

# Public Value Theory in Public Healthcare Service System: A Proposed Framework in the University Hospital of China

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## Abstract

Health is an inevitable requirement for the promotion of human well-rounded development, and it's the basic condition for social and economic advancement. Global health concerns must be considered to provide effective, safe, high-quality care. Chinese university hospitals are constantly undergoing transformation, exploration, and rivalry in the era of contemporary healthcare reform. Hospitals are dealing with several issues and difficulties as healthcare reform is fully implemented. Performance needs to meet the serious test, health insurance cost is controlled strictly, drug consumption is free of additional cost, and COVID-19 is severely changing the world. To construct an analytical framework for university hospitals in China, this paper uses strategy management and public value theory in management as its primary theoretical tools. It also draws on the mission management, political management, and operational management dimensions of the "triangle model" of government strategic management. Through proposing the strategic triangle framework into governance of university hospitals in China, it provides the referrals for strategic and sustainable development of university hospitals. To ensure that university hospitals do not deviate from their sustainable development goals, it is determined and advised to university hospital managers how to use the triangle of public value to formulate and maintain effective hospital strategies

**Keywords:** Healthcare System, University Hospital, Strategy Management, Public Value

## INTRODUCTION

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Health is an inevitable requirement for the promotion of human well-rounded development, and it's the basic condition for social and economic advancement. Health is not only an important symbol of achieving citizens' good health longevity and national prosperity, but also the common aspiration of all nationalities (Marmot, 2005). It is now widely acknowledged as being essential to appreciate the conditions necessary for healthcare innovation. When it comes to delivering efficient, secure, and high-quality care while also considering the interests of several stakeholders and global health issues (Larisch et al., 2016; Haynes et al., 2020).

## *Global Healthcare Systems Development*

The issue of sustainability is raised with a special emphasis and sense of urgency about global health systems. A map of the 100 core health indicators was developed by the World Health Organization in 2015, which includes aspects of the population's access to care (access indicators), the quality and safety of care (quality and safety care indicators), the people who work in the health system (health workforce indicators), and the information shared and connected to the system (health information indicators) in addition to aspects related to the economic dimension of sustainability (health financing indicators) (WHO, 2015). Health quality is commonly viewed as a significant indicator of a country's level of social and economic growth on a global scale.

Change has become the new norm for the global healthcare sector. Providers, payers, governments, and other stakeholders collaborate to provide effective, efficient, and equitable care in an ecosystem where commercial, clinical, and operating paradigms are rapidly and fundamentally altering. The ageing and rising populations, the incidence of chronic diseases, the greater emphasis on care quality and value, changing financial and quality standards, informed and empowered consumers, innovative therapies and technologies, and other factors are all contributing to this transition. These factors are also driving up costs and spending levels for care provision, infrastructure upgrades, and technological innovations. Hospitals, the biggest and priciest operational components of the healthcare system, use between 50 and 80 per cent of their resources (Asgari, 2013). This is crucial because hospitals that operate at less than 50% of capacity make up a significant portion of the healthcare system in developing nations (Rezapour & Khalej, 2006). Many economic studies focus on hospital services since the healthcare system faces enormous financial and economic issues, and hospitals are one of the system's most important economic units.

In recent years, researchers have been more interested in the healthcare industry, whether it is the corporate or governmental sector seeking solutions to current difficulties or aiming for modernization. Since the 1990s, major countries throughout the world, including the United States, Japan, Germany, and China, have begun to accelerate the process of gradually overhauling their healthcare delivery systems. In many countries, the hospital system is the largest single source of health expenditure and a key contributor to rising medical care prices; as a result, efforts to reduce costs

and maximise the use of health expenditures have concentrated on hospitals (Docteur & Oxley 2003).

