rationality, which positions citizens as policy objects rather than as value partners.

The second stage integrates the conceptual frameworks of Service-Dominant Logic (Vargo & Lusch, 2004) and Public Service Logic (Osborne, 2018) within an ecosystemic governance perspective (Osborne & Strokosch, 2013). This synthesis produces a new understanding: hospitals and community health centers are not merely service-providing organizations but components of an open social system that facilitates value co-creation among state actors, medical professionals, communities, and digital technologies. Within this logic, public value is not created unilaterally by bureaucracies but emerges through collaborative interactions among multiple actors within the service ecosystem (Nabatchi, Sancino & Sicilia, 2017).

The third stage, the formulation of the conceptual model, maps out the key components of the Public Healthcare Service Ecosystem Model (PHSEM), which include: (a) ecosystem actors (local governments, health professionals, communities, private sector, and digital technologies); (b) mechanisms of interaction and value exchange (Trischler & Scott, 2016) and (c) public value outcomes (Voorberg, Bekkers & Tummers, 2015), such as improved quality of life, equitable access, and sustainable service innovation. This model is proposed as a foundation for designing policies and organizational architectures that are more adaptive to social complexity and the dynamic needs of citizens.

From an epistemological standpoint, this conceptual approach adopts an interpretive-critical paradigm, which views public service management as a socially constructed and meaning-laden phenomenon rather than a purely technocratic system. Accordingly, theoretical reflection in this article is directed toward challenging conventional assumptions of bureaucratic rationality and proposing an alternative form of governance rooted in collaboration, shared value, and human-centered principles.

Thus, the conceptual methodology employed in this article serves not merely as a tool for literature synthesis but as a dialogical space for theoretical advancement, bridging the gap between theory and practice in public healthcare management. This approach is expected to serve as a foundational reference for future empirical research, including case studies on regional hospitals, analyses of collaborative health policies, and explorations of digital public health ecosystems in Indonesia.

RESULT AND DISCUSSION

The primary outcome of this conceptual synthesis is the formulation of a theoretical framework termed the Public Healthcare Service Ecosystem Model (PHSEM); a conceptual model that reinterprets public healthcare management as a value ecosystem oriented toward collaboration, adaptiveness, and the co-creation of public value (Osborne, Radnor & Nasi, 2013).

This model emerges from the integration of principles derived from Service-Dominant Logic (SDL) (Vargo & Lusch, 2004) and Public Service Logic (PSL) (Osborne, 2018) within the context of public healthcare governance in Indonesia. In this approach, regional public hospitals (RSUDs), community health centers (puskesmas), and other public healthcare institutions are no longer perceived merely as isolated service-providing organizations, but rather as open social systems that orchestrate health value through dynamic interactions among actors and resources.

1. **Paradigm Shift: From Bureaucracy to Value Ecosystem.** The analysis of literature and theoretical reflection reveal an urgent need to shift the paradigm of public healthcare management from a bureaucratic model to a service ecosystem logic. The traditional bureaucratic model emphasizes hierarchical control, procedural compliance, and administrative efficiency. However, such logic is

insufficient to address the growing complexity of social relationships, technological integration, and the modern public's expectations for healthcare services that are fast, empathetic, and participatory. Under the ecosystem logic, public value is no longer created unilaterally by the state but through co-production and co-creation among medical professionals, bureaucrats, patients, local communities, and private-sector actors. Each actor functions as a resource integrator and value contributor (Osborne et al., 2013; Voorberg et al., 2015). The COVID-19 pandemic served as the most concrete evidence that the success of a healthcare system depends on cross-actor coordination rather than mere adherence to formal bureaucratic procedures. Accordingly, the PHSEM introduces the fundamental principle that ecosystemic capability (the ability of public institutions to manage interactions and value exchanges among actors) is the key factor for ensuring the sustainability and resilience of public healthcare management in the future.

