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VALUE CREATING IN MEDICAL INSTITUTIONS UNDER PUBLIC-PRIVATE PARTNERSHIP: A PERSPECTIVE ON INTER-ORGANIZATIONAL GOVERNANCE

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Abstract: In this liberated society and under the economic policy of privatization, adopting the "public private partnership" model not only solves the government's financial problems, but also provides a new model for reform of public hospital administration. This thesis aims to explore and discuss the contract models of public hospitals administered by private organizations, the essence of value creation strategies and public-private partnership, connotations of governance, and the major theoretical basis. This in-depth discussion is expected to supplement the deficiency in the study of public-private partnerships in the medical industries. Finally, this research will propose recommendations targeting issues involved in public-private partnerships and a direction for future researches.

Key Words: Public-private partnership, Value creating, Inter-organizational governance

Introduction*:* Medical services in Taiwan went into a period of expedited transformation into commercialized, market-oriented, and treatment-based models after the 1980's [1]. At this point, public hospitals started to feel the pressure of market competition and poor administrative performances was repeatedly criticized [2, 3]. The criticism became more obvious and intensive after the government began to outsource public hospital management to private companies [4, 5]. Since then, introducing a market mechanism to reform the public hospitals in Taiwan became the major strategy for solving the problems in administration and cost-effectiveness. Among which, the public-private partnership mode, whereas the government built the hospitals and outsources the management to private companies, not only solves the financial problems of the regional governments, but also enhances the quality and accessibility of medical services to the public. This mode became the standard model to the central and

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regional governments for reform of the public and private hospitals [4, 6].

The concept of public-private partnership implies an administrative model of collaboration between the government and the private sector, which is the so-called a transformation from "government to governance" [7]; it is a form of continuous interaction between "the government and society." Different from the traditional bureaucratic administration that stressed authority, order, and control, the concept of administration in public-private partnership represents an administrative model that promotes integration of resources, professional guidance, diverse cooperation and coordinated network of public and private sectors [8]. Specifically, it is stressed in this study that a public-private partnership is an effective way to reach the goal of the outsourcing public hospital development policy and helpful to the implementation of government polices and planning. Since it involves partnership between the government (public sector) and the medical industries (private sector), it is a typical administrative issue of inter-organizational relationships from the aspect of theoretical study.

This special field of study in partnerships between public and private sectors has begun to gain attention in the recent years among the scholars in the management field, and a substantial number of dissertations have been published in the top journals of management, such as [9,10,11,12]; and other scholars. Among them [12], discussed the subject of public-private partnership under the frame of equality, contract, scope, non-security interests and trust [11]. pointed out that, from the aspect of value creation and value capture in the alliance of the public and private sectors, the public sector's concern lies in the interest of the public and the private sector's concern focuses on the individual values or benefits; therefore, through appropriate public-private partnerships, mutual benefits for both the public and private sectors can be met. Furthermore [9], viewed the public-private partnership as a kind of "common good"; therefore, how to design a mechanism with sufficient incentives for the development of the medical industry and enhancement of the overall social benefits will become a significant issue in the public-private partnerships.

This study aims to explore the inter-organizational administration mechanism involved in the private-public partnership for hospital management and the value (medical services) created from such alliance from the views of [11,12]. The rationale behind the issues discussed in this study is that medical (hospital) or academic (colleges) institutions commissioned by the government as entities in the public-private partnerships to provide medical services to the public will jointly crate the values (products and services). In short, this study makes an attempt to explain several important concepts in value creation targeting on the medical institutions through literature review. These concepts include: (1) the models of outsourcing public hospital administration in Taiwan, (2) theories of value creation strategies and (3) public-private partnership and its theoretical basis. They are briefly stated in the following section:

The Models of Outsourcing Public Hospital Administration: Since the late 1970's, Taiwan experienced radical development of corporate invested and large private hospitals, as well as a wave of hospital reform. These new entities introduced corporate administration and management into the industry and exerted serious pressure to the rigid public hospital administration system [13,14]. In order to solve the problems in public hospital administration, namely limited human resources, budget, accounting, purchasing regulations, public administration systems and the legislative bodies, under the new concept of liberation and the policy of economic privatization, the government began to commission administration of public hospitals to private capitals or corporations [15,16,17]. Through privatization, the government was seeking a way to relieve its financial burdens and solve the problem of poor performances in public hospital administration [6,18].