### *Healthcare Systems Development in China*

In the last 40 years, China's healthcare industry has undergone a remarkable degree of change. The modern Chinese healthcare system has gone through several periods of development (Blumenthal & Hsiao, 2015). As a result of the expansion of community-based health services known as "barefoot doctors," the state-planned and provided healthcare system was able to successfully give treatment to rural areas (Yip & Hsiao, 2008). A second crucial phase started after 1984 with the shift from a planned to a market economy. With fast development, the overall cost of public healthcare increased significantly. Government financing for hospitals and community services drastically decreased during this time of "unbridled marketization" (Millar et al., 2016), while social insurance programmes (like CMS) gradually saw their funding cutbacks. A third and continued stage of development began in the late 1990s. The Chinese government implemented a user-fee strategy that goes beyond being merely symbolic and nominal to reduce costs and restore public confidence in the medical community. The ongoing transition of China from a planned to a market economy has heightened interest internationally and drawn more attention to its rapid rise to global power.

Public hospitals, especially university hospitals, which are the primary suppliers of high-quality healthcare services in China, play a crucial role in advancing the development of a healthy China within the framework of the "Healthy China" strategy and the ongoing healthcare reform. According to the People's Republic of China's Vision 2035 and the 14th Five-Year Plan (2021-2025) for National Economic and Social Development, there will be many new and old challenges in the healthcare sector. How to provide high-quality medical services for the implementation of the national health strategy, while taking advantage of the strategic dividends to improve its development, has increased demands on the new development of public hospitals (Fang, 2021). Without a doubt, China offers special viewpoints on aspects of healthcare reform that are important to other countries, particularly about the creation of new integrated models of care.

China's healthcare system has advanced significantly in the past 40 years since it was first implemented. According to a forecast by the Economist Intelligence Unit (EIU), national health expenditures would increase by an average of 11.8% year from 2014 to 2018, totalling \$892 billion (Nofri, 2015; Deloitte, 2016). While this represents a lower percentage of GDP (5.6%) than in most affluent countries, per capita expenditure has continuously increased (Mossialos et al., 2015). The OECD countries spent an average of 8.8% of their GDP on health care before the COVID-19 pandemic in 2019, a figure that has been largely stable since 2013. According to reports, the average cost of healthcare in OECD countries was about USD 4,000 per person. China spends less than 6% of GDP on health, or around 20% less per person than the OECD average, according to the latest recent estimates (OECD, 2021). In the past, manufacturing and investment have been more important to China's economy than consumer consumption. As China's economy shifts towards a consumer-driven model, the central government has sought to replace manufacturing workers with high-tech businesses. This change is significantly hampered by the healthcare system. Because of anticipated medical bills, so many people choose to save money rather than spend it. To address this issue, the government has made healthcare reform a priority and is working to increase access, enhance service quality, and reduce costs (Fang & Li 2002).

Despite having distinct managerial traits, university hospitals in China play a vital role in the country's public healthcare system. University hospitals should be based on their characteristics, analyze the factors that influence development, identify the key actors in development, deal with the strategic challenges faced, learn pertinent lessons, seize opportunities, and implement survival strategies for a better future.

### *Objectives of the study*

- The main objective of the study is to find the factors and key drivers that influence the development of university hospital in China.
- While the subsidiary objective is also critically to identify the strategic challenges confronted and survival strategies undertaken by university hospital in China.
- To propose an analytical framework for university hospitals in China.

### *Research Questions*

- What are the factors and key drivers that influence the development of university hospital in China?
- What are the strategic challenges confronted and survival strategies undertaken by university hospital in China?
- How the strategic management model (s) fit into the public healthcare service system in the university hospitals in China?

The goal of this research is to understand how the public healthcare system and reform have affected import procedures and concerns in the context of the People's Republic of China's 14th Five-Year Plan for Economic and Social Development. The field of study is inextricably linked to the public healthcare system and strategic management. This research collects and generates information about university hospitals from into strategy management perspective, and intends to investigate and analyse the factors, key actors, strategic challenges, and survival strategies university hospitals face when seeking to better understand the relationship between healthcare system characteristics and its public perception. Through a proposed framework under the context of the healthcare system, a proposed framework to examine determinants of public perception and public value of university hospitals in China. It can help to determine and recommend to university hospital managers how to effectively use the triangle of public value to formulate and maintain effective hospital strategies.

