

PERSPECTIVES FOR COMPETITION IN THE HEALTHCARE INDUSTRY

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Abstract: A paradox has been established in the modern healthcare industry - consumers can choose between many alternatives but with high uncertainty, while healthcare establishments have numerous possibilities, but they function in conditions of rigorous demand, globalization and large-scale technological efficiency. This requires a re-evaluation of the classical understanding of competition in value creation - healthcare effects (for patients) and financial gains (for the performance of medical and related activities). Today, competition can be explained as a competition for the creation, supply and realization of healthcare products and related services and goods. It is a dynamic process of competition and, in a more general sense, interaction between competing subjects under conditions of significant state interference. It reflects the modern perceptions of health, the improvement of biotechnology and pharmacy, the changed role of the patients - more and more informed, educated, active and united in thematic groups. For the realization with a focus on personal patient preferences, this embodies the characteristics of the interaction between the healthcare establishment and the patient. Competition integrates business logic and patient thinking. In the context of the concept of joint value creation, it covers the intense interactions between healthcare institutions and the individual. Competition in the healthcare industry is based on dialogue, access, risk assessment and transparency at every stage of value creation and realization. This is realized as a competitive interaction in the environment (network) from the influences of healthcare institutions and other producers of medical and non-medical services and goods, thematic associations and regulations. This is a rivalry in creating and offering healthcare products tailored to individual patient's views, preferences, expectations and financial capabilities. The prospects for a competitive race are a transition from competitiveness to competitive interaction. In parallel with the improvement of the operational efficiency of the medical institution, this imposes, the increasing individualization of the created healthcare products. This requires the development of an environment for shared healthcare experiences with the customer. Thus, the development of competition is connected with the realization of the competitive potential of the healthcare establishment through the prism of patient choice - joint creation of healthcare experience through many channels, through options, through transactions and at an appropriate price-to-experience ratio. Consequently, the competitiveness targeting passive patients in need of treatment is shifted from an effective healthcare establishment-to-patient interaction in order to jointly provide patient satisfaction. Competition is a race between dependant healthcare establishments; it is a rivalry between producers of healthcare effects interacting with patients among many environmental influences. Contemporary competition in the healthcare industry is a mechanism for jointly creating healthcare effects by interaction between a healthcare establishment and a patient with the active role of those in need of treatment. This is realized in the form of competition and co-operation in the course of the creation of individualized healthcare experiences. Competition combines a variety of subjective patient needs, medicinal product characteristics, and network experience qualities. As a guideline for improving competition, we can point to enhancing the quality of the environment, enhancing the possibility to take into account patient need heterogeneity, increasing adaptability to changes in demand, and enhancing capabilities to mobilize all potential competencies.

Keywords: Healthcare Management, Medical Centre, Competition, Value Chain, Personalized Shared Experience

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I. INTRODUCTION

In the contemporary healthcare industry, healthcare providers and related activities are creating products in increasing volumes. There is improvement in treatment therapies, medical equipment, and communication channels. There are different ways of financing the activities of healthcare establishments, clinical research and drug trade. There is increased patient awareness and rigour. There is increased complexity of the choices made by patients. There is development of biotechnology and medical engineering capabilities. The boundaries between conventional management of competitiveness and innovation are becoming blurred. A paradox is established - consumers can choose between many alternatives but with high uncertainty, while healthcare establishments have numerous possibilities, but they function in conditions of rigorous demand, globalization and large-scale technological efficiency. We need to re-evaluate the classical notion of competition in value creation - healthcare effects for patients and financial profits for healthcare establishments.

II. THE ESSENCE OF COMPETITION IN THE HEALTHCARE INDUSTRY.

The word "competition" has Latin origin and means literally a race (race, rivalry) between two or more individuals, each of which strives to achieve its own goals. In the business under the same name it is understood as "interaction between the economic entities, where each of them seeks to realize their own interests, regardless of the other subjects" [13, p. 313; 10, 11]. Competition is "a rivalry between economic agents to achieve their goals (...), which takes place in terms of interaction between them" [14, p. 19; 2, 10]. And it is clarified that interaction can be both competition and cooperation and agreement between competing subjects. Competition summarizes the actions of all entities in a given market at a particular time. It is defined by A. Smith (1723-1790) as the "**invisible hand**" which coordinates the activity of market participants and forms the prices according to the quantities supplied and

demanded [1]; it is characterized as a **dynamic process** by J. B. Clark (1847-1938) [13, p. 314]; it is connected by Joseph A. Schumpeter (1883 – 1950) to **the contradiction between the old and the new** in business activity [13, p. 314; 5]; it is interpreted by Fr. von Hayek (1899 – 1992) as **knowledge of the temporary advantages** of the market subjects and "a process whereby people acquire and transfer to each other knowledge" [13, p. 314]. In the study of competition, John K. Galbright (1908-2006) in the theory of the "new industrial society" emphasized the **mediation function of the state**; R. A. Nisbet (1913 – 1996) develops **the concept of unlimited competition** [13, p. 314-315]. A modern development of scientific knowledge about competition is offered by Michael Porter (1947) in the theory of the **five competitive powers** [5, 10, 11]. Bruce D. Henderson (1915-1992) developed the idea of competition as a **dynamic system of interactions between entrepreneurs**, resulting in new competitive structures [13, p. 315]. In the current conditions of scattered knowledge about demand, supply and the market, competition is seen as a mechanism for **transfer of information** in an environment of obscurity, uncertainty, and scarcity [1, p. 59].