Currently, the most commonly adopted model for outsourcing the administration of public hospitals in Taiwan is “built by the government and run by private companies"; that is, the government owns the rights to the property and the commissioned private institution owns the rights to administration, as well as the responsibility for profits or losses [6,19]. The owner of the properties commissions the operations of the hospitals to private institution in the form of a contract; therefore, the relationship is based on the laws [20]. The role of the government was switch to “steering” from “rowing”. Through privatization and outsourcing, the new form of partnership consolidated the strength from the private sectors to share and even replace the “authority”, formerly exclusive to the bureaucratic system, in public affairs [21,22] and seek for the best balance between supervision and coordination.

Under the current laws and administrative system, the operation of outsourcing public hospital administration can be implemented through contracts based on the following laws and regulations: (1) Act for Promotion of Private Participation in Infrastructure Projects, (2) Government Procurement Act and (3) Self-government Ordinance of Property Administration and Management Commission Regulations enacted by the respective city/county government. The policy is targeted to gradually improve the effectiveness of resource utilization under the public-private partnerships model and enhance the performance of the outsourced public hospitals. This not only solves the problem of inconsistent administration standards among regional public hospitals, but also provides quality medical/public health services and epidemic control [4,5] to the public. At present, several public hospitals have been outsourced based on the Self-government Ordinance of Property Administration and Management Commission Regulations, including the Wan Fang Hospital and Taipei Municipal Guandu Hospital. The Shuang-Ho and Tainan Municipal An-Nan Hospital adopted the BOT (Build-Operate-Transfer) model based on the Act for Promotion of Private Participation in Infrastructure Projects, which defines the concept as, the private institution invests in the building and operation of the infrastructure project, and upon expiration of the operation period, transfers the ownership to such infrastructure project to the government.

Based on the Act for Promotion of Private Participation in Infrastructure Projects, the Tainan Municipal Hospital and Kaohsiung Municipal Ta-Tung Hospital adopted the ROT (Rehabilitate-Operate-Transfer) model, which is defined as, the government commissions the private institution, or the private institution leases from the government, existing facilities for operation after making renovations or expansions. Upon expiration of the operation period, the right to operate reverts back to the government. The Kaohsiung Municipal Cijin Hospital adopted the OT (Operate-Transfer) mode based on the Act for Promotion of Private Participation in Infrastructure Projects, which defines the model as, the government invests in the building of the infrastructure project and then commissions the operation thereof to the private institution. Upon expiration of the operation period, the right to operate reverts back to the government. The Kaohsiung Municipal Gangshan Hospital and Fengshan Hospital and Taichung City Cheng Ching Rehabilitation Hospital signed outsourcing contracts with the local governments based on the Government Procurement Act. Developed to this point, the contract models of outsourced public hospital management in Taiwan have been quite diversified [23] (See Table 1).

Theories in Value Creation Strategy

(I) Fundamental logics of value creation strategy

Outsourcing public hospitals involves forming of a public-private relationship between the government and the medical institution (or college), as well as a relationship of inter-organizational governance and value creation strategy. Therefore, it is necessary to seek proper positioning of the involved organizations and a model for resources integration. The fundamental logic of value creation strategy is originated from the concept of value-based strategy proposed by Brandenburger and Stuart (1996), which refers to an organization with a specific competitive advantage in a certain value activity, or in possession of unique resources or abilities that bring the organization to focus on specialization and labor division for creation of the greatest added-values (or rent) individually.

