

# VALUE PERCEPTIONS IN VALUE CO-CREATION IN HEALTHCARE SERVICE DELIVERY AT THE MICRO LEVEL: IMPLICATIONS FOR THEORY AND PRACTICE

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## ABSTRACT

The increasing awareness that value creation lies in the patient's sphere, which is facilitated by the relationship between the provider, has consequences for the approach to service delivery. Using a phenomenological approach, this study furthers our understanding of actor value perceptions on value co-creation in the focal doctor-patient dyad. The value perceptions of the patient examined in this study reveal an experiential nature, which is further analysed to show how this is exchanged between the doctor and patient. The findings suggest that patients' value perceptions are linked to their experiences in the consulting room, whereas doctors primarily consider the functional value. In order to create value for patients, providers need to understand current trends in patient behaviours and attitude during healthcare consultations. Further, they should adopt an approach that engages with these behaviours, resulting in positive experiences.

## KEYWORDS

Value, Healthcare, Value Co-Creation, Service-Dominant Logic

## INTRODUCTION

Value has been a prime concern of many in the marketing and service management literature (Gronroos and Voima, 2013; Gummesson et al., 2010; Ng and Smith, 2012). Although the concept of value has received much credence in both academia and practice, it still remains difficult to define, measure and understand (Geraerdt, 2012; Sanchez-Fernandez and Iniesta-Bonillo, 2007). Therefore, it is essential to understand actor value perceptions considering the "changing micro-level value constellations" (Ng and Smith, 2012). Lovelock (2001, p. 19) defined value as "the worth of a specific action or object relative to an individual's (or organisation's) needs at a particular point in time, less the cost involved in obtaining those benefits". More recently, Vargo and Lusch (2008, p. 7), in their service-dominant logic (SDL), claimed that "value is always uniquely and phenomenologically determined by the beneficiary", and is co-created as actors interact to integrate resources (Lusch and Vargo, 2014). As value is uniquely determined and assessed by the beneficiary, Aarikka-Stenroos and Jaakkola (2012) note the possibility of value conflicts between providers and customers in service encounters. They assert the critical nature of managing value conflicts in service encounters, where different value perceptions might lead to failures in respect to service outcomes. Hence, understanding the effects of actor value perceptions and possible implications in co-creation is imperative.

During value co-creation, La Rocca and Snehota (2014) underscore the importance of understanding the value perceptions and expectations of actors prior to, during and after clinical encounters. This research engages in a highly focussed investigation of the respective value perceptions of the doctor and patient in a healthcare context. It does this at the micro level by examining the doctor-patient encounter level. In light of this, the study aims to understand the value needs of each actor. The remainder of the paper is organised as follows. The extant literature on value is reviewed, followed by the methodology. The findings of the study are presented, which is also followed by the discussion and implications.

## LITERATURE REVIEW

The concept of value has been discussed in the literature in various ways. The traditional definition of value, relating to the ownership of goods or "perceived trade-off between benefits and sacrifices within relationships" (Blocker, 2011, p. 534), assumes that value is embodied in products and services. Value is "linked to a sequence of uncovering the needs, devising solutions, producing solutions and transferring these solutions to customers in exchange for something else" (La Rocca and Snehota, 2014, p. 4). Hence, value is influenced by benefits, as perceived by the customer, and the consumption situation (Hennig-Thurau et al., 2002). Similarly, Holbrook (2006, p. 212) defined value as an "interactive relativistic preference

experience". This implies that experience defines what is valuable to the customer, and not the purchase. Both Holbrook's and Vargo and Lusch's (2008) conceptualisation of value consider the importance of customers as value co-creators. This is also evident in the changing role of the customer in value co-creation, from passive to proactive subjects (McCull-Kennedy et al., 2012). Ng and Smith (2012) note that, value is determined by the customer and co-created with the firm at a given time and context. Given that value is not only achieved by the object but is always connected to the subject, its context presents relevant implications (Ng and Smith, 2012). This also suggests that value is dependent on the "subject's knowledge, understanding and perception of the consequences, and that decisions are based on expected value consequences" (La Rocca and Snehota, 2014, p. 4). Taking into account the relational perspective in service provision (Storbacka and Nenonen, 2009), it is observed that value originates from different facets of the provider-customer relationship, rather than being merely embodied in the product or service (La Rocca and Snehota, 2014). This suggests that, some value outcomes emerge during the service consumption, which is also evident when actors reflect on the activity or service provided and received (Gummerus, 2013). Gummerus (2013, p. 30) argues that, outcome determination is considered phenomenological and experiential, relating to a "beneficiary's feeling, thinking, wanting, sensing, imagining, and acting". Hence, value could be assessed or determined based on the perceived service outcomes. Following these arguments, value for both subjects in the encounter reflects their cognitive elaboration and perceptions (Gronroos and Voima, 2013). Hence, the value created and assessed by the customer might be different from that of the provider.

