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The Role of Expectation Management in Value Creation: A Case Study on Municipal Managers' Experiences with Offering Supported Housing

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Abstract: Theoretically rooted in public service logic (PSL), this article explores managers' experiences constructing value propositions and facilitating the value creation process in a public sector environment. It reports on a qualitative study from a Norwegian municipal setting based on individual and focus group interviews supported by participant observations and relevant documents. The data were analyzed according to the guidelines of stepwise-deductive inductive analysis (SDI). The findings substantiate changes in the utilized supported housing forms and highlight urgency's pervasive effect on transition processes to supported housing for individuals with intellectual disabilities and the need for around-the-clock support. This study contributes to public management research by examining the process of constructing value propositions and the managers' efforts to contribute to the formation of more realistic expectations towards the municipality's scope and level of service among prospective service users and their families. The article contributes to the PSL discourse by providing the complementary concept of expectation–reality mitigation as a particular form of expectation management suited for the complexities and constraints of value creation in public service settings.



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1. Introduction

During the last decades, increased scholarly interest has been afforded to the dynamics of value co-creation in different public service settings (Hodgkinson et al. 2017; Osborne 2018; Jukić et al. 2019). It has been of particular interest in the public administration and management literature to build insight into the mechanisms of how value creation takes place at “different levels and during different phases of the public service processes” (Rubalcaba et al. 2022, p. 1). Public service logic (PSL) is a recent research stream advocating new and distinctively different approaches to tackle the challenges of delivering public services (Osborne 2018). PSL builds on service management theory and public administration theory and adopts a service-centered approach seeking to aid the development of the public sector through the notion of value creation (Sønderskov and Rønning 2021; Eriksson and Andersson 2023).

There has been little empirical interrogation of PSL (Dudau et al. 2019; Eriksson and Andersson 2023), and so far, the PSL literature has mainly been concerned with value creation during the phase of consumption and use (Hardyman et al. 2015; Hardyman et al. 2019; Røhnebak et al. 2022). Empirically, value co-destruction (Engen et al. 2021; Skarli 2021a, 2021b) and aspects of value co-creation in public service eco-system focusing on capability, complexity, and conflict have been addressed (Rösler et al. 2021; Rossi

and Tuurnas 2021). Studies exploring the construction of value propositions have been highlighted as a gap in the literature (Hodgkinson et al. 2017), and little examination has been afforded to the phase that “precedes the public service user’s realization of value” (Eriksson et al. 2020, p. 791). Likewise, sparse attention has been given to the experiences of public managers during the value creation process (Osborne et al. 2021). The critical role of the interactions between service providers and beneficiaries is highlighted in PSL; however, the mechanisms that underpin value creation in this relation have not been sufficiently explored (Virtanen and Jalonen 2023).

In the present article, we address this gap in the literature by exploring public managers’ experiences prior to the service users’ utilization of value. To specify, we explore two interrelated research questions:

- How can the process of offering supported housing for individuals with intellectual disabilities and their family caregivers in need of around-the-clock support be described from a managerial point of view?
- How do municipal managers experience constructing the value propositions and facilitating the value creation process in this context?

The Context of the Empirical Study

People with intellectual disabilities and around-the-clock support needs are diverse, and correspondingly, so are their housing and service preferences, expectations, and needs. The context for this empirical study has roots in a major reform wave that swept across most Western countries in the latter half of the 20th century. Staged by the notion and principles of normalization, it ushered in deinstitutionalization and a community-centered approach to address the support and housing needs of people with intellectual disabilities (Tøssebro et al. 2012). In Norway, all regional residential institutions for people with intellectual disabilities were closed by 1996, and the responsibility for the care field was transferred from the regional level to the municipal level, along with an ambition for community integration (Nøttestad 2004; Tøssebro 2016).

Since the devolution of the responsibility to the lowest administrative and political tier, the most common housing option for residents with intellectual disabilities and around-the-clock support needs has been co-located housing (Tøssebro and Lundebj 2002; Hansen and Grødem 2012). Despite the municipalities’ high self-reported ability to ascertain the need for supported housing, the availability is challenging, and waiting times are often long (Astrup et al. 2019). Over the last three decades, the average number of co-located units has risen from 3–4 to more than 7 (Kittelsaa and Tøssebro 2011; Söderström and Tøssebro 2011). There has been a trend towards widening the case mix of tenants in co-located housing complexes (Anvik et al. 2020; Tøssebro 2019).

Supported housing and the level of services are allocated based on an individual assessment of one’s needs and functioning and do not follow a specific diagnosis or any legal categorization. Municipal services to individuals with impaired functioning are variedly organized in Norway (Sandvin and Anvik 2020). As a municipal service field, it is often termed assisted services and can be identified by the nature and scope of its services. On average, it is the second-largest municipal health and care service field measured by expenditure, often comprising up to 20% of the municipal health and social budget (Sunde 2017). Municipal health and care services are funded partly by the municipalities’ taxing base and equalized and somewhat capped through the intergovernmental income transfer system, which is comprised of a set of schemes and grants (Fiva et al. 2014; Idsø et al. 2018; Helsedirektoratet 2021, 2022b, 2022a).

2. Theoretical Approach

PSL was developed from the premise that other schools of thought within public management theory are not fit for purpose as they build from a goods-producing logic (Grönroos 2011; Vargo and Lusch 2004; Osborne 2018; Vargo and Akaka 2012; Vargo and Lusch 2008). In contrast to the prior dominant paradigm, New Public Management, a

product-dominant approach, which focuses on internal efficiency and stages a provider–customer outlook on public services (Radnor et al. 2016), PSL follows a service logic tradition seeking “to explore and understand the different elements of value and the environments, processes, and interactions that influence it” (Rubalcaba et al. 2022, p. 42).

Scrutinizing the genealogy of thoughts that manifest in PSL, one can find hereditary ties to propositions interlaced from Service Logic (Grönroos 2006), ideas and concepts from Service Dominant Logic (Vargo and Lusch 2004; Skålén et al. 2015), and it can further be seen as an evolution upon Public Service Dominant Logic (Osborne et al. 2013) (Dudau et al. 2019; Osborne et al. 2022; Trischler and Charles 2019). It is from the Service Dominant Logic tradition and specifically from the works of Grönroos (Grönroos 2008, 2011; Grönroos and Voima 2013; Grönroos 2019) that PSL adopts the position that value can only ever be created by the service user (Osborne 2018). From the perspective of PSL, there is no extant value of a service, and PSOs alone cannot create value but offer potential value, so-called value proposition, and have an opportunity to influence its users’ value creation as well (Skålén et al. 2015; Grönroos and Voima 2013, p. 146; Eriksson et al. 2021).