By translating the above-mentioned scientific concepts into the healthcare industry, competition can be explained as a **competition for the creation, supply and realisation of healthcare and related services and goods**. This is a dynamic process of competition and, in a more general sense - interaction between competing subjects under conditions of significant state interference. Competition shapes the parameters of generating and exchanging value in the form of health effects (for patients) and financial benefits (for healthcare establishments). It improves the efficiency of health product markets.

In the context of the tendency for changing the role of patients - who are more and more informed, active and united in thematic groups, in the position for intervention in the assembling of the healthcare algorithms, the choice of the used drugs and the realized communication links - a new reality is created for **the competition with focus on the patient personal preferences, expectations and financial possibilities**. Thus the essence of competition is directed to the competition in the creation of healthcare products, jointly by the healthcare establishment and the patient. This is rivalry and intentional interaction between healthcare institutions and individuals

III. NEW ENVIRONMENT FOR COMPETITION BETWEEN HEALTHCARE ESTABLISHMENTS.

Contemporary trends in the healthcare industry show that the market as a link between value creation and its consumption has a gradually diminishing importance. Those in need of treatment are overwhelmed with suggestions, but also unsatisfied and uncertain about the variety of options. They want to more actively interact with healthcare providers, including exchanging views with more than one healthcare establishment, community of doctors, alternative medicine specialists, and pharmacists. They have the potential to participate in the processes of creating healthcare products. This means sharing in the health effects creation chain. In addition, limiting the autonomy of healthcare establishments in conditions of increasing significance of the uniqueness of individual demand. The exchange between healthcare establishment and those looking for treatment, traditionally carried out on the market is replaced by co-creation.

The concept of joint value creation in the healthcare industry reflects the idea that the patient and the healthcare establishment together produce healthcare services and financial profits. It focuses on individuals and jointly created experiences. [12, p. 34] It reflects the key position of those in need of medical care in the processes of generating healthcare experiences. Thus, in the forefront of the creation of the value, the interaction between the healthcare establishment and the patient is established. A heterogeneous environment is formed for competition in the production and consumption of healthcare products [12, p. 34]. Here, the personalization of patient needs, requirements and preferences establishes the uniqueness of the interaction between the healthcare establishment and the patient; this creates a context of patient activity. It can be argued that the quality management of the interaction between the healthcare establishment and the individual patient forms the basis for the competitive race.

The concept of joint value creation in the healthcare industry implies a comprehensive co-production of healthcare products based on dialogue, access, risk assessment and transparency [12, p. 44].

Dialogue represents interactivity, serious engagement and readiness for action by both the healthcare establishment and the patient. This implies understanding and empathy, awareness of the emotional, social and cultural aspect of the treatment experience. This encourages knowledge sharing as well as communication between equal subjects in a single treatment process.

Access to healthcare products is an alternative to the transfer of ownership. While in the past the focus of health management is on the creation and realization of healthcare products, today the management of the healthcare

establishment is increasingly in line with the patient's willingness to have at his/her disposal, but not to own. "Increasingly, the target of consumers becomes the access to something you want - not always ownership of the product." [12, p. 47]. Access means providing information about medical activities, necessary research, and quality.

Traditionally, healthcare managers believe that the healthcare establishment is better than the parent in **assessing risk** - the possibility of harm to health. However, under the conditions of joint creation of value, the discovery of risks is key in the interaction between the healthcare institution and the individual. Health management provides new opportunities for building a higher level of trust, as well as supporting the discussion of evidence on benefits and dangers.

Healthcare establishments have traditionally benefited from the information asymmetry between supply and demand for healthcare services. Currently, however, the indicated asymmetry is becoming weak. Information on treatment technologies, medicines and medical processes is becoming more and more accessible. There is an evolution of the **transparency** of the environment for the joint value creation, with patients becoming collaborators in the treatment activities from passive consumers.

The bases presented - dialogue, access, risk assessment and transparency - form the framework of joint value creation in the healthcare industry. These provide significant opportunities for health care providers and related processes, as well as create a non-traditional environment for competition between healthcare providers. Here, the healthcare establishment cooperates with people seeking treatment using their activity, awareness and knowledge; it also interacts with other healthcare institutions, pharmacists, biologists, unconventional medical care providers, patient organizations. Thus, the competitive race between healthcare establishments is transformed into competition based on cooperation. This is a dynamic process of rivalry through interaction. This is the integration of business logic and patient thinking.