#### Value perspective in healthcare

The wellbeing of individuals or the population is considered the key value of providing healthcare (WHO, 2000). Value in healthcare is defined as the health outcome achieved relative to cost (Porter, 2010), with the patient conceptualising value as the evaluation of perceived benefits against sacrifices (Lovell, 2001). Porter's definition aligns with the economic dimension of value (Holbrook, 2006). However, as healthcare differs from traditional business sectors (Young and McClean, 2008), it may be more appropriate for value to be examined from the experiential perspective (Zainuddin et al., 2011). Value may be influenced by the nature of service delivery, which is appropriate, considering the complexity of the patient-professional relationship, the asymmetry of knowledge and patient vulnerability (Young and McClean, 2008). Considering recent conceptualisations of value, which is argued to be determined by the consumer through value-in-use (Lusch and Vargo, 2014), greater attention is needed towards collaborative value creation with the patient (Aarikka-Stenroos and Jaakkola, 2012). It is worth noting, individual's needs and preferences often change the dynamic and structure of the value co-creation process as outlined in other conceptualisations (e.g. Aarikka-Stenroos and Jaakkola, 2012; Payne et al., 2008; Storbacka and Nenonen, 2009). Hence, the need to understand how patients and doctors perceive value is imperative in co-creation.

#### METHODOLOGY

To understand value perceptions in healthcare service delivery at the micro level, a phenomenological approach was followed. Phenomenological research is considered useful when exploring respondents' perceptions of a phenomenon or concept, and how they make sense of the concept, for example, value experiences (Helkkula et al., 2012). A number of studies have examined customer perceived value from an objective perspective using a quantitative approach (e.g., Mathwick et al., 2001). However, considering the subjectivity of value, it is important to adopt a phenomenological approach that will help illuminate or project the actual value experiences of patients and doctors (Helkkula et al., 2012).

Following the phenomenological approach, semi-structured depth interviews were conducted with 24 outpatients and 8 doctors who were purposively selected from two hospitals in Ghana. The interviews explored their encounter experiences in the consulting room and perceptions of value, and how these influence the overall value created. Respondents were interviewed after receiving ethical approval from the author's academic institution and the health authorities in Ghana. Considering the dyadic nature of the study, doctors were first recruited and interviewed,

followed by interviewing three outpatients seen by each doctor. On average, each interview lasted about 45 minutes. Interviews were audio-recorded with the permission of the respondents and later transcribed and analysed. Data analysis in this study was conducted following verbatim transcription of the interviews, and then thematic coding was employed to reveal the value perceptions of doctors and patients during consultations.

## FINDINGS

Responses from the interviews revealed a number of perceptions of how the parties in the dyad perceive value. In some cases, there were common underlying features. It is worth noting that in this context, value is co-created but evaluated differently, and so, determined uniquely by the beneficiary at different points in the encounter. From the study, the actors expressed similar and divergent views about what they consider as value. Data analysis identified five main themes underlying the value perceptions of the involved actors: 1) care delivery approach, 2) involvement of actors in the decision-making process, 3) service outcomes, 4) beliefs and perceptions of actors, and, 5) functional units within the facility.

### Care delivery approach

Respondents noted the importance of the approach to care during clinical encounters. Patients held the view that the approach to delivery needs to take into consideration the doctor's social skills, the nature of interactions, and the demonstration of competence on the part of the doctor. These constitute some of the factors that influence perception of value, and are exemplified in the following extracts from the interviews:

*I expect to actively participate in the consultation, which is partly dependent on the interpersonal skills of the doctor. So the nature of interactions in the consulting room is essential, and therefore, when these are denied, I leave the consulting room not happy and not having my goals achieved, which sometimes even affect my compliance. [40-year old patient]*

*...I value the consultation very much because what happens there has some inherent effects on me as I mentioned of the emotional healing process, which gives me some level of relief even before I get home... [58-year old patient]*

Doctors also acknowledged the importance of the approach to care delivery. However, they do not consider it as an influence on their value perceptions. While patients considered approach to care important in their value assessment, this is not entirely the case for doctors.