PSL acknowledges that value can be created/destroyed/unaltered through interaction with public services, both by one actor alone or in consort, hence employing the “co-” prefix (Cluley et al. 2021; Gyllenhammar et al. 2023). Employing a positive connotation, value can be created either at the nexus of the interaction with the PSO, constituting value creation, or by the service users alone, through resource integration with their needs, constituting value creation (Osborne 2018, p. 225).

Value can be viewed traditionally as value-in-exchange, where value is the price that a public service user will pay in exchange for a public service (Osborne 2021, p. 74). It can be viewed as value-in-use, derived from the public service experience, and as value-in-context based upon its relationship to the needs and expectations of the service user. It can be expressed as value-in-production as a function of the participation in public service delivery and towards achieving broader societal aspirations, the provision of public goods, and value added to society as value-in-society (Osborne et al. 2022).

In PSL, value creation is a collaborative effort centred around the service user seeking to harness the potential beyond what could be achieved by one actor independently in the public service ecosystem (Neghina et al. 2015; Osborne et al. 2015; 2022). Osborne et al. (2022, p. 7) structure the public service ecosystem across four levels—the macro level, which includes the broader societal factors; the meso level, which includes organizational actors and networks; the micro level, which includes individual actors; and the sub-micro level, which includes the impact of individuals and/or professional beliefs and values upon value creation. PSL views value creation from a multi-stakeholder and multi-level perspective (Trischler et al. 2023).

PSL emphasizes that the delivery of public services is not the sole responsibility of public managers (Osborne 2021). Public service officials have an essential role to play, not as value creators but as facilitators and co-creators through constructing value propositions (Osborne 2018; Eriksson et al. 2021). Their “role is predicated upon the value creation activities of public service users and citizens rather than vice versa” (Osborne and Strokosch 2022, p. 13). A central constraint for public services is that the value propositions must be molded within the framework of the legislation, policy directives, and within the municipality’s means and resources (Fiva et al. 2014).

PSL emphasizes the experience-based facets of value that the public service users discern during service exchange and within their unique life contexts (Vargo and Lusch 2008; Grönroos 2011; Osborne and Strokosch 2022). This position puts demands on the service user and their families as representatives to aid in the communication of their perceived service requirements, preferences, and wishes, as value is not an objective phenomenon (Skarli 2021a) but is framed by experiences, needs, and expectations (Osborne and Strokosch 2022). Skarli (2021b) addresses service users with cognitive impairments, postulating that it raises an increased responsibility on the PSO when the service users are not able to contribute fully with their own value determinations.

The function of expectations, what factors contribute to setting them, and how the service user utilizes them as a reference for judgment upon experience are the central underpinnings of the value concept in PSL theory (Osborne 2021; Osborne et al. 2013, p. 139; Osborne and Strokosch 2022, pp. 192–93; Strokosch and Osborne 2020, p. 4). In PSL, the role of the public service users, including their needs, experiences, and expectations, is at the heart of public service delivery (Osborne and Strokosch 2022, p. 13). Osborne et al. (2021, p. 670) states that “public service managers cannot directly affect the value that an individual accrues—that is related to their needs, expectations, and experiences” (Osborne and Strokosch 2022, p. 13). Understanding and influencing a service user’s or other key stakeholders’ expectations of a service is essential as it influences value determination throughout their experience of and satisfaction with a service—profoundly affecting the effectiveness and impact of a service (Osborne et al. 2013, p. 138). In the wider service management literature, efforts to influence expectations are framed in the term expectation management (Bruhn 2023; James 2011).

3. Materials and Methods

3.1. Design, Setting, and Sample

Using a single instrumental case study design inspired by Stake (1995), we explored supported housing in a Norwegian municipal service context. The case study allowed us to explore the complexities and contradictions of real life (Flyvbjerg 2006). We used a qualitative approach, and the data stemmed from in-depth interviews and focus group interviews, which were supported by documents and participant observations. This study is part of a growing portfolio of projects within a University–municipality collaboration. A resource group consisting of senior municipal managers guided the framing of the project and contributed by facilitating the data collection. The participants volunteered and were recruited after the first author presented the study in a meeting and disseminated the project proposal. The participants were selected through purposive sampling, and all belonged to one of four groups of municipal managers. Twelve managers were recruited across the managerial levels: unit managers with operational responsibility ($n = 5$); middle managers with departmental responsibilities ($n = 3$); top-level managers responsible for municipal strategic plans and sector budget ($n = 1$); and care managers with responsibility coordination, decision, and purchase roles ($n = 3$). The first three groups consisted of top, middle, and unit managers working in or with responsibility for the assisted services service area. The fourth group consisted of care managers, which refers to the employees in the coordination and allocation unit, which is the central coordination, decision, and purchasing authority for the municipality’s health and social care. The participants came from the service field and had over a decade of experience. Most participants were social educators, and four were registered nurses.

The municipal middle managers had been in leadership positions for over fifteen years, and the unit managers had all been in leadership positions for over five years. The care managers had either completed a semester course in health law or were currently enrolled in one. Most managers had undergone further education, on average up to a year in leadership and management. Through their responsibilities and previews, the participants were competent to provide relevant information about the research question.

3.2. Data Collection

The data collection unfolded over four phases. Initially, observations were made during internal meetings concerning the planning and construction of a new co-located supported housing project. The second phase consisted of two pilot interviews and an additional seven in-depth semi-structured interviews centred around the past and present processes for residential transitions. The third phase saw the convening of two focus groups with the unit and care managers. Lastly, the fourth phase comprised four follow-up interviews across the managerial groups.

The data were collected from November 2022 to June 2023. The semi-structured in-depth interviews were the data collection method in the first phase. The participants in the study were asked about their experience with residential transition processes, followed by prompts to elicit more information on their roles, the nature of the transition, and the collaboration throughout. The interviews were limited to the experiences with residential transition processes for individuals with intellectual disabilities who need around-the-clock supervision. The semi-structured interviews lasted 40 to 72 min, and the four follow-up interviews lasted 28 to 50 min.