### *Key Factors Influence University Hospital Development*

The government of China is shifting its focus from increasing volume to improving access, efficiency, and service quality, but the country's healthcare system continues to face severe issues (Deloitte, 2016). Restructuring the public hospital system is essential to this. According to the National Health Commission of 2021, 36,570 hospitals were operating in China, with 88% of the workforce and 86% of the beds being in government-run establishments. Despite utilizing the bulk of resources, this industry is in trouble due to a lack of availability, variable service quality, and a workforce that is becoming more exhausted and disillusioned. Yip & Hsiao (2008) claim that "with more resources taken by providers as more income and profits, inefficiency has also increased" (p. 460).

Because of the specific function that public hospitals perform, China's healthcare system faces special challenges. Public hospitals are struggling with a rising list of issues, including an increase in the number of hospitals, poor financial health, disparities, efficiency, and a lack of volume to increase access and improve service quality. According to the China Health Statistics Yearbook (Table 1 ), between 2017 and 2021, China's hospitals saw an average annual growth rate of 3.6% every year. Tertiary hospitals, however, only saw a 0.8% annual growth rate. Public hospitals provide 90% of all outpatient and inpatient care; the majority of these services are given by tertiary hospitals with more than 500 beds (Yip et al., 2012). Even though there are more private hospitals than public hospitals, public hospitals in China still offer 90% of the key healthcare services in the nation. Due to the enormous number of available services, public hospitals were overworked, and people preferred larger public hospitals over neighbourhood clinics (Chen et al., 2014). This caused significant systemic inefficiencies.

Table 1. Overview of China's Healthcare System

Hospital Organization	2017	2018	2019	2020	2021
Total	31056	33009	34354	35394	36570
By Economic Classification					
Public Hospital	12297	12032	11930	11870	11804
Private Hospital	18759	20977	22424	23524	24766
By Hospital Level					
Level 3 Hospital	2340	2548	2749	2996	3275
Third-class hospital	1360	1442	1516	1580	1651
Level 2 Hospital	8422	9017	9687	10404	10848
Level 1 Hospital	10050	10831	11264	12252	12649

**Source:** China Health Statistics Yearbook, 2021

China has difficulties in its pursuit of cost control, high-quality healthcare, and patient access. About cost, China's national health spending has grown dramatically since the turn of the millennium (see Table 2 ). China is ready to imitate the spending habits of other Western countries. A sizeable amount of healthcare expenses is also covered directly by the general people. Health insurance and other forms of risk sharing weren't very common until recently. Moreover, there is a dearth of provider responsibility and a preponderance of fee-for-service payments, both of which are associated with high costs. Last but not least, there are issues with the healthcare system's effectiveness, which gets roughly 50–60% of its money directly or indirectly

from the government (via social insurance), with insufficient review of inpatient use and the appropriateness of care. There is insufficiently effective regulation of medical professionals, procedures, and products. There is also a great deal of variation in the education and training of medical professionals, as well as uneven national and provincial application of laws and regulations regarding quality.

Table 2. Total Health Expenditure in China

Indicator	2017	2018	2019	2020	2021
<b>Total Health Expenditure (Billion Yuan)</b>	5159.88	5912.19	6519.59	7217.50	7559.36
<b>Government expenditure on health</b>	1551.73	1639.91	1742.85	2194.19	2071.85
<b>Social Health Expenditure</b>	2120.68	2581.08	2927.80	3027.37	3392.03
<b>Out-of-Pocket Payment</b>	1487.48	1691.20	1848.95	1995.94	2095.48
<b>Composition of Total Health Costs (%)</b>	100.0	100.0	100.0	100.0	100.0
<b>Government (%)</b>	30.1	27.74	26.73	30.4	27.4
<b>Society (%)</b>	41.1	43.66	44.91	41.9	44.9
<b>Out-of-Pocket Payment (%)</b>	28.8	28.61	28.36	27.7	27.7
<b>Total Health Expenditure as a Percentage of GDP</b>	6.2	6.43	6.58	7.1	6.5