From the development of the related theories, the concept of added-value (or rent) can be consolidated into the following connotations. (1) As early as the 1930's, Schumpeter pointed out that the innovative ability of a company can create "innovation rent", and develop into activities that are accepted by society, and simultaneously create commercial values [24]. (2) Economic scholars on industrial organization pointed out that a company which has the resources and ability to build "entry barriers" gains extra compensation in the form of "monopolistic rent" [25]. (3) Scholars of the resource based value theory (RBV) think that, from the concept of unique advantage inside a company, a company which owns the resources and abilities that are not easily duplicated and replaced will develop an "isolating effect" and create the so-called "Ricardian rent" [26]. (4) Scholars of the transaction cost theory further pointed out that if an organization made an "asset specificity" investment in the course of interaction between organizations and designs a proper protection mechanism, the company will create the so-called "quasi-rent" [27,28,29]. Also, scholars of Relational Views stressed that if a company is capable of effectively "leveraging" the inter-organizational relationships, the company will obtain knowledge resources and assets (especially the complementary assets) fast, effectively, and sufficiently from the course of interaction with other organizations and create extra profits. [30] defined the extra profits as "relational rent."

The above discussion regarding "rent" explored mainly the value-based strategy from a single aspect, for examples, innovation rent, quasi-rent and relational rent, which place the emphasize on "value creation" through investment of specific resources or ability. On the other hand, the concept of monopolistic rent from IO scholars and Ricardian rent from RBV scholars pointed out that a company that owns the market power and unique (with VRIN characteristics) resources develops isolation to prevent the "rent" (i.e., value) it created from being captured by other firms, and this is the strategy logic of "value capture". However, to the fully constructed theory of value [31-33], the discussions from one-single aspect are required, but not sufficient conditions. In short, from the views of value based strategies [34,35], a company's policy decisions for value activities must be based on the two fundamental strategic concerns, value creation concern and value appropriation concern [36]. By which, targeting the studies of IORs, since the value (rent) created by the focus organization through IORs is not necessarily exclusive to the value creator, it is necessary to simultaneously consider value creation and value capture. This is a very important point in IOG strategy [30, 37].

(II) Strategic thinking of value creation:

In recent years, more and more scholars began to stress the concepts of co-creation and interaction concept in value creation. They believe that value creation must incorporate coordination between companies in order to create the various production resources [38,39]. Such interactive relationship in value creation emphasizes how to share valuable assets and consolidate complementary strategic resources with the partners [40]. The scholars who emphasize "value creation" [29,41,42,43] discussed the issues of inter-organizational governance from the aspects of resources-based, knowledge-based and social capital views. Most think that the strategic thinking of capture concern placed too much emphasis on the influence of opportunism to the company and the cooperative relationship and neglected other behavioral attributes of the companies and administrators, for example, learning and trust [42]. In short, the scholars who emphasize "value creation concerns" think that cooperative relationship between organization is a special resource with values (or the asset shared by a collective body proposed by [9]) because a cooperative relationship between organizations provides resources which cannot be obtained from the market through trading or instantly or effectively developed from within the organization [43]. From this we can see that the relationship between value creation and organizational resources is inseparable.[41] think that inter-organization transaction is a dynamic process, thus the viewpoint of process is adopted to discuss the issues of transaction value and distribution. The process includes the following procedures: (1) Both sides of the transaction start to become involved in a transaction relationship; (2) The companies start to learn from one another, solve conflicts and establish norms and trust; (3) Closing performance gaps and re-evaluate/plan the future transaction relationship. [29] pointed out in his study of inter-organizational value creation that organizations can be protected by three mechanisms, actions showing the commitment to the pledge for future interaction (such as high renew rate and high transaction volume), information sharing, and self-reinforcing agreements (trust worthiness, reputation and collateral), which enhances the credibility of the pledges made between the partners, promote the willingness to invest in the relationship, acquire assets and reduce opportunism, and in turn create transaction value. The strategy targets to seek a way to differentiate from other organizations because each inter-organizational relationship is unique, and therefore the rent or value created from the various activities of value chain is unique [24,30].