Focus group interviews were employed in the second phase of this study's data collection, thematically focused on the participants' experiences with transition processes. The focus group interviews were conducted to generate data based on the group's synergy. The purpose was to provide further insight into their experience through a participant discussion related to managerial perspectives, collaboration with stakeholders, and the service development process concerning residential transitions. The first author moderated the focus group interviews. One focus group interview had managers ($n = 4$) as participants, and the other comprised central staff employees ($n = 2$). The sessions were audio-recorded with the permission of all the participants. The two focus group interviews lasted an average of 74 min. The recordings were later verbatim transcribed, and the recording and the transcript of a few less audible segments were checked for accuracy. All the initial interviews were conducted at the municipal building, while the follow-up interviews took place online.

The focus group interviews with the central staff employees, observations, and the collected documents served a supportive role in building a deeper understanding of the context and processes. The documents were voluntarily provided by various informants or gathered from open sources.

3.3. Data Analysis

The analysis followed the guidelines for stepwise-deductive inductive analysis (SDI) outlined by Tjora (2019). All transcripts from the primary data underwent inductive coding using NVivo, a data analysis software. The initial phase of the analytic process utilized an inductive strategy, often referred to as open coding, within the grounded theory framework (Glaser and Strauss 1967). The sequential process method of SDI relies on iterative rollback throughout the stages, from the inductive line-by-line coding progressively to a more deductive strategy in the analysis. A part of the secondary material was used to develop the typologies. In the later stages, the material was examined abductively in relation to PSL. The codes, created from the inductive line-by-line coding and structured in simple descriptive phrases, were grouped according to their shared thematic content. From this grouping, several themes emerged. Table 1 presents an overview of the analysis.

Table 1. Summary of the coding.

Subgrouping	Thematic Groupings	Typologies and Concepts
Tightening budgets Increased recruitment challenges Increased service user complexity	Broader contextual challenges	
Strategic planning and amassment Urgency System transitions Organizational aspects Modality and welfare technology aspects	Dimensions at the service level	Approaches to offering supported housing. Types of residential transitions.
Building rapport Preparing for future transition Addressing expectations	Experiences with the service development process	Expectation–Reality Mitigation

Managers consistently emphasized the uniqueness of each individual, considering their functioning, service histories, and paths towards their current or future service offerings. The analysis revealed that the municipal managers' experiences diverged according to the approaches to increase the in-house capacity of supported housing. Early on, we noted an empirical-analytic reference point (Tjora 2019, p. 27) as it became apparent that the "type of residential transitions" markedly shaped the managers' experiences. From these groupings, we developed two corresponding typologies. Upon closer analysis, we identified some common themes and procedural approaches across the narrative accounts of the past and ongoing service development processes. We explored and analyzed the groupings in relation to the theoretical perspective presented and developed the complementary concept of expectation–reality mitigation to the well-established concept of expectation management that is widely employed in the broader service management literature.

3.4. Ethical Assessments

The handling of personal information in the study was approved by the Norwegian Agency for Shared Services in Education and Research before the data collection process began under reference number [101550]. All the participants in the study gave written consent to participate and to the recording of the interviews.

4. Results

The following section reports the case study's findings and is structured according to the three thematic groupings presented in Table 1. The quotations are indicated based on the statements' context; "MS X" denotes individual interviews, "FGI X" represents focus group interviews, and X is a placeholder for the particular interview.

4.1. Broader Contextual Challenges

The managers consistently highlighted three issues—tightening budgets, escalating recruitment challenges, and growing service user complexity—as the overarching challenges. All referred to the variations in these issues, often presenting them as interconnected components of a larger whole exacerbating one another. One unit manager stated the following: *"We get less time, more users, and more complexity in the cases we receive"* (MS 5). According to several managers, the tightening economic conditions faced by the municipality demanded a heightened focus on costs. This necessitated the later years to a stricter adherence to the standard of care, the ongoing revision of the standards, and more stringent allocation practices within the bounds of the legislation. The managers perceived these issues as challenging, and documenting various efforts to reduce costs increasingly consumed their time.

The managers expressed that the tightening economic situation had led to a new reality where assisted services, to a much larger extent, must be shaped by the pressing budgetary limitations, resulting in the development of new care solutions and an overall service transformation. One unit manager stated the following:

"The economic situation dictates that we have to structure our work completely differently; it raises the requirements of our service, and our services have perhaps not been previously as affected as, say, home care and nursing homes have, where there have long been much tighter economic conditions". (MS 3)

The top- and middle-level managers pointed to tightening the intergovernmental income transfer system. Many emphasized the reductions in the top funding scheme for "especially resource-intensive health- and care services" as the most significant reason behind the later years' more strenuous economic situation. The top-level manager stated the following:

"... no more than five years... we had 89 million in transfers from the state... now we are down to 50, and it is not because many users have disappeared, but we just do not get funding for everything we do". (MS8)

In contrast, the care and unit managers alluded more to the municipality's general economic situation, citing many other reasons for the challenging economic situation. Multiple informants raised the challenge of recruiting and retaining qualified personnel. Several painted a somewhat bleak outlook towards the development over the last decade, and one unit manager stated the following: "... *we have major challenges delivering good enough competence and getting hold of qualified employees or applicants to our positions.*" (MS 4). The unit managers further raised concerns about the retention of employees as the organization shifted steadily towards becoming less service user-based, more organized according to the needs across the portfolio of service users, and adopting a more ambulatory mode of operations. The more upbeat tempo the unit managers perceived to be a challenge to staff wellbeing.

Several of the informants reported on the shifts in the case mix and changes in the user group, noting a rise in more varied user needs and an increase in service users with diagnosed mental health comorbidities and substance abuse. These elements were seen in connection to the restructuring of the responsibility across the service tiers following the coordination reform introduced in 2012. A care manager stated the following: "... *we are getting many more users who previously were served by the specialist health services*" (MS 6). The top-level and several middle managers pointed out that the field of assisted services is now tasked with a broader range of services and that there is a disconnect between the transferred responsibilities, the increased complexity, and the financing of the services.

4.2. Dimensions at the Service Level

In this section, we introduce the two typologies we developed based on the findings in the provider sphere: the first addresses different approaches to increasing the municipality's internal capacity of supported housing, while the second illustrates the various types of residential transitions.