**Source:** China Health Statistics Yearbook, 2021

The complexity of the healthcare market's structure and operations strongly impresses many people. The first aspect is that many patients currently seek care in public hospitals. Due to China's lack of a referral system, both inpatient and outpatient healthcare are provided in China. With between 60 and 80 preceding per day per physician, major public hospitals account for more than 90% of inpatient admissions and more than 50% of outpatient consultations in addition to their regular practice (Yip & Hsiao, 2014). As a result, there were longer wait times and shorter lines, which increased prices and restricted access to healthcare by creating an unofficial market where people would wait in lines merely to sell their positions. Due to the primary care system's heavy caseloads, which left clinicians with little time for in-depth discussion and only a few minutes for each patient, patients and doctors were forced to limit their interactions with one another to respect one another's time. Beyond issues with misdiagnosis, communication problems between doctors and patients severely strained relationships, creating a significant societal issue across China.



Historical public hospitals in China have been a part of a wider hierarchical system that is separated into four tiers and is topped by the National Health Commission. Below this, hospitals are directly accountable to the regional health authorities at the provincial, city, and country (or district) levels. The eight departments of the State Council collectively are responsible for planning, financing, health insurance, and workforce-related issues, and public hospitals are subject to and accountable to several further levels of government in addition to this hierarchical structure. This "archaic and complex governance structure" causes public hospitals to frequently lack clarity regarding their social functions and deal with conflicting policies and demands from different parts of federal and local government (Yip et al., 2012).

### *Key Actors Influence University Hospital Development*

Clarifying the key actors involved in university hospitals is helpful for a more thorough understanding and analysis of the allocation of duties, rights, and benefits between various interest groups and hospitals in the day-to-day management and operation of hospitals as well as for a more scientific and efficient modernization of hospital governance. The government, public hospitals (hospital managers), universities, regulatory agencies (the 2018 national institutional reform, which established the National Health Commission, the National Health Security Administration, and the State Drug Administration responsible for managing hospitals in different directions), pharmacies, and other key parties are involved in the modernization and management of university hospitals when combined with the current state of the healthcare service market.

### *Strategy Challenges Confronted by University Hospital*

The lack of sufficient high-quality medical resources is the primary strategic challenge. Humans' fundamental rights and interests revolve around their health. A fundamental effort for sustaining life is health care. The allocation of health resources is in an "inverted triangle" state in the long-term traditional growth of China's healthcare industry, which does not align with the "positive triangle" of resident demand for healthcare services (Hou & Hu 2022).

The widespread "ineffective supply" is the second strategic obstacle. The fact that many extremely large tertiary university hospitals have a lot of patients to treat is a



clear phenomenon, but the quality management and behaviour are not standardised enough, the core competitiveness of talents and disciplines is not developed enough, the information construction, cost control, and other internal management are not in place, the treatment costs of patients are not effectively controlled, and there is a lack of innovative business concepts and service models.

The third strategic difficulty is that the reform has strayed from the route of public governance and that there has been no rationalisation of the interaction between the state, the market, and society. On the one hand, the government has been investing less and less in hospitals ever since the reform and opening up. However, due to the unique characteristics of healthcare, including public goods, externalities, uncertainty, information asymmetries, and monopoly characteristics, this results in market failure.

### *Survival Strategies Undertaken by University Hospital*

The university hospital must alter its philosophy and work to conform to the requirements of the present reform in the current economic development model. The hospital management needs to make four adjustments for the new era. First, they need to shift away from scale-based expansion and towards the advancement of medical technology and core human resource competitiveness. Second, shift from rapid operational development to refined internal management, quality service, cost control, and efficiency improvement. Third, switch from self-construction and development to adapt to graded treatment. Fourth, further broaden the function and positioning to the chronic disease health management service mode.

### *Future Challenges for University Hospitals*

Decreased funding, increased accountability, and tough possibilities will be problems for public organizations in the future. Due to heightened scrutiny, some research institutes in the public sector have seen considerable losses in funding and employees. If public research institutes are to succeed in this challenging and changing environment, they will need creative management. As previously mentioned, university hospitals in the modern era face a variety of problems because of two main problems: the challenge of satisfying a user base that is becoming progressively "aware" and demanding, and the necessity of changing their internal structure to keep up with the incredibly rapid changes in technology and approach. Hospital intricacy won't guarantee

that any business is satisfying its customers' wants, which is a fundamental need of all enterprises. Thus, it is time for a revolutionary strategy that focuses on (i) maximizing value for patients by achieving the greatest results at the lowest cost and (ii) switching from a physician-centred organization to an "organization-driven" care process.