*During the consultation, I expect the patient to be actively involved, share detailed information to enable me do the right diagnosis, and prescribe the right drugs to the patient. Though it is one of the goals but not absolute. [Doctor F<sub>1</sub>]*

From the above, it could be argued that doctors and patients make different need assessments with regard to their value perceptions. However, both actors acknowledged the importance of the approach to care delivery, which could influence some patients' level of commitment to compliance.

### Involvement in decision-making process

The data revealed that actor involvement in the decision-making process is widely initiated by the doctor. The patients maintain that generally they were not involved in the consultation, and are mainly required to just report symptoms. Some doctors do not involve the patient in the decision-making process, while some do, especially when prescribing medication:

*No, I don't involve patients when prescribing. I prescribe after listening to them and asking them a series of questions relevant to their condition... Sometimes I do discuss the diagnoses with them, other times I don't. Some of the patients do not really bother to know what the diagnosis is, and all they care is what is given to them to take and get well. [Doctor F<sub>2</sub>]*

*...as a family physician one of the ways of managing the patient is to reach common ground, so reaching common ground is between you and the patient... So I always involve the patient and discuss with them what I'm prescribing. [Doctor F<sub>1</sub>]*

A patient, who was pleased that her view was valued, shared the following remark:

*I was actively involved in the consultation from start to finish. I was offered the opportunity to suggest options... this was my first experience and it's something I really cherished...this also gives me some sense of responsibility in managing my condition, which also influenced my consideration of value that I receive from the doctor. [50-year-old patient]*

This approach is considered very important to the focal dyad, and positively affects the patient.

#### Service outcomes

The overall outcome of the care delivered and received is directed towards improving patient wellbeing. Both actors attributed the patient 'getting well' as one of the main values achieved from the consultation:

*I expect to get the best of care from the doctor and ultimately get well as soon as possible. For me, I think that is the value I receive from the service... [39-year-old patient]*

*I think basically what I consider as value is seeing the patient getting well. [Doctor M<sub>1</sub>]*

*Coming to the hospital means you are not working that day, considering the time you spend to see a doctor... so the value I get in all this stress and inconveniences is to get well, that is primarily my expectation or goal of coming to the hospital... [44-year old patient]*

There was convergence in the responses, as both actors consider the patient 'getting well' as the achievement of value. Although the actors might assess this differently, the net effect is that there is likely improved wellbeing.

#### Beliefs and perceptions of actors

The behaviours and attitudes of patients and doctors are mostly driven by their beliefs and perceptions, which also influence their experiences in the service encounter in value co-creation. The data revealed emotions, trust and assurance, and perception as elements of the actors' beliefs and perceptions, which directly impacted on their experiences and perceptions of value. Some patients considered value as the culmination of experience from the consulting room, through to treatment and getting well:

*A good approach by the doctor in the consulting room impacts positively on my experience of the service. I'm emotionally and mentally satisfied when it happens like that, and I believe it helps me in the healing process...for me it's not all about the drugs I receive, but the emotional aspect of the consultation is very important... [58-year-old patient]*

*...Two months ago, I came here to see a doctor and the assurance he gave me allayed my fears and I begun to feel better long before I left the consulting room... so it's not all about the drugs he prescribes for me but I find these assurances more valuable during the consultation... [44-year-old patient]*

All patients interviewed considered getting well as the value achieved from seeking healthcare. However, some argued that 'getting well' was only part of the determination of value. These patients considered their involvement and experiences during the consultations as being critical to what they consider as value. Doctors, on the other hand, considered these beliefs and perceptions from a different perspective. They intimated that they expect patients to comply with

all medical instructions, in order to get well. For doctors, this was considered key to their value perception.