4.2.1. Approaches to Offering Supported Housing

The managers all referred to an expected increased need for supported housing, and to address this, a policy was in place to establish one new co-located supported housing complex every fifth year. At the time of the case study, the pace of the development of a new co-located supported housing complex had been delayed by a few years, primarily due to the impact of the COVID-19 pandemic. Thus, attention towards other means of increasing capacity had seen an upswing. Four approaches to increasing the municipal internal capacity to offer around-the-clock supported housing were identified and are presented in Table 2.

Table 2. Approaches to increase the in-house municipal supported housing capacity.

Approaches	Vacancies in Established Complexes	New Co-Located Complex	Bud Shooting Complex	Slipper Distance Add-On Apartment
Description	Filling vacancies in an established co-located supported housing complex.	To establish a new co-located supported housing complex	To establish a new subdivision of an existing complex	Linking up a detached supported housing unit in the immediate vicinity
Capacity increase	One (case by case)	Maximum six	Two to four	One (case by case)
Average incidence	Several times a year	Every fifth year	Every second year	Yearly
Average setup time	1–6 months	2–3 years	9–24 months	3–9 months
Central catalyst	Natural turnover	Service field plan with special budget measure	Length of the waiting list	Welfare technology
Night staff	On-call and on-site	On-call and on-site	On-site or close by	Close by

The four approaches substantively diverged the experiences of the municipal managers in constructing the value propositions as the four approaches entailed various amounts

of planning and project work. The unit managers notably experienced these approaches as very different, where the increase in the managerial span that followed from the bud shooting complexes and slipper distance add-on apartments was viewed as a long-run downside. The different approaches also had ramifications for the prospective service users and their families throughout the planning and service development process and were perceived to influence their expectations. Several managers pointed out that in some cases, prospective service users and their families had developed clear preferences for the approach they would partake in, with new complexes often being the top preference.

The scale of the endeavour was naturally different between filling a vacancy and establishing a new co-located supported housing complex. One unit manager stated the following:

“It is a larger perspective when you start something new. ... There were a lot of possibilities to influence the premise functions in some places, then it was the multiple near-simultaneous service development processes and the breadth of collaboration, addressing everything from the colour of the walls to setting up the place and deciding on who is going to attend which meeting. It was massive and on a completely different scale”. (FGI 1)

On the planning level, establishing a new co-located supported housing complex represents a significant undertaking. In an observed ongoing project of establishing a new co-located supported housing project, the technical phase of acquiring and raising the housing infrastructure involved many at the top and middle management level and took considerable time. As the process progressed, the involved managers stated that they knew with a high degree of certainty who ultimately would live in the complex.

Given the technical planning gap, cost, and potential negative service implications, it was decided to make an exemption by offering the project slots to candidates up to a year earlier than usual. The exemption opened up to locking in who would live there, resulting in a longer preparation time, which the managers deemed highly beneficial for the service users and their families. It was however not just a net positive for the municipality as it would reduce the flexibility to address acute cases, possibly resulting in increased costs.

Constructing a new “bud shooting” complex entailed a comparable level of technical complexity, as it often involved further development following the acquisition or construction of new housing but had a much lower organizational demand. However, in these instances, expediting the decision-making process was uncommon. These projects entailed utilizing the densification possibilities on the municipally owned plots regulated for housing when the waiting list deemed it necessary. As in all projects, the funding was secured mainly through investment grants from the Norwegian House Bank.

The technical considerations for filling routine vacancies within the established co-located supported housing complexes predominantly required the unit manager to supervise only limited residence refurbishments. The service-level staff typically orchestrate these modifications in collaboration with the municipal technical division. In these cases, the waiting list was predominantly followed with some degree of consideration given to the candidate’s fit. Even less of the technical planning burden would fall on the unit managers when establishing a new slipper distance add-on apartment. This approach usually entailed repurposing extant municipal housing or leasing private market apartments near a co-located supported housing complex that would function as its service hub. In these cases, a somewhat inverse allocation decision process often took place, where the hunt for a suitable housing venue commenced when an eligible service user was identified.

On the organizational level, the different approaches naturally entail different levels of complexity. Usually, establishing a new co-located supported housing complex would entail christening a new organizational unit. Several unit managers perceived establishing a new co-located supported housing complex as a unique opportunity, and many saw this approach to increase the capacity as the most alluring. This was because it involved the opportunity to start from scratch and build a new service user portfolio, employee pool, and culture, in addition to a modern and more adequate infrastructure. Likewise, this approach,

for the most part, meant that the unit managers avoided receiving an even further increase in their managerial span and responsibility. In contrast, the other approaches entailed the unit managers receiving one or more new service users in addition to their existing responsibilities.

4.2.2. Types of Residential Transitions

Throughout the data, we noticed a pronounced difference in the experiences with residential transitions across the dimension of urgency. The managers consistently referred to the residential transition processes as planned or acute. The “urgency” that constituted the need for acute transitions often stemmed from unique and challenging circumstances; however, the consistent effect was that it significantly shortened the preparation process. One unit manager stated the following:

“It becomes a different dialogue in the urgent cases. Especially in the case of young individuals, because then there often are family carers who cannot bear the care burden any longer and are tired, which again challenges the ability to communicate”. (FGI 1)

The compacted timeframe naturally following an acute transition puts an extra strain on all parties. The managers experienced that acute processes often were emotionally challenging for the service user, resulting in an influx of challenging behaviors, and were an impediment to the positive relational interaction that is necessary for high-quality service delivery and service user wellbeing. Likewise, acute transitions were experienced to correlate, at least in the short run, with a higher risk of dissatisfaction and collaboration challenges on the part of the families.

Several managers pointed out that it represented a significant risk of increased costs in relation to added staff hours for compensatory measures and possible relocations. Only when more directly questioned did the managers elaborate more thoroughly on the differences between the other types of planned transitions—as the managers all chiefly talked about the significant difference between the planned and acute relocations. Table 3 outlines the four types of residential transitions.

Table 3. Type of residential transitions.