Overall, the scholars of "value creation concern" did not deny the existence of "opportunism" but stressed that the companies should not reject a cooperative relationship, because they believe opportunism exists explicitly because even if the partner shows the tendency of opportunism, it does not necessarily mean that it will act out of opportunistic behaviors. On the contrary, opportunism should be treated not only as an inevitable truth, but also a manageable variable [42]. From this, we can see that the scholars of "value creation concern" think that the focus organization should use the values that can be created by both (multiple) parties in an inter-organizational relationship as the basis for strategy planning and implementation. The parties in a relationship should not see the partner's opportunism as a fable that is bound to come true [42] and invest too much time and resources on monitoring and drawing up a contract. This shows that the risk in value capture is minimal and will not become a sufficient condition in maximization of value creation.

(III) Strategic thinking of value capture

The scholars who placed the focus on "value capture concern" [35,44,45,46] mostly discussed the issues of inter-organizational governance from the transaction costs concept, agent theory, contract theory. These scholars believe that opportunism as a partner is an important and inevitable behavioral hypothesis in the course of cooperation or transaction because the partner(s) may carry certain strategic behaviors for its own interests, such as intentional distortion of information, competing behaviors, or intentional concealment of truth. Therefore, opportunism is often the moral hazard and the cause of information concealment "ex ante", the cause of stealing and copying the core knowledge or technology of the company, as well as holding-up or locking-in the acquired assets, in the course of the partnership, and monopolize the major benefits "ex post" [47,48]. However, Dyer, [49] believe that the key of value capture lies in (1) the company owns the resources and activities relating to the activities of the alliance; (2) the Company development absorbs the capacity and effectively induce transfer of knowledge and resources of the partners in the alliance through certain channels.

The scholars who focus on value capture concern think that, in the course of inter-organization cooperation, proper protection mechanisms should be established to ensure protection of the acquired core knowledge, technologies, or abilities of the company from being used or stolen by the partner or the invested assets from being hold-up, as well as ensuring fair profits from the cooperative relationship. Although the scholars of "value capture concern" agree that not all economic actors carry out opportunistic behaviors, it is an indisputable fact that opportunism exists. Therefore, it is essential to verify whether the partner is opportunistic before the forming of the cooperative relationship, even though the process may be difficult and costly, because the company would have already suffered losses if the partner's opportunistic behaviors are found when the company is deep into the cooperative relationship. Therefore, during the course of inter-organization interaction and resource exchange, the partner's opportunistic behaviors will force the company to think about the issues of guarding its own interests. In other words, how to protect the company's core technologies and knowledge and prevent the partner from monopolizing profits after transactions, to create mutually beneficial [36,50] and a win-win game [34] is indeed an import subject in administration and strategy planning when inter-organization cooperation is involved.

In summary, it is essential that hospitals under outsourced management achieve "value creation" through public-private partnership, while being aware of the "value capture" problems, such as preventing the core knowledge, technologies and abilities from being stolen. As stressed by [51] and [31], the concepts of value creation and value capture are intertwined. Of course, as emphasized repeatedly, the "outsourced public hospital administration" promoted by the government in conjunction with the medical institutions and schools cannot be simply viewed as interactions among "companies". As proposed by [52], the medical industry is different from general industries; its operating model is different from the traditional economic models of the industries, in terms of its uniqueness, uncertainties, unbalanced information, openness to the public, government intervention and intervention of the National Health Insurance [14,53,54]. Therefore, "return of profit" is not the only concern; the objectives of such relationships include enhancing the quality of medical services or the wellbeing of the society as a whole. And the concern of the government should be the implementation of policies or political fairness [55]. From the above discussion, we see that a hospital is a non-profit institution and value creation lies in creating a regenerative cycle that puts the resources gained from society back into society. It is a cause of influence to the society and socio-economy, which gives "outsourced hospital administration" a profound meaning in terms of value creation. Based on the above discussions, this research emphasizes that there are legitimate and a necessity to explore the aspect of joint value-creation.

III. Public-private partnership and its' theoretical foundation: This study emphasizes that "outsourced public hospital administration" is a typical inter-organization public-private partnership. In the past, studies on public-private partnership were mostly started from the perspective of public policy, and in the recent years, several economists or management scholars began to explore this issue from different perspectives. Therefore, this research will further discuss the basic concept of IORs administration, public-private partnership and the theoretical basis mentioned in the research literature.