### *Background of the “Strategy Management” and “Public Value Theory”*

Strategy is difficult to define since it is a multidimensional and situational concept that is a key focus of organizational theory and company policy (Hambrick, 1980). A strategy, on the other hand, can be defined as a set of key decisions that drive an organization's interactions with its environment and have an impact on internal organizational structures, processes, and the shaping of the organization (Parnell, 2017). The primary purpose of strategic management in government is to develop and evolve based on lessons learned from corporate strategic management. In the 1970s, Harvard Business School pioneered strategic management, and its theories and procedures were transferred to China in the 1980s. Strategic management deals with the critical issue of determining how an organization should position itself in the face of an increasingly unpredictable reality and future environment. As a result, with a clear statement of the activity's strategic and tactical objectives, strategic management enables the future growth vectors for the organization to be defined (Van Dooren 2015; Bouckaert, & Halligan 2015). A strategy is defined as a managerial decision to pursue a defined course of action to grow the company, attract and satisfy consumers, compete successfully, carry out operations, and improve the organization's financial and market performance (Talbot 2010). Given the qualities of strategic management, the researcher can describe strategic management concepts as follows: capitalize on strengths, overcome weaknesses, capitalize on opportunities, and contain dangers.

Public value theory is a management-oriented theory of public value built from the core of public value theory and set against the backdrop of the network governance era. The crisis of government legitimacy in Western industrialized countries has prompted people to consider public value issues and begin to pursue study on ideas, models, and methodologies in the scope of public value management. Furthermore, the advancement of residents' social position and the introduction of the internet age has expedited its emergence. Responding to citizens' aspirations, establishing trust, and maintaining the polity's legitimacy all necessitate a value-based approach, structure, and assessment model. Thus, public value theory is a solution to existing political

difficulties. Besides public value theory is a management concept that prioritizes meeting the expectations of society. It is an alternative governance model developed in response to existing public management flaws and the NPM paradigm (Sami et al., 2018). For this study, public value has a defined criterion: all hospital activities and behaviors must be focused at attaining the hospital's public interest and must effectively overcome individual and sectoral interest inadequacies in healthcare services. The ultimate goal of public hospitals is to actively create public value for society.

### *Strategic Management in University Hospital*

Academics' interest in researching strategic management in the public sector has grown during the past ten years. Several studies focus on strategic management and performance (Poister, 2020), as well as strategic planning (Bryson, 2017a), while others concentrate on strategizing, strategy as practice (Bekos et al., 2020). The interest in strategic management from a public value viewpoint has increased among academics in recent years (Alford & Greve, 2017). It is now essential to focus on strategic planning and the creation of work with a public value. According to Bryson and George (2020), "Strategy is a specific way to align the aspirations and capabilities of public organizations or other entities to achieve goals and produce public benefit" (p. 3). Therefore, strategic management can be defined as the art and science of developing, carrying out, and assessing cross-functional decisions that enable an organization to accomplish its objectives.

Nowadays, healthcare systems are characterized as complicated, unpredictable systems that have significantly improved and increased life expectancy (Belrhiti et al., 2018). An essential part of the health workforce is managers. Healthcare systems and services managers oversee all programs, projects, facilities, and local health authorities, according to WHO (2007a). The healthcare industry is more complex and challenging to manage than other industries since it encompasses a wide variety of professions. Additionally, managers in this industry can have a harder time putting strategic management into practice. Additional issues develop because of the diffuse management structure that is widespread in the health sector, where several professional groups (such as doctors and managers) work together and contribute to effective management. Therefore, all executives who oversee administrative and medical services in a healthcare organization must be informed in the industry and skilled at strategic management.