Type	Service Mode Transitions	Pre-Planned Transitions	Regular Residential Transitions	Acute Residential Transitions
Description	The planned transition of long-term respite solutions or child homes that change legal status when the habitant turns 18.	Planned transitions based on natural life stage needs or changes in support level.	Relocating from one living space to another.	Urgent relocations due to permanent changes in support, housing arrangements, monitoring, or care needs.
Planning horizon	Multiple years	Multiple years	9 to 6 months	Three months down to weeks
The strain put on the organization	Low	Medium	Low	High
Priority in allocation	Medium	Medium	Low	High

Service mode transitions are characterized mainly by a shift in the legal framework and new economic rationales for the service user and the PSO. They represent a significant shift in the mode of operations and professional approach, often occurring over several months. This type of transition might not entail any physical relocation at all, but nonetheless, it represents a significant change, at least so for the service provider.

Pre-planned transitions and *regular residential transitions* are separated somewhat by circumstances but mainly by the length of the preparation time and the procedural approach. In the case of pre-planned life stage or support-level transitions, the need to relocate often matures slowly, and the process commences based on a thorough mapping process and is thus part of the municipal overall capacity and transition planning. The latter is one-sidedly

initiated by the service user, sometimes exclusively requested by the family, and is restricted to secondary relocations. In the case of *regular residential transitions*, the service user is living in a suitable private or allocated housing arrangement with corresponding services that align with their needs and rights. Hence, in situations where there exist few, if any, objective measures besides one's preference for why a transition needs to occur, the managers deem it a regular residential transition, and such transitions received the lowest overall priority. Part of the reasoning for setting this priority stemmed from their experience that regular residential transitions seldom evolved to constitute any significant degree of urgency, even less so after the initial settling-in period of a year or two after residence.

The unit managers pointed out that *acute residential transitions* could challenge the case mix and “fit” of the users in a co-located supported housing complex, directly offsetting the service users' compatibility. This results in reduced well-being for service users, puts an increased strain on employees, and offsets the competence profile of the employees. About these aspects, one care manager said the following:

“There may be a perceived mismatch . . . from time to time. We do get feedback like how we could place that person there because they do not fit in. However, it may have been the only available vacancy, and we must use the capacity”. (MS 15)

The managers were concerned about the impact of the perceived increased number of acute residential relocations. All understood the legal obligation and saw the need for rapid accommodation for the individuals in question. One unit manager phrased it this way: *“I believe we just have to place them where there is capacity”* (MS 5). Only in the cases where there was an apparent lack of adequate competence or no internal capacity of housing options available were tendering for an acute placement viewed as a viable option since such solutions would further challenge the municipal economy.

4.3. Experiences with the Service Development Process

A central theme consistently emerged across the managers' experiences: the concerted efforts to inform, guide, condition, and caution the service users' and their families' expectations of the further service offering. The managers used somewhat interchangeably the more passive connotation of “clarification” and the more active word “steering” concerning building concordance between their perceived service reality and the service user and their families' expectations. All the managers viewed managing expectations as central in the preparation and development process and a part of their guidance responsibility that followed their role as public service providers. Working on expectations was described as a relational activity with an accumulating and compounding effect drawing on various communicative strategies. The managers highlighted the importance of working towards making the expectations explicit so that through collaboration and dialogue, they could grind down misconceptions, introduce relevant references, and overcome other hurdles towards achieving more realistic expectations and more aligned understandings of the means, roles, and goals.

The managers' roles and responsibilities strongly influenced their experiences with constructing the value propositions and facilitating the value creation process. Managers often drew inferences from the preparation phase or the lack thereof. In this preparation phase, the managers alluded to a substantial amount of critical groundwork being laid down. The care managers were mainly engaged regarding respite stays and other services at this stage. Their primary responsibility centres on allocating care and support services. In addition, they were frequently appointed as the service coordinator for users with complex needs within the municipality who reside at home.

The service coordinator role is structured to be a single point of contact for the service users and their families. This arrangement allowed the care managers to, over time, gain insight into the service users' unique individual needs and family care situations. The role framed a relationship where one could build rapport and cultivate trust. Thus, the care managers would often first hold the coordinator role and guide the application process and then, after an application for supported housing was sent, process the application.

Through both these roles, the care managers reported having extensive interaction with the service users and their families who might need around-the-clock supported housing. One care manager stated, “We get to know them early” (MS 15), and “For the most part, the ones that are applying for supported housing we know, especially if they are moving from their parents” (FGI 2). The managers highlighted the family’s central role and pointed to their crucial function as the guides, translators, and integrators of the engagement with the service user. The managers described a concerted effort to foster a good working relationship with the service user’s families. One care manager stated the following: “It is a relationship-based service we operate; we cannot provide good services without good relationships” (MS 7). The role gave the care managers insights into the family’s preferences, priorities, and long-term plans. One care manager stated the following:

“We feel that we are very accessible for them, and we see what this means in terms of the security that is cultivated over a long period of time; we even see the value of this come into play if there are challenges after they are established in a supported home”. (MS 15)

The care managers explained that they started informing, guiding, and preparing the families of the service users for the future transition to independent living early on. One care manager pointed out that “information often had to be given multiple times” (MS 7). The care managers perceived the lengthy relationships and the repetition of the central preparatory themes to not be in vain; instead, they perceived it to have a critical compounding effect. The change in care role for the family, the implications of the care philosophy rooted in self-determination, and the legal bounds of coercion were according to the managers’ central premises to introduce and explain to reframe the family’s expectations. The managers also mentioned the efforts to instill an understanding of the fundamental connections that occasionally eluded prospective service users’ families, leading to convoluted or inflated expectations. One care manager stated about the seeming craze of interest surrounding the new co-located supported housing projects: “I believe that [setting]realistic expectations is all about a reality check. ... then one part is just as simple as explaining what the rent will be.” (MS 7).

The care managers described that the preparation phase would eventually end in non-acute cases with an application for supported housing. Almost all the managers had broad experience with the next phase of planning the transition and developing the service offering, both as staff members and in a managerial capacity. This phase entailed building from the initial quantitative allocation of hours and brief descriptions to detailing the more qualitative aspects of the service offering.