(I) Basic concept of inter-organizational governance: The issue of inter-organizational governance has been a focus of discussion in the industry and academic researches. The need to exchange or engage in joint production activities forms an interdependent relationship (generally referred to as “inter-organizational relationship”) among organizations. The interdependent relationship among the organizations at various degrees creates problems in inter-organizational communication, coordination, and mutual adaptation (i.e. the basic concept of inter-organizational governance, IOG) [56]. While “governance” is a multidimensional concept [57], many scholars gave it various theoretical implications due to the differences in the nature of the issues and divergence in the focus of a logic axis. Basically, this study is based on the theories of IOG in response to the aforementioned essence of IORs. This study will discuss IOG from the following three dimensions: (1)Relationship Structuring among organizations [58]; Architecturing, [35]; (2) The “efficiency” and “learning” effectiveness in the pursuit of inter-organizational exchange [59]; (3)The design of governance mechanisms, including incentives, defense, coordination and adaptation, used to achieve these two motives and goals [27,45,60,61].

From the core of the management issues, we can approach the problems from two dimensions- structure and process. The dimension of “structure” encompasses the various types of IORs (governance model), the factors of formation, operational logics, structural arrangement in inter-organizational relationship, strategic configuration, and design and function of inter-organizational governance mechanism. It stresses the governance issues in various relationship structures, operational models and coordination mechanisms [57,58,62,63,64,65,66]. The study on the dimension of process encompasses the developments and evolution of IORs, procedural governance mechanism, life cycle of the relationship, dynamic analysis of inter-organizational governance, and adaptation issues [41,67,68,69,70]. Past researches on the above IORs structure and process approaches have indeed grasped the essence of IORs interactions to a considerable degree and cover several aspects, including the inter-organizational interaction model, embedded network factors, interaction implications and design and development of the governance mechanisms.

(II) Theoretical discussion on public-private partnership from the aspect of public policy: Both the public and private sector play an important role in the development of the outsourced public hospital administration system. The governance role played by the government has certain effect to the success of public-private partnership formation and in turn influences the policies on the medical industry and economic development. Nowadays, the role of the government has changed from authoritative governing to governance (“less government” and “more governance”) [11].[71] divided governance into three models, upward transfer global governance, downward transfer cross-regional governance, and outward transfer partnership governance based on the theory of transfer of power in a state. [72] also defined a multi-layer governance system, which entails “a nonhierarchical exchange system of negotiation at the international, national, regional and local levels”. This governance system allows everyone from the international society to a nation, a local government, and even a group to interact through negotiation. Multi-level governance is not only a result of partnership, but also a mechanism of enhancing partnership. It is a trend of state governance, which turns policy planning and implementation into collaboration.

In Taiwan, the term “collaboration” is often confused with “partnership”, “fellowship”, “cooperation” and “co-production”, and often used to describe the interactive collaboration between the public and private sectors. It emphasizes “shared objective” and “reciprocal status“[73]. The so-called “collaboration” refers to working with others by mutual plan, contract, collaborative work, and sharing the generated benefits. The public and private sectors with outdated and stiff management can also achieve inter-organizational cooperation through collaboration. Collaboration can be described as a new language of public governance, which brings private funds into the development of infrastructure, induces organizations to become involved in economic development, or integrates the national health care and social care services [74]. According to [75], the characteristics of collaborative activities include: (1) Collaboration as a high-level strategy rather than a low-level tactic; (2) Strong linkage (i.e., network) among the participants; (3) Involvement of various groups; (4) The participants are dedicated to long-term involvement; (5) The operating process has an official model; (6) Operations are transparent.