Past study is noted on new public management (NPM) of healthcare reform. There is currently little empirical research to back up the assertions made for the public value framework, which is independent of any research tradition. However, due to the various terminology definitions and usages, there aren't any "identifiable propositions or suggestions for empirical development", making it difficult to fill this gap (Morrell 2009, p.11). To address the issues, this paper seeks to offer a more comprehensive theoretical framework. The direction and concepts for this transformation are provided by the development of the philosophy of public value. The researcher must distinctly outline the main concepts and arguments to produce public value and put it through empirical study against the backdrop of hospital strategic management. The public value concept and framework are most typically utilized when making suggestions for enhancements in specific public sector areas, including healthcare reform. These support more general notions of public value as a potential benchmark for hospital improvement.

### *A Proposed Framework in University Hospital*

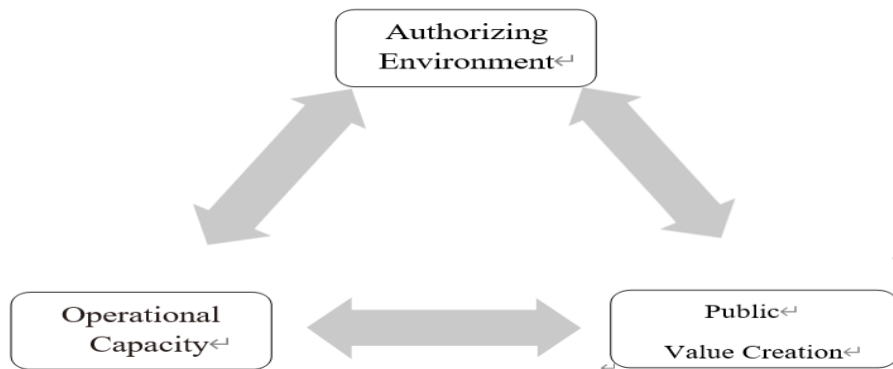
A public sector organization's strategy must meet three (3) primary needs, according to Moore (1995) namely (i) it must be morally just and politically feasible; (ii) it must be intended to create actual value; and (iii) it must satisfy administrative and operational constraints. Each of the three tests is strategically important, and crafting and implementing a strategy requires maximizing the degree of alignment among them (Alford & O'Flynn, 2009). The authoring environment, public value production, and operational capabilities are represented by the nodes of the strategic triangle, which was created to emphasise this alignment in Figure 1 below.

The fundamental goals of public hospital reform in China are consistent with the fundamental goals of healthcare reform. The interest of stakeholders is critical in boosting effectiveness and increasing service quality and dependability. This is one of the most important survival strategies that public organizations must follow. According to Moore (2000), public organizations should focus their strategy on three (3) crucial dimensions: (i) generating value for the public, (ii) showing their legitimacy, and (iii) having the capacity to do so. The public value strategic triangle, seen in Figure 1, can be formed in three (3) regions. The success of rational procedure outcomes is determined by certain organizational components. The primary goal of strategy is to guide an

organization toward long-term success and expansion (Carter et al., 2008). As a result, while incorporating strategic management into a hospital's long-term prospects, added value, such as improved performance and high-quality, trustworthy medical care, must be considered.

The main analytical challenge of the strategic triangle is to make sure that its three nodes are aligned and mutually supportive: public value is created when the goals of the public organization are supported, when the goals attract financial, legal, and social support from those in a position to authorize and support the planned action, and when the organization is aware of how to utilize them to achieve the desired results (Alford & O' Flynn, 2009). Each of the three nodes in the research is combined with a case study.