In the case of acute residential transitions, both phases could be cut short or passed by in their entirety. The decision process could be solely driven by urgency, sometimes resulting in a speedy relocation before almost any aspects of the services to be offered were prepared. All the managers perceived that a lengthy preparation process before allocation commenced and a tight collaboration before moving in contributed to an easier process, a more significant outcome value for the service users, and an increased satisfaction for their families. Addressing these aspects, one unit manager said the following:

“The thing that becomes very challenging in acute cases is that there is little time to clarify and resolve expectations. You do not get to do that in the same way as in a planned process, and the lack thereof can lead to misunderstandings and broken expectations, which can continue to escalate feelings of discontentment, and that can last for a very long time when you do not get to work on it upfront”. (FGI 1)

The managers saw situations that lead to acute relocations as the most challenging impediment to engaging in expectation management, and the lack of such endeavors could add years of work if not conducted before the service user moved in. Several managers pointed out that the brunt of the interactions was aimed towards the service users’ families and that the complexity lay there. The managers viewed that engagement in the efforts to influence the family’s expectations in the preparation and planning phase had an overall effect on the milieu and a more direct trickling-down effect on the service user. The transference of expectations from the family to the service user occurred through outwardly

displayed emotions by the family, along with “indirect about talk” observed by the service user and more direct communication. This effect the managers described was the strongest for the first move to independent living but was often also substantial for the later housing shifts. The managers experienced that the social sphere influenced the service users. The social sphere could introduce negative talking points that were mimicked, or it could seemingly validate and exacerbate elements of stress and discomfort of the home shifting. One manager told of a mirroring effect of the emotional state across the encounters in the service development process between the prospective service user and their family. Likewise, the contentment with the service offering and the families’ perception of the influence on the development process and transition to a new role in the new independent living arrangement (the parents accrued value-in-production) influenced the service users’ expectations and experience with the new living arrangement.

5. Discussion

This study illustrates the importance and functions of expectation management from a managerial perspective in a public service setting faced with austerity. The findings of this study have documented: First, the continuing trend of dedifferentiation in care (Sandvin 1996). Second, the widening of the utilized around-the-clock supported housing forms and the co-governance complexity of increasing capacity. Third, urgency can be a salient trait in public service settings and represent a challenging context for value creation. Finally, the managers experience the role of expectation management as central to their efforts to support and facilitate the value creation process for service users and other key stakeholders.

The first finding is consistent with Sandvin and Anvik (2020, pp. 76, 78, 83) and illustrates how assisted services cater to more service users with a dilated heterogeneity in demographics, multimorbidity, and functioning. In line with Ellingsen et al. (2020), the findings point to the recruitment challenges and tighter priority within and across municipal care services (Holte et al. 2023), putting the service under pressure, echoing further Sandvin and Anvik (2020, p. 79). The second finding contributes further to the concentration of supported housing (Kittelsaa and Tøssebro 2011, p. 18). The resulting densified clusters of operations expand towards its limits the economics of scale per co-located complex as also identified by Hansen and Grødem (2012, pp. 59, 61) linked to primarily optimizing the night shift. The third finding is in concordance with Roos and Søndena (2020, p. 8), who found that family crises often necessitate urgent relocations. Our findings point to a severely restricted interaction room that negatively impacts the PSO’s facilitation efforts and the possibility for value co-creation. Finally, the role of expectation management is similarly highlighted by Roos and Søndena (2020, p. 9), who found that managers emphasize that “*Expectations must be clarified much more*” in the preparation and transition processes to supported housing.

In our study, the managers’ experiences could be separated into two archetypes dependent on the presence of urgency. The first (and preferred one) was slow, planned, and interaction-dense, striving to co-design solutions, and where the exploration of the service users and the family carers’ needs, experiences, expectations, and social milieu was central tenets in the for the most part long resource integration efforts throughout the preparation and transition process towards moving into supported housing. Meanwhile, the other was abrupt, reactive, improvised around its restrictions, and deadline-driven, leaving little room to interact or work on the expectations and where value co-creation, at best, was post-transition-dependent. This finding illustrates that urgency represents a potent impediment to undertaking expectation management and represents a challenging context for value co-creation.

Further, our study shows that expectation management plays a crucial role in bridging the gap between the stakeholders’ basis for expectation formation towards the opportunities and realities of the service field. The managers’ efforts of informing, clarifying, steering, and otherwise influencing the service users’ and their families’ expectations can be viewed as a

form of resource integration of operant resources aimed at altering the foundation or value determination itself and not necessarily towards personalizing or otherwise improving the service offering (Osborne 2021, p. 36; Skålén et al. 2018).

In a PSL context expectations are often viewed as being shaped by engagement in the service delivery process and their previous service experiences (Osborne et al. 2016, pp. 641–42). Our study substantiates that many public services are complex offerings where prior experience is often limited. Unclear expectations and even more potent unrealistic expectations that the PSO cannot meet threaten the service interaction from the start, acting in effect as premeditated resentments irrespective of whether the service offering meets its actual functional objectives or not—and can result in value (co-)destruction if not competently addressed (Osborne 2021, p. 124; Prior and Marcos-Cuevas 2016). The findings substantiate the risks that unclear and unrealistic expectations pose from a managerial perspective to the further engagement, acceptance, and contentment of the service user and other key stakeholders with the value proposition and further service offering.

Despite expectations' centrality in value determination and impact on the value creation process in PSL theory, expectations have primarily been treated as a construct with the potential to be utilized mainly to guide service development rather than as an intangible resource to be integrated with the PSO's outlook to the benefit of value creation (Grönroos and Ravald 2009, p. 13). In contrast, our study highlights the efforts to interact with the natural plasticity of expectations and illuminates the phenomenon of expectation management that has received little attention in the PSL literature thus far. Hence, it also deviates from the common foci of the user side in PSL research, where expectations are mostly treated as an exogenous variable and a construct carried and almost solely independently formed by the service user. The findings illuminate the potential of expectation management to further our understanding of the complexity of the value creation process of service users and other key stakeholders in public service settings (Cui and Aulton 2023).

5.1. Theoretical Contribution

A Stepwise-Deductive Inductive approach (SDI) aims to develop generalizable concepts (Tjora 2019). PSL centers the ecosystem perspective on the public service delivery process (Osborne et al. 2022, p. 8), where participation is an intrinsic element and a possibility at every stage (Osborne and Strokosch 2022, p. 194), and value creation is non-linear in nature (Strokosch and Osborne 2020). The process of value creation is viewed to be aided or hampered by the confines of a dynamic and often complex ecosystem, often engaging co-governance and co-production to prepare, plan, (co-)design, deliver, derive value from, and learn to improve services, and where value is accrued across multiple nested layers of interactions (Frow et al. 2016; Strokosch and Osborne 2020; Trischler and Charles 2019).