Public-private partnership is a long-term cooperative relationship between the public and private operators [76], and they reach a consensus to provide public services, including health care services and administration [77], as well as sharing risks, costs and profits. The relationship is built on the concept of shared add-values [78]. [55] proposed a set of assessment indicators for collaborative operations, covering the dimensions of communication, commitment, equality, techniques, skills, trusts and respects. These factors play a part to influence the quality and the external forms of collaborative operation. [12] discussed the framework of equality, contract, scope, non-collateral equities and trust from the concept of public-private partnership and explored the governance mechanism of alliances. [74] derived the different types of partnerships from the perspective of organization and developed a spectrum that ranges partnership from the special relationships of informal networks to the highly formal interaction and provide as an effective tool to help the collaborative organizations effectively integrate into a single organization, consolidating the network, partnership, and alliances. In the dimension of the new partnership governance, both the public sector and citizens take the core responsibilities in the partnership and extend civil participation and involvement in the administrative decisions and actions. Therefore, both the public sector and the citizens play active roles in reform and development of public administration, and other social actors also have missions in the new system of partner governance, such as accountability, communication, and bridging. The government cooperates with the local communication through partnerships and achieves decentralization and sharing of power to achieve better development of public affairs [79].

The partnership between the public and private sectors emphasizes the interaction and trust between the participants. Therefore, partnership is an integration of various organizations and sectors, aiming to improve services and share benefits through new skills, resources, ways of doing things, and reform. It enables and provides resources to the private sector or non-profit organizations for enhancement and innovation of products and services. The most important of all is to improve the quality of services through the expanded capacities and authorities of partnership [80]. [81] pointed out that social interaction among organizations is not only an embedded social network to a certain degree, but also an inter-organizational governance mechanism built on the basis of mutual trust. In addition, in the process of government policymaking, the interaction between the government and the public, the public and private sectors, and the between governments are significant research subjects, and public-private partnership is also a new form of governance model derived from the interactive decisions. The reason why scholars of public policy see public-private partnership as the new governance model is that it emphasizes that the goal of governance lies managing all types of value creation.

(III) Theoretical discussions on public-private partnership from the economic and management Perspectives

In addition to the above-mentioned scholars of public policy who touched on the subject of public private partnership, in the recent decade, scholars of economic and management studies have also proposed several conceptual works on corporate partnership related issues, from the aspects of economic theories, sociology, and psychology, especially [9] and [11]. They put forward several operation models and value creation models relating to public private partnership. Compared to other industries, these models have two major attributes: public goods and value co-creation. First, medical resources are public goods that belong to all citizens. Health and medical services have different characteristics than general commodities or services; therefore, in the free market, many medical services cannot be sufficiently provided sufficiently [82]. However, through public private partnership, mutual benefits shared by all can be created from the public-private partnership [9].

Second, creation of the organizational value in a healthcare organization requires multi-party interaction and sharing of experiences [11,83,84]. For example, in the search for an effective and economically-viable way to utilize healthcare resources, the government should be involved at the appropriate times to establish an effective communication channel for individual or between organizations and help the outsourced public hospitals to integrate the professional healthcare service teams. With integrated resources, the hospitals can then work together to enhance public health and achieve the goal of providing quality care and services to the public [85]. It is believed that traditionally, the cooperative relationship between the government and a medical institutions is built on top of clearly-defined labor-division (the government provides resources, policy objectives, and directions, while the medical institution is the major operator). In practice, the government needs an input of knowledge in hospital management and administration as early as the policy drafting stage. After the hospital starts the operation, the government cannot see it self as having completed the front-end resource allocation job and stay out of the business from this point.

The above-mentioned two major attributes, public goods and value co-creation, implies that value creation of a medical institution, under collaborative efforts from parties who play varied roles and have varied abilities, can create a scope of value that a single organization (or a single organizational governance entity) is unable to achieve. However, the reverse side of benefits is often costs (or price), and that is because each of the entities has different goals and interests behind them even when they join in an alliance for value co-creation (Caves referred to it as variegated organizations, also see the discussion from Bridoux, Coeurderoy, and Durand 2011) and thus uncertainties and potential conflicts of value distribution arise [9,11,86]. This consideration on the aspect of costs (price) implies cooperation between the public and private sectors cannot only be viewed as a natural development process; in contrary, it requires effective management and coordination through an appropriate inter-organizational governance mechanism. This is the true meaning of "collaboration" in a public and private partnership (which covers the aspects of heterogeneous abilities, resources, and investment, see also "Constructive partnership", [10].