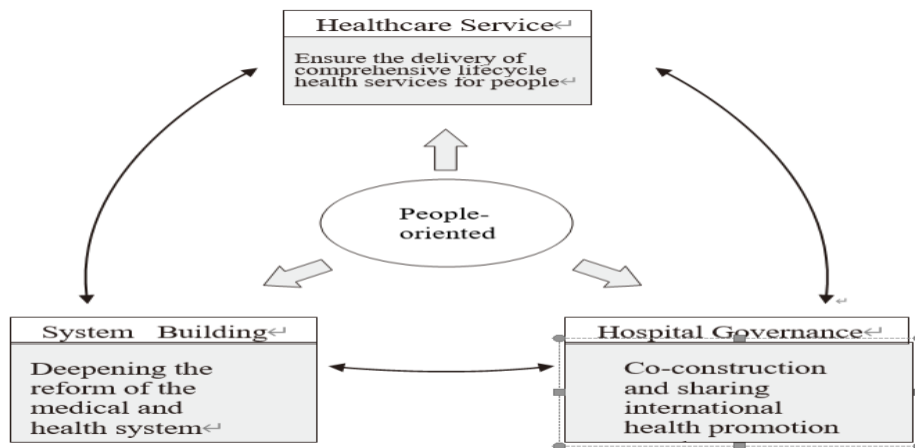
Figure 1: Moore's (1995) public value strategic triangle



The hospital survival strategies are to respond to the pace of legislative reforms and changes while balancing financial considerations, a social commitment to offer high-quality healthcare to the people served, and, finally, environmental issues (Glouberman & Mintzberg, 2001). The strategic triangle model, as a core framework for examining challenges in public value management theory, provides crucial theoretical support for better encouraging the execution of the "Healthy China" plan and management innovation in public hospital systems.

The Healthy China Strategy was established using the strategic triangle concept represented in Figure 2 with "People-centered" as the core value. These "people-oriented" policies are backed up by three (3) major components: (i) healthcare service, (ii) system development, and (iii) hospital governance. Figure 3 depicts some of these initiatives.

Figure 2: Research Logical Framework of Healthy China Initiative



This framework guides this research's in-depth examination of the course of public hospital reform. The system plan for public hospital reform that is based on the theory of public value is created, and it primarily focuses on the three aspects of returning to the public value orientation that centres on people's health, building the integrated medical service system, and strengthening the performance evaluation reform of public hospitals. First, the researcher should return to the fairness of health services in public hospitals and implement public health services to complete government responsibility in government responsibility in hospital reform. Second, it is necessary to realize the integration of top-level design of medical service systems and strengthen medical service. Enhancing internal linkage reform and supply-side reform of the service system to realize the management and reconstruction of the medical service process. The third is to construct the public value-oriented assessment target, strengthen

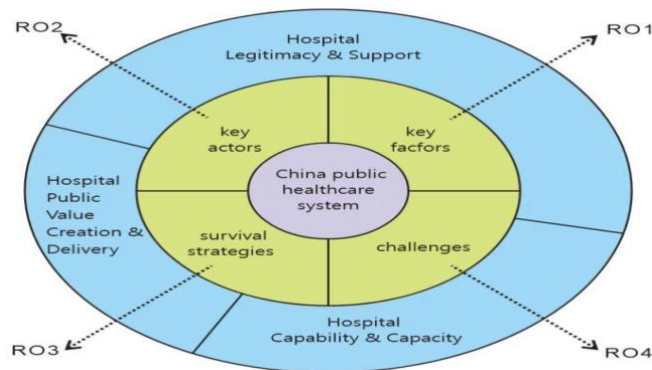
the social full evaluation of the index of intention, construct a performance evaluation mechanism under the cooperation of all parties, and strengthen the performance evaluation of public hospital reform.

To better serve the public, the Healthy China Strategy calls for the creation of a "delivery comprehensive lifecycle health services for people" within the healthcare service dimension. Next, under the system-building dimension, the Healthy China Strategy focuses on concentrated efforts to further the reform of the medical and health system to provide a comprehensive lifecycle health care for people. Third, the Healthy China Strategy focuses on "co-construction and sharing international health promotion" in the hospital governance component. These three (3) factors, as shown in Figure 2, all create unique challenges for public hospital reform and innovation. The goal of carrying out the Healthy China Initiative is prosperity for all, which is impossible to achieve without universal health coverage.