Value is created and shaped by the interplay between the stakeholders across these dimensions in the ecosystem, in tandem with the societal context, the values that underpin it, and influenced by the expectations that the stakeholders harbor (Strokosch and Osborne 2020, p. 436). To a greater degree than the literature thus far has explored, PSL theory stands to gain from treating expectations as endogenously shaped and influenced by the interactions and communication efforts across the public service ecosystem. Where “*value-in-context*” denotes the extent to which a public service addresses the needs of a service user within the unique setting of both their own life experiences and expectations and of the service ecosystem within which they are situated, (Osborne et al. 2022, p. 7) expectation management efforts by the PSO seek to indirectly infuse, alter, or shape the service users' expectations themselves. Drawing on the function of expectations in the public service ecosystem (Osborne 2021, pp. 123–29) and building from the managerial practitioners' experiences, we engage the widely used concept of expectation management in the service management literature to develop the complementary concept of *expectation–reality mitigation* (ERM).

The concept of *expectation–reality mitigation* consists of context-dependent, careful communicative strategies, with the rhetorical, social, and functional aim of offering information and perspective to reduce the perceived or observed discrepancies in prospective beneficiaries’ subjective beliefs about the future service offering and the public service providers’ professional and objective assumptions, intent, and limitations about the service development process, outcome, and to equip the stakeholders with realistic value determinants, effectively reducing the inherent risks unclear and unrealistic expectations can pose towards value (co-)destruction.

The concept frames an approach to expectation management that can be applied across the levels of the public service ecosystem, and we propose to expand the sub-micro level determinants of the public service ecosystem model to include expectations in the component structure of the beliefs and values that function upon value creation (Osborne et al. 2022). At the micro (individual) and meso level (network aka. service level), it frames the efforts by the PSO to mediate a concordance in the understanding of the realities, strains, and priorities in the service field and influence the expectations of most pressingly the prospective service users and their families to be reasonable and realistic towards the municipality’s scope and level of service.

The *expectation–reality mitigation* efforts indirectly alter expectations and the premises for value determination derived thereof held by the service user or the corresponding foundations and opinions in the social sphere that contribute to shaping them. It is an antecedent to the subsequent value creation by the service user and a component of the value co-creation efforts by the PSO. Likewise, it can be seen as a co-creation effort by the persons in the social sphere, most prominently the parents. To explicate the concept, we developed a conceptual typology over the component communicative strategies rooted in the data from the case study. The conceptualizations of the communicative strategies collectively inspired the conceptualization and are presented in Table 4.

Table 4. Approaches to expectations-reality mitigation.

Managers’ encounter with service users and their social sphere	Managers’ Judgment of Expectations			
		Realistic	Unclear	Unrealistic
	Unconscious	Unveiling	Informing and or guiding	
	Emergent	Inducing		
	Explicit	Confirming	Conditioning	Cautioning

In our case, the state of expectations, perceived by the managers as unconsciously held, incomplete, lacking, or outrightly expressed, was coupled with the managers’ judgment of realism in the expectations they encountered. The managers’ communicative encounters with the service user and their social sphere often initially centered on nonaligned presumptions or misconceptions that they viewed could set up unrealistic expectations; they often sought to engage through dialogue to grind these down, employing the strategy of *informing and or guiding*.

The managers sought to prepare both the service user and their families for the forthcoming transition to independent living and the realities of supported housing. This could involve employing the strategy of *unveiling* expectations to aid the service user or members of their families to the end of making them more aware of holding assumptions or projections on the future service offering itself or the wider aspects of the future life situation. This could take the form of clarifying through the use of paraphrasing by summing up interactions with the service user or their families and presenting back the information. The strategy of *unveiling* can both serve to clarify and solidify realistic expectations.

The managers accounted for various efforts that could be framed by the strategy of *inducing* expectations. This was often employed in connection to elements the service provider had experienced that were blind spots, thus, in some sense, “known unknowns” for the service user or their families. These were often elements related to the philosophy of

the support and care logic the municipal service was based on and the PSO's role. Likewise, the managers often pointed out the definitional bounds and procedural rules linked to coercion, often linked to health literacy and self-determination elements.

The strategies of *unveiling* and *inducing* expectations are in the typology separated from the strategy of *informing and or guiding by* the reinforcing and repetitive efforts employed by the managers seeking to elevate certain elements as conscious constructs and working towards getting the social sphere and the user to consciously accept and vocalize them. As expectations became explicitly vocalized and given that they were perceived as realistic by the managers, the strategy of *confirming* was employed. This approach also employs repetition and tactics aimed at embedding these mental constructs through affirmation and narrative comparative contextualization.

If the managers encountered explicit expectations deemed unclear or outright unrealistic, the strategy of *conditioning* and *cautioning* would be employed. The first strategy seeks to clarify, thus improving explicitness, specificity, and sometimes the beholders' consciousness of the expectation and its implications. On the other hand, the latter employs moves to communicate the ramifications and prudence of holding on to a vocalized expectation and informing in an appropriate way about the discrepancy it can entail compared to the managers' perceptions of the service realities. One manager pointed out that aspects related to communal companionship in the co-located complexes often needed to be approached by either of these strategies as there were frequently somewhat inflated expectations in this regard, primarily held by the parents. Various tactics could be employed across these two strategies, such as asking open-ended questions, posing hypotheticals, and explicating the position through deductions seeking to align their expectations more with the managers' perspective.

Across all, and especially for the latter two strategies, providing a compassionate understanding of the disappointment that could be experienced by the families and occasionally the service user throughout the process of realizing the discrepancy in expectation outlook with the PSO's view of the content and extent of service level was lifted forth by the managers as crucial. Several managers pointed out that being willing to address nonaligned explicit expectations, avoiding reinforcing them, and tactfully rebutting them were vital when encountered. Preferably, it should be done as early as possible in the service development process. Hence, we propose that PSL would benefit from treating expectations as endogenously shaped and influenced by the interactions and communication efforts across the public service ecosystem, the immediate social sphere, and, ultimately, the society at large. Further, we propose that expectations should be viewed as an intangible resource, and when the PSO employs expectation–reality mitigation strategies at the individual level, it constitutes a form of co-creation.