In other words, cooperation between public and private sectors in the form of outsourced public hospitals can be viewed as a medical care system or a loosely coupled organization (for example, the empirical subject in this study, the "outsourced public hospital") which is built jointly by the public and private sectors under a certain socio-economic background. Through continuous communication and coordination process for goal-setting, the collective action has begun [87] in a course of collaborative activities and creation of an overall value [9]. In comparison, the other individually-operated organizations are more burdened for the obligations in coordination, exchange and distribution. For example, [11] stressed from the perspective of value creation that the role of the public sector is set to put public interest first and the private section focuses on the values and interests. Under this circumstance, private public partnership will be able to consolidate the common interests of the public and private sectors and the interests of the public.

Conclusion: "Outsourced public hospital" is a combination of government and medical institutions (schools or other organizations), which creates mutual benefits and value through "special resources", "incentive mechanisms", "connection ties that enable consolidation", "interactive experience" and "value distribution or capture mechanisms" under an appropriate governance structure. Together they form a value creation platform. The most important mission of such partnership is to construct and provide an experience environment, which enables bilateral dialogues and establishes a collaboration model to achieve the goal of "do your best, and gain what you are worth". Thus, the required medical service-oriented value activities can be implemented to achieve creation of medical values [88]. More specifically, a public-private partnership clearly defines the "double-creation activities" and, with the support of the abovementioned mechanisms, it enables joint value assessment and creation. This is a subject worth further exploration through empirical studies from different perspectives.

The concept of public-private partnership can no longer be viewed from the simple structure of top-down logic in public policy theories. The concept now has evolved into a complex system, which covers the issues of how to distribute created values. The subject can no longer be analyzed from the perspective of policy alone, because it involves divergence in price negotiation capability generated from the different contribution and investment by the involved parties during the value co-creation process [51]. Other than the government, each of the roles involved in value creation for a medical institution has equal or even greater importance; from which, we know that we must extend the development, scope, and focus of the theories into the common activities of the government, medical care provider, and consumers on a basis of public policy theory and include the economic and management theories into the framework based on the industrial reality. From which, we will be able to develop and explore the theoretical basis of this special inter-organizational relationship. This will be a feasible subject for further study in the future.

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Table 1. Comparison of contract models of outsource public hospital administration

Item	Act for Promotion of Private Participation in Infrastructure Projects	Government Procurement Act	Self-government Ordinance of Property Administration and Management Commission Regulations enacted by the respective city/county government
Objective	1. To enhance the standards of public health services. 2. To accelerate socio-economic development. 3. To promote public participation in infrastructure projects.	1. To establish government procurement systems. 2. To enhance procurement efficiency under fairness and open procedures.	To increase profits from city (county) owned properties.
Public-private relationship	Partnership: Merchants recruited by the government or business plans proposed by the private companies.	Processed in accordance with the procedures set in the Government Procurement Act.	Processed in accordance with the procedures set in the Government Procurement Act.
Financial relationship	The government sets various land leasing rates, franchise loyalties, or medical assistance funds based on the contracts. The government has the responsibility to monitor the operations.	The government collects contributions from private companies in a landlord/tenant relationship, and The government has the responsibility to monitor the operations.	The government collects contributions from private companies in a landlord/tenant relationship, and The government has the responsibility to monitor the operations.
Contract relationship	Equal	Equal	Equal
Classification	Classified based on planning, construction, administration, and transfer	Tender types, amount and contents	commissioned operations
Hospital and duration of contract	BOT- Shuang-Ho Hospital, 50 years BOT-Tainan Municipal An-Nan Hospital, 50 years ROT-Tainan Municipal Hospital, 9 years ROT-Kaohsiung Municipal Ta-Tung Hospital, 15 years OT- Kaohsiung Municipal Cijin Hospital, 8 years	Kaohsiung Municipal Fengshan Hospital, 7 years Kaohsiung Municipal Kangshan Hospital, 7 years Kaohsiung Municipal Hsiao-Kang Hospital, 9 years and 9 months Cheng Ching Rehabilitation Hospital, 9 years The Ancient Hospital of HungKuang University, 9 years	Wan Fang Hospital, 9 years Taipei Municipal Guandu Hospital, 9 years