*... Some of these patients come back to me for review and you see their conditions deteriorating, and later find out that they did not take their medications as prescribed, which is mainly attitudinal. It's a serious problem and I'm always harsh on such patients. When this happens, then I have not achieved my set goals, so I expect patients to improve on their commitment levels to compliance. [Doctor F<sub>3</sub>]*

Functional units within the facility

In addition to seeing the patient getting well, doctors also considered other factors. An important aspect of value is having all functional units of the hospital working towards being able to understand the problems presented by patients, making the right diagnosis, and prescribing the right drugs:

*For me, I expect that all relevant units within the hospital are working, then the right diagnosis is made, right drugs prescribed, I expect the patient to comply, and when the patient gets well, then I will say I have achieved value for the time spent with the patient. [Doctor F<sub>3</sub>]*

*Once the functional areas are working, referred patients are able to see the specialist recommended, and when all this is done and the patient gets well, then I have achieved my goal and that is what I will consider as value. [Doctor M<sub>4</sub>].*

Although patients did not consider this as something that affect their perception of value, some held the view that, it is important to see the health system functioning. Knowledge of the actors' value perceptions provides the basis of understanding value co-creation for this focal dyad.

## DISCUSSION AND IMPLICATIONS

The study empirically examined the value perceptions of the focal doctor-patient dyad, and how this impacts on perceived service outcomes. This study contributes to the literature on value in healthcare as well as value co-creation. The study identified five main themes underlying the value perceptions of the involved actors: 1) care delivery approach, 2) involvement of actors in decision-making process, 3) service outcomes, 4) beliefs and perceptions of actors, and, 5) functional units within the facility.

The study revealed that the patients' perception of value takes into consideration their experiences in the consulting room. Patients expect professionals to provide the right environment, and engage with them in a way that will lead to positive experiences. While some patients' ultimate goal is to receive treatment for their conditions, others believe the healing process is holistic, and encompasses psychological and emotional value. In all cases, 'getting well' (service outcome) was considered one of the key perceptions of value. This also accorded with the views and expectations of the doctors. The consideration of value is uniquely evaluated and determined by the actors, as per their respective experiences and expectations. Patients' perception of value includes receiving the best care, having a positive experience in the consulting room resulting from the delivery approach, involvement in the decision making process, where they could suggest treatment options, and getting well.

The doctors' views converged and diverged at different points from that of the patients. The doctors considered value as understanding the patient, making the right diagnosis, prescribing the right drugs, ensuring the functional units are working and seeing patients happy and satisfied, as well as the patient getting well. Most of the doctors also expect their patients to be open, and freely share detailed information. This assists them in reaching the right diagnosis. They also considered the patient getting well as their main goal, in regards to its economic importance. They argued that once the patient gets well, repeat visits to the health facility are reduced. This reduces the pressure on available resources, as patients do not return to the hospital with complications.

Value is considered critical in the healthcare setting (Patel et al., 2012), but the nature of value is perceived and evaluated differently by various stakeholders within healthcare. This reflects the conflicting goals and aspirations of professionals and the patients, before, during and after the service encounter. The differences outlined in the actors' perception of value pose a challenge to co-creation. Therefore, it is important for the professionals to orient themselves to better understand the patient. The findings suggest that the value expectations of the actors, especially with respect to the patient, relate to their unique set of circumstances relevant to their experiences. This follows the notion of SDL that posits the phenomenological determination of value by the beneficiary (Vargo and Lusch, 2008), and also suggests the context specificity of value (Ng and Smith, 2012). The context of the engagement is worth considering, as this could impact on the co-creation of value at the micro level. The findings provide evidence of the importance of the service engagement and its influence on value as perceived by the actors. In the joint creation of value, both actors have goals or expectations of value, resources and capabilities. How these expectations are integrated in service delivery is critical for co-creation (Ng and Smith, 2012). As value perception is significantly influenced by the actors' experiences during the service encounter, revealed in the findings, there is a need to harmonise the care delivery approach in order to satisfy the patient. In addition to Porter's (2010) conceptualisation of value, we contend that value, in healthcare service delivery at the doctor-patient encounter level, transcends 'getting well'. It encompasses the complete experience of the clinical encounter. Further, the findings describe an intra- and inter-subjectivity of value, and assert that value formation or creation is highly dependent on the actors' practices in the consulting room. The experiential value perspective will allow providers to better understand the complex nature of the patient, and deliver care in a holistic manner that can evoke positive experiences in the consulting room. The study highlights the differing perceptions of value of the involved actors. In line with the SDL view of value, actors' determination of value is unique and experienced differently based on the service performed by the actors.

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