2. **Core Dimensions of the PHSEM.** Based on the conceptual synthesis, the Public Healthcare Service Ecosystem Model (PHSEM) consists of three interrelated and dynamically interacting dimensions: (a) **Ecosystem Actors and Networks.** This dimension includes local governments, healthcare professionals, civil society organizations, academics, private sectors, and patients. Each actor serves as a resource integrator, contributing distinct knowledge, experiences, and social values to the healthcare system. Hospitals, therefore, function not as single authorities but as value orchestrators; ensuring balanced and synergistic value interactions within the ecosystem (Lusch & Vargo, 2014); (b) **Value Exchange Mechanism.** In public healthcare services, value is no longer measured solely by administrative efficiency but also by patient experience, public trust, and social impact. Value exchanges occur through cross-sector collaboration, digital innovation (such as telemedicine and integrated patient data systems) (Dunleavy et al., 2006; Trischler, Dietrich & Thiele, 2019), and community participation in disease prevention and health promotion initiatives; (c) **Public Value Outcomes.** The ultimate goal of this model extends beyond service satisfaction toward the creation of sustainable social value, a society that is healthy, equitable, and resilient. Public value here refers to collective well-being, the result of co-creation processes that integrate dimensions of efficiency, equity, empathy, and environmental sustainability (Bryson et al., 2013; Moore, 2019). These three dimensions are interconnected through continuous feedback loops, enabling the public healthcare ecosystem to function as a learning and adaptive system rather than a static structure bound by rigid rules.
3. **Theoretical and Practical Implications.** From a theoretical perspective, this conceptual research enriches the discourse of public management by integrating Service-Dominant Logic (SDL) and Public Value Governance within the context of public healthcare (Alford & O'Flynn, 2021). The PHSEM broadens the understanding of how public value can be collaboratively created in complex and dynamic service systems. It also offers a foundational framework for future empirical research, such as case studies of regional public hospitals that have implemented collaborative governance models. From a practical standpoint, this conceptual framework provides several key implications: (1) For healthcare institutions, the model encourages a cultural transformation from a rule-based organization to a value-based organization. Hospitals and community health centers must strengthen mechanisms for collaboration, open communication, and cross-professional learning; (2) For policymakers, the PHSEM offers a framework to design ecosystem-based health policies, where the success of public services is not measured merely by administrative indicators (such as Bed Occupancy Rate or patient volume) but by how cross-actor collaboration generates social health value (Skålén et al., 2015); (3) For academics and researchers, the model opens new horizons for interdisciplinary research that integrates public management, organizational sociology, and health studies, shifting the research paradigm from institutional efficiency toward meaningful public value creation.
4. **Reflections and Implementation Challenges.** Despite its significant potential, implementing the service ecosystem logic in public healthcare management faces notable challenges. Bureaucratic resistance, institutional fragmentation, digital illiteracy (Yuliani et al., 2021), and top-down organizational cultures can hinder effective cross-sector collaboration. Therefore, this transformation demands collaborative leadership (Sørensen & Torfing, 2021); leaders capable of bridging interests, fostering trust, and creating dialogic spaces among actors within the healthcare system. Moreover, the transition toward an ecosystemic logic necessitates a redefinition of performance assessment systems. Indicators of success for hospitals and community health centers should include aspects of

collaboration, social innovation, and public satisfaction, rather than focusing solely on budgetary or procedural efficiency (Bryson et al., 2013). Only through such a shift can authentic public value be realized. Through this framework, the future of public healthcare management can be envisioned not as a closed administrative mechanism, but as an open, collaborative, and human-centered social process. This represents a turning point toward a form of public health governance that is not only systemically efficient but also morally and socially relevant.

CONCLUSION AND RECOMMENDATION

The paradigm transformation of public healthcare management from a bureaucratic model to a service ecosystem logic represents a strategic step in addressing the increasing complexity of modern healthcare systems. Within this new logic, public value is no longer created unilaterally by bureaucratic authorities but emerges through collaborative interactions among diverse actors within an adaptive, open, and participatory value ecosystem.

The conceptual model proposed in this article (the Public Healthcare Service Ecosystem Model (PHSEM)) offers a novel lens through which hospitals, community health centers (puskesmas), and public health institutions are reinterpreted not as mere administrative instruments but as collaborative platforms for the co-creation of public health value. In this framework, bureaucracy is not abolished but repositioned: from a central controller to a value orchestrator that facilitates interaction, innovation, and mutual learning across actors.

From a theoretical standpoint, this article contributes significantly to the advancement of public management and healthcare studies. First, by integrating the Service-Dominant Logic (SDL) and Public Service Logic (PSL) frameworks, it expands the epistemological horizon of healthcare governance (Moore, 2019); from the paradigm of bureaucratic rationality toward a paradigm of collaborative public value creation. Second, the PHSEM enriches the discourse on public value governance by emphasizing the role of social networks, trust, and digital technologies in shaping sustainable health value creation (Osborne et al., 2015; Vargo & Lusch, 2016).

From a practical perspective, the model provides a conceptual foundation for institutional reform in Indonesia's public health sector. Regional public hospitals (RSUD) and community health centers can begin to design ecosystem-based service systems by fostering cross-professional collaboration, strengthening community participation, and leveraging digital technologies to enhance service access and transparency. Consequently, the future success of public health institutions will depend on their ecosystemic capability; the ability to dynamically orchestrate resources, knowledge, and social value to achieve meaningful public health outcomes.

For policymakers, the model conveys a strategic imperative: public health bureaucracy must shift from a narrow focus on administrative accountability to one of collaborative accountability. Regulations and performance evaluation systems should therefore not only measure procedural efficiency but also assess the extent of collaboration, innovation, and social impact produced by public healthcare services.

For academics, the PHSEM opens broad avenues for future empirical research. Empirical studies may test the model's validity through multi-case analyses of various public hospitals and community health centers, or through qualitative investigations of cross-sector collaboration dynamics in ecosystem-based healthcare implementation. Likewise, action research can explore how shifts from bureaucratic to collaborative organizational cultures influence patient satisfaction, institutional trust, and overall organizational effectiveness.

Reflectively, the future of public healthcare management will depend on its ability to balance two seemingly opposing dimensions: bureaucratic stability and ecosystem agility (Alford & O'Flynn, 2021). The challenge is no longer merely how to regulate, but how to create value; not simply how to execute procedures, but how to embody human meaning in service.

Thus, the vision of public healthcare in this new era transcends administrative efficiency and moves toward collaborative humanity; a form of governance that not only heals the body but also nurtures the social ecosystem in which human beings live, connect, and cultivate shared values of life.

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