IV. COMPETITION THROUGH PERSONALIZED JOINT TREATMENT EXPERIENCES.

The joint value creation in the healthcare industry represents a competitive space for targeted interactions between the healthcare establishment and the patient in a network of other medical institutions, patients and state institutions. It offers an environment for personalized treatment experiences. Joint value creation is generated not by a specific product; it does not originate from the social and specialized network (doctors, healthcare establishments, family), nor is it produced by the information and communication environment. The joint value creation is the interaction between the healthcare establishment and the patient multiplied by multiple influences of healthcare companies, alternative treatments, thematic unions, regulations. It offers a beneficial effect on human health that is generated together from a particular healthcare establishment and a particular patient in the context of an environment. It can be defined as a personalization of the healthcare and related activities according to the patient's views, bias, preferences, expectations, opportunities. The joint value creation - in the words of C. K. Prahalad and V. Ramaswami - is "**the joint creation of a patient's experience in a certain timeframe in the context of a particular event**" [12, p. 29]. The competitive race between healthcare establishments in these conditions evolved from competing to multilateral interaction. In practice, competition undermines the health management of "the comprehensive joint creation of an end-user experience environment" [6, p. 162].

Dialogue, access, risk assessment and transparency form the grounds for the creation of value in the healthcare industry. By themselves, however, these may not lead to effective competition between healthcare establishments. It is necessary to realize a competitive interaction between the healthcare establishment and the patient in compliance with the set of influences of the environment. It is necessary to realize the competitive potential of the healthcare establishment in the context of the "dimensions of choice" [12, p. 66] of patients.

The joint creation of treatment experiences via multiple channels characterizes the scale of communication between the healthcare establishment and those seeking treatment. It reflects patients' aspiration towards multi-variant choice of relationships in value creation. This is assisted by the technological development and improvement of Internet capabilities during the last decades, which have led to a revolution in the structure of channels of communication with other healthcare providers, drug suppliers, customers and other stakeholders. A leading requirement for the established continuum is the management of multiple channels according to the competency, qualifications, interests and needs of the patient.

The joint creation of treatment experiences through options shows the compliance of the healthcare establishment with patient preferences and desires [12, p. 70]. This is a modern stage in the evolution of the relationship with those seeking treatment and thanks to the improvement of the supply chain; the acceleration of the

introduction of innovations and the development of precise communication channels there is offered variety of opportunities for obtaining healthcare products. In practice every patient can choose according to their views.

The joint creation of treatment experiences through transactions represents a unification of the business approach of the healthcare establishment and the perceptions of the patient [12, p. 73]. Transactions are generally a basis for value-enhancing, including logistics, information, and channels. Effective transactions reduce the cost to the healthcare establishment as well as increase convenience, speed and security for the patient. The joint creation of treatment experiences through transactions generates trust and higher quality healthcare.

The cost-experience relationship in the joint creation of treatment experiences is a crossover between the costs incurred by healthcare establishments and the patient's assessment of health benefits. Contrary to traditional management, the quality of the treatment experience is the value for the patient. It binds the price with the expected health benefit. This seeks a reasonable price for a given quality, and since the health effects are unequal for every person in need, the consumer makes an individual assessment of the relationship between price and experience.

The presented dimensions of patient choice make the joint value creation by the healthcare establishment and the patient in a joint treatment experience. These transfer the competitiveness towards passive patients in need of treatment into an effective interaction between the healthcare establishment and the patient. These require the development of management strategies based on the mutual creation of patient satisfaction. In this respect, the perspectives of competition in the healthcare industry may focus on the involvement of healthcare establishments in the creation of patient experiences; as well as perceiving the value of produced health products as part of "the internal needs and motives" [6, p. 162] of patients. The competitive race is oriented towards the joint activity between the healthcare establishment and the patient along the whole value formation chain (not only at the stage of value realization). Competition is an experience that "is achieved when something that is good for both the consumer and the manufacturer (the seller) is pursued" [6, p. 162]. As a result of the competition, there is beneficial use of healthcare resources, the patient's potential and the capabilities of the network (from other healthcare establishments, thematic associations, state institutions).

Contemporary competition in the healthcare industry is a mechanism for jointly creating healthcare effects by interaction between healthcare establishments and a patient with the active role of those in need of treatment. This is realized in the form of competition and joint cooperation in the course of the creation of individualized healthcare experiences. As a recommendation for improving competition, we can point to enhancing the quality of the environment (social, specialised and technical), enhancing the possibility to take into account patient need heterogeneity, increasing adaptability to changes in demand, and enhancing capabilities to mobilize all potential competencies.

V. CONCLUSION

The joint personalized value creation offers a new environment for competition in the healthcare industry. Therein the traditional rivalry between healthcare establishments evolved into a interacting medical institution - a patient in a network of health institutions, thematic unions and state bodies. Competition takes place at every stage of the joint generation of health benefits. It requires dialogue, access, risk assessment and transparency. It is generated by the possibilities to create personalized treatment experiences through multiple channels, options and transactions. An indication of the level of competition is the assessment of the cost-experience ratio from the position of the individual patient. Consequently, competition brings to the forefront the health management of the patient with his/her activity, awareness and organization. This deletes the distinction between business logic and patient thinking by focusing on the involvement of the individual in healthcare and related activities. This humanises and personalizes competitive opportunities in the health industry. This transforms the market from a place of exchange of value into a forum for sharing health effects and financial benefits.

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