Past research has been conducted to explore how best to adapt the virtues of Moore's contributions has become increasingly complex and sometimes wicked challenges (Head & Alford, 2016) as it involves creating public value while maintaining a commitment to democracy. More generally, the challenge involves taking a whole-systems approach to understanding and analysis including appropriately drawing system boundaries, understanding the parts and subparts of the system, and understanding their inter-relationships, and especially feedback relationships. Absent these kinds of understandings, chances are very high that problematic situations will be misunderstood, and public concerns are more likely to be badly addressed or made worse (Patton, 2010). Thus, based on the above explanation, this study has proposed a research framework that integrates the two (2) grand concepts namely (i) the public healthcare service system and (ii) the strategic triangle concept as shown in Figure 3 below.



Figure 3: The Proposed Research Framework of the Study



## CONCLUSION

Public value-oriented strategic management in the public sector helps to break away from overly managerial stereotypes and break out of the existing narrow research landscape. To some extent, public value theory is an inherited transcendence of New Public Management. The inherited transcendence of New Public Management, which is reflected not only in the definition of public values, the delivery of public services, and the commitment to the spirit of public service, but also, and more importantly, in its view of democracy, equity, and the human assumptions and roles of public managers.

Governments employ a combination of several governance instruments because the development of public value is a very complicated endeavour that requires more than just strategic management. It is crucial to contrast the Chinese environment with Western-derived notions of strategic management and public value. However, a discussion between public value theory and strategic management, which has its roots in the West, is currently taking shape. The research constructs a proposed framework for university hospitals to satisfy the needs of society in the new era of China to improve a better implementation of the "Healthy China" policy in the context mentioned above. Moore's (1995) strategic triangle is an analytical framework to examine strategic management and management control methods about public value to better understand how public value is conceptualized and operationalized in practice. The relationship between management control processes strategic management and the

public good can be better understood by using university hospitals as examples. The university hospital makes for an interesting case study since it has served as the focal point for many strategic change initiatives intended to boost organizational effectiveness by coordinating management control procedures.

A strategist oversees controlling and altering organizational resources in order to maximize value output. The Strategic Triangle, designed by Mark Moore (1995), is the most comprehensive framework for strategic management in the public and nonprofit sectors. Strategic initiatives by public hospitals will contribute to the achievement of the social mission by adding value and increasing legitimacy and confidence among individuals and society. Reforming medical services is a critical responsibility for hospitals. Hospital administrators must be open to new ideas on how to better identify and state our ultimate aims, as well as constantly evolving and improving improvements. It implies that the concept of "public value" is a helpful method to characterize the ultimate aims of public sector reform and our attainment of them.

## **LIMITATIONS AND RECOMMENDATIONS FOR FUTURE STUDY**

Public values research has become a key topic in public administration studies over the last decade (e.g., Alford & O'Flynn, 2009; Beck Jrgensen & Rutgers, 2015; Moore, 1995; Nabatchi, 2018; Prebble, 2018). Its appeal may stem from the assumption that it can serve as a supplement to public interest theory (Bozeman, 2007) and that it can serve as a guiding concept in public administration theory and practice (Moore, 1995; Rutgers, 2015). Although public values research has come a long way in its history (Nabatchi, 2018; Prebble, 2018; Rutgers, 2015). Certain methodological and theoretical issues continue to stymie the field's progress. Moore's paradigm's limits are highlighted in a scenario where increasingly complex or even wicked problems occur, demanding changes and additions to solve these difficulties (Bryson et al., 2017).

Many studies have been conducted in the banking service industry (Malar et al., 2019; Hosseiniet al., 2020; Payne et al., 2021), tourism industry (Johnson & Neuhofer, 2017; Hamidi et al., 2020; Kirova, 2021), education industry (Bovill, 2020), and retail industry (Bassano et al., 2018; Algharabat, 2018). Few studies of public value, however, have focused on public value-creation behavior in the public healthcare sector. To take things a step further, few academics have explored the relationship between public satisfaction with the healthcare system. One of the main challenges and limitations is

that formal scholars have a poor understanding of the relationship between the elements of the Chinese health system and public perception. The future study needs to provide more deeper understandings of strategic management and its relationship to public value. The university hospital is an intriguing instance since it has been the target of numerous strategic change programs aimed at improving organizational efficiency through standardization of management control procedures.

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### ***Conflict of interest***

The authors declare no conflict of interest.

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