At the macro level (societal level), *expectation–reality mitigation* can frame the efforts by the PSO and the government at large to inform, guide, condition, caution, and brace the rising expectations of public services. It could involve informational or educational efforts highlighting the equitable co-responsibility of the citizens, the bounds, potential, and valued role of informal carers, explicating the grounds for priority in increasingly constrained service settings, contextualizing the rights and responsibilities and the realities of the current care regime—highlighting the difference between policy execution, which the PSO engages in, and political resource frame setting, which is influenced at the ballot box.

Expectation–reality mitigation is, in the first instance, conducted in the interactions throughout the planning, service development, and service delivery as a specialized form of expectation management suited for the public service context with the service user and other key stakeholders. In the latter instance, it takes place at the societal level as communicative efforts, in the form of information campaigns, service declarations, information meetings, and other efforts to educate the citizens and seek to influence their expectations (Agger and Hedensted Lund 2017, pp. 37–39; Osborne 2021, p. 180). Especially within a social public welfare system setting, the concept of *expectation–reality mitigation* can serve a role in framing specific approaches under the broader concept of expectation

management and functionally contribute to aid value creation. The concept highlights the anterior functions of expectations in value formation and holds some potential in facilitating the value creation process in a public service setting and reducing the risk of value co-destruction under the tightening conditions of public service delivery.

5.2. Limitations

Even though the sample is understood as trustworthy, there are some limitations to consider. The case is set within a Norwegian municipal context and was limited to an above-average-sized municipality, with a vulnerable service user group often in need of more active aid in developing and understanding context, and sometimes also forming, understanding, and voicing their own preferences, and thus specially tuned communication efforts were also employed by the PSO. Notwithstanding that, the vast majority of the interactions and the references to their expectation management efforts were aimed at their family carers/parents. The proposed concept of *expectation–reality mitigation* would benefit from being investigated across the public service ecosystem by studies applying a multiple-stakeholder approach. The proposed concept would benefit from being empirically interrogated in broader service settings and in different countries, both regarding its merits in connection to the public service ecosystem and situational transference fit and conceptually in connection to the underpinnings of the PSL theory construct.

It should be noted that since this study centers on the experiences and perspectives of managers, it does not seek to capture other stakeholder viewpoints and experiences, such as those of the service users and their families, and is, in essence, a conceptualization rooted in the perspective of the PSO on their own activities. Further, the full extent of austerity measures on public service organizations and their impact and approach to expectation management techniques are not thoroughly examined in this study, and this is an issue that needs further research.

This study does not engage in examining the possible dark side of expectation management efforts, nor its drawbacks, but it recognizes that the PSO can intentionally seek to undertow expectations solely for their own gain. Likewise, especially relevant in the context of vulnerable service users, the PSO can exercise paternalizing practices that shape the service users' expectations, conditioning them to be timid and docile in relation to their own preferences and effectively limiting their room for self-determination.

This study makes no universal recommendations for how PSOs might successfully explain policy objectives, contextualize rights, and express the care and support philosophy to impact expectations and bring them more in line with the reality of the service field; it chiefly conceptualizes the effort to engage with expectations in the context of PSL and elaborates on some observed strategies that can be employed. The context of each case will stage the suitability of the communicative approach, and the specifics will dictate the line of argument that is most suited to range the expectations of the service users and their families more in line with the reality of the service field. The study simply highlights the potential of expectation management and its role in value creation.

6. Conclusions

The study elaborates on the role of expectation management in value creation and substantiates the managers' experiences of working towards the formation of more reasonable and realistic value determination foundations for the parents and (prospective) service users. From a managerial perspective, expectation management has a vital role in the value creation process.

6.1. Research Implications

We propose the concept of *expectation–reality mitigation* to frame the approaches PSOs employ towards reducing the risk of value (co-)destruction due to unclear and, even more so, unrealistic expectations the service user and other key stakeholders may hold. The study illustrates that expectations are seldom a complete and fully apparent set of mental

constructs in the minds of the service user or their families from the perspective of the PSO. Informing and through other communicative strategies seeking to influence the service users and, as wide as the legal bounds of confidentiality allow, their immediate social sphere can initiate a mental process that can function as a guided reflection on the presumptions for both the process and future service offering resulting in a more aligned value determination foundation between the actors. It is also a matter of timing; the service users and their social spheres are more receptive as the service offering becomes relevant, and *expectation–reality mitigation* ought to commence before the delivery of service starts. The concept of *expectation–reality mitigation* frames a specific application of expectation management especially suited for public service settings with long interactional horizons at the micro level, explicating expectations' inherent malleability and role in the value creation process. The concept of *expectation–reality mitigation* further encompasses the indirect potential of seeking to alter, shape, or instill expectations across all levels of the public service ecosystem.

6.2. Practical Implications

This study has several practical implications. It indicates that expectation management and the proposed complementary concepts of expectation–reality mitigation can influence the value creation process in public service settings and that managers should be aware of its impact when making decisions on allocating funds or proposing efficiency measures. The study demonstrates and explicates, using a conceptual typology, how managers can manoeuvre their strategic approaches to engage in expectation–reality mitigation at the micro level. The proposed concept of expectation–reality mitigation raises awareness of expectations' role in the value creation process in public service settings and the potential benefit to the service user and their families a competent approach to expectation management can have, especially prior to but also after commencing the service delivery. Central themes in such efforts should be to contextualize the rights and convey the care and support philosophy and other insights of particular relevance to the service offering towards the goal of making the expectations of the service development process and the service delivery explicit and more in line with the realities of the service field.

Given the context of the case at hand, we speculate that such efforts can become increasingly relevant amidst the intricacies and constraints many public service organizations currently face and that the relevance of *expectation–reality mitigation* can play an increasing role in the face of further austerity measures.

6.3. Further Research

Further research is warranted into the potentials, limitations, and risks of public service organizations' efforts to influence the expectations of the service users, other stakeholders, and the general public. There are potential negative consequences of expectation management, specifically if PSOs seek to influence expectations solely for their benefit—given that objectively low-quality service offerings can be considered as good quality, provided the service user is primed not to expect more and is content with the experience (Grönroos 2019, p. 782). This is a cause for ethical concern, particularly in the case of vulnerable service users who may be more susceptible to such endeavours by the PSO and should be more thoroughly studied. Furthermore, future studies should address the long-term impacts of the expectation–reality mitigation measures on the standard of services rendered by the PSOs and their impact on the experiences of the service users and other key stakeholders in the context of welfare services.

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