



THE EXPERIENCE OF PUBLIC HOSPITALS TOP MANAGERS CONCERNING THE DEVELOPMENT AND IMPLEMENTATION OF MANAGEMENT STRATEGIES

Ana NICULITA^{ID}

Academy of Economic Studies of Moldova, Chisinau, Republic of Moldova

Corresponding author: Ana Niculita, e-mail: aniculita82@gmail.com

DOI: 10.38045/ohrm.2022.4.04

CZU: 614.21:005(478)

Keywords: managers, public hospitals, management strategies.

Introduction. The strategies developed by the management of public medical institutions are based on state regulations in various areas: type of services provided, human resources, etc., decisions need to be coordinated with central and/or local public authorities, to which the institution is subordinated. However, it is necessary for the process of developing and implementing strategies to include a number of mandatory steps at institutional level, which must be taken by the institution's management.

Material and methods. The aim of the study is to assess the experience of public hospitals top managers in developing and implementing management strategies. An assessment grid was applied for this purpose. The questions were classified into six fields: setting management strategy, added value strategy, analysis of institutional environment, institutional policies and strategic objectives, resources needed, strategy assessment.

Results. In the absence of the regulation on the structure and main rules for the development of institutional strategies, the study demonstrates a very different approach of the top management regarding the strategic process in public hospitals.

Conclusions. Top managers of public hospitals have a different and sometimes erroneous approach regarding the process of developing managerial strategies, which sometimes does not correspond to theoretical recommendations.

Cuvinte cheie: manageri, spitale publice, strategii de management.

EXPERIENȚA MANAGERILOR DE NIVEL SUPERIOR AI SPITALELOR PUBLICE PRIVIND ELABORAREA ȘI IMPLEMENTAREA STRATEGIILOR DE MANAGEMENT

Introducere. Strategiile elaborate de managementul instituțiilor medicale publice au la bază reglementările statului pe diverse domenii: tip de servicii prestate, resurse umane, ș.a., deciziile necesitând a fi coordonate cu autoritățile publice centrale și/sau locale, cărora li se subordonează instituția. Cu toate acestea, este necesar ca procesul de elaborare și de implementare al strategiilor să cuprindă câteva etape obligatorii la nivel instituțional, care trebuie să și le asume managementul instituției.

Material și metode. Scopul studiului este evaluarea experienței managerilor de nivel superior ai spitalelor publice privind elaborarea și implementarea strategiilor de management. Pentru aceasta a fost aplicată o grilă de evaluare. Întrebările au fost clasificate pe șase domenii: stabilirea strategiei de management, strategia de valoare adăugată, analiza mediului instituțional, politici instituționale și obiective strategice, resurse necesare, evaluarea strategiei.

Rezultate. În lipsa unei reglementări privind structura și regulile principale de elaborare a strategiilor instituționale, studiul demonstrează o abordare foarte diferită a managementului de nivel superior privind procesul strategic în cadrul spitalelor publice.

Concluzii. Managerii de nivel superior ai spitalelor publice au o abordare diferită și uneori eronată privind procesul de dezvoltare a strategiilor manageriale, care nu întotdeauna corespunde recomandărilor teoretice.

INTRODUCTION

The process of establishing the management strategy in a public hospital differs from any other economic agent, as the reforms and the major changes are not decided by the management of the institution but are approved by the state authorities through normative acts. However, the stages and the way of elaborating the institutional strategies are not regulated, so each manager of a public hospital carries it out according to his own knowledge and experience. Nevertheless, management theory recommends that strategies have to be structured. The structure of the strategies has known various models and approaches during its evolution, but it has kept certain components unchanged (1). The following are the main elements that should be part of management strategies.

Setting management strategy. Strategy is that realistic scenario that describes the development of the organization over a period under given environmental conditions. At the same time, it is important that the management of the institution has established an ideal scenario for the development of the organization. Thus, the management dilemma becomes identifying the most appropriate ways to close the gap between the desired ideal scenario and the realistic scenario, by undertaking a series of measures to best respond to environmental constraints, to make the most efficient use of resources and to attract new resources to achieve the strategic objectives within certain timeframes (2, 3).

Value-added strategy. Value, for an institution in the health system, is the totality of the performance, characteristics, and peculiarities of health services, offered to the beneficiaries, whose rationale is the fulfilment of the social mission in the most effective way possible. Value is a result of the process of efficiently transforming the factors of production in the health system (labor, nature, capital, and non-factors of production) into health goods and services, which the beneficiaries need in the quantity and quality and at the time they want. The process of value creation for the healthcare institution is complex and contains a number of interrelated activities, carried out by individual employees or by different subdivisions. In the literature (2, 4, 5), this process is called the value chain. From a strategic point of view, the value chain is the tool for de-

termining which activities bring additional value to beneficiaries or contribute to reducing healthcare costs.

Analysis of the institutional environment. In order to answer effectively to changes in their environment, medical institutions need to understand the internal and external context in which they operate so that, in developing the organization's strategy, they are aware of the factors that influence it in a positive or negative way (6, 7).

Institutional policies and strategic objectives. An organization's policies play a very important role in promoting thinking patterns and generating attitudes that provide the appropriate motivational support for strategy development and especially implementation. Institutional policies direct the decision-making process more by preserving some of the organization's values than by generating new values (8). The process of the institution's top management in setting strategic objectives is subject to a number of important factors, discussed above, which influence the chosen objectives. These factors relate to the situation of the environment in which the organization operates its internal condition (available resources and decision-making prerogatives) and the value system promoted by top management (2). For example, in a medical institution, quality policy is part of the quality management system. On the other hand, the quality of medical services is one of the basic criteria for establishing the institutional service strategy. Thus, if one of the components of the quality management system is missing, this also affects the service strategy.

Resources needed for the implementation of the strategy. The strategic process is essential to substantiate the resource needs (human, material, financial, informational, time) required to achieve the objectives. Although strategy development does not require an exact determination of the resources required, it is nevertheless useful to estimate them in order to determine whether it is possible to achieve the objectives set (2).

Assessment of the strategy. The assessment is a rigorous analysis of activities completed or under implementation to determine the level of

achievement of the planned objectives and their contribution to achieving the final goal of the strategy. The purpose is to determine the level of achievement of the objectives of the strategy after a period after the establishment of the strategy and for the whole period of implementation of the strategy. The assessment focuses not only on the achievement or non-achievement of actions, but also on change and effectiveness, impact and sustainability. The assessment is carried out once, over a longer period (9).

The aim of the study is to determine and to evaluate the experience of top managers in the process of developing management strategies in terms of theoretical recommendations on the institutional strategic process.

The hypothesis of the study is: the top managers of public hospitals have a different approach to the process of establishing the management strategy, based on their own perceptions and experience and less on a strategy model.

MATERIAL AND METHODS

In order to carry out the proposed assessment, a descriptive-normative, mixed study was carried out: *quantitatively*, by applying the assessment grid for public hospital top managers, and *qualitatively*, by providing comments and clarifications to the assessment grid. *Research unit*: top managers of public hospitals. Managers' experience in developing and implementing strategies was assessed.

The management strategies assessment grid, applied to public hospital managers, is a grid developed in the interest of the study, containing 17 closed questions and the compartment of comments and clarifications, to which the managers justified their answers, described their own experience, and described a certain phenomenon in terms of their own perception. The comments and clarifications section provided the qualitative component of the study.

Inclusion criteria for completing the *Management Strategies Assessment Grid* were: holding the position of a top manager of a public hospital or other management position in which institutional strategic processes are included; agreement to participate in the study; the assessment to be confidential. Criteria for excluding managers from the study: lack of agreement to participate.

The following calculation formula was applied:

$$n = \frac{N \times t^2 \times P \times q}{N \times \Delta^2 + t^2 \times P \times q},$$

where,

n – sample volume

N – value of the studied phenomenon

t – probability factor = 1,96 (95%)

P – probability of occurrence of the phenomenon

q – counter probability, q = 1-P

Δ - permissible limit error = 0,15 (15%)

The sample of top managers to whom the assessment grid was applied was calculated based on the number of public hospital institutions: in 2019, there were 73 public hospital institutions, for this reason, the error limit allowed is 0.15 (15%). Thus, applying the calculation formula, we obtained n=27, to which we added 10% non-response rate, we obtained: n1=30. Number of collected and processed assessment grids - 31.

The assessment grids of management strategies were collected from public hospitals operating on the territory of the Republic of Moldova in the period from February to June 2020. Method of analysis of results: IBM SPSS Statistics 23.

RESULTS

Top managers from public hospitals at republican level 59% (10 institutions out of 17), municipal 60% (6 institutions out of 10) and district level 43% (15 institutions out of 35) participated in the study (fig. 1). Six out of ten respondents (58.6%) are hospital top managers, and four out of ten managers preferred to delegate this activity to the deputy director (34.5%) or to another person in the institution's management (6.9%), such as the head of the economics and planning department (fig. 2).

Setting management strategy. The share of respondents from the management of public hospital institutions who stated that they have a desired scenario for the development of the institution is about 16 percentage points lower than those who stated that they have an approved institutional development strategy. Being asked to justify their answer regarding the presence or absence of a desired ideal scenario, some managers confused it with the institutional development plan, while others mentioned that it is

only a dream or is imaginary. At the same time, some of the respondents argued the lack of a desired ideal scenario in terms of hospital reform "there is no clear scenario at national level regarding hospital reform", "in terms of the hospital reform envisaged, the institution does not have certain prospects of existence, this impediment being the main one in the elaboration of an ideal

institutional development scenario".

100% of top managers of public hospital institutions who participated in the survey said they understood the concept of strategy. Being asked to define it in terms of their own perception, respondents approached the subject from different perspectives (tab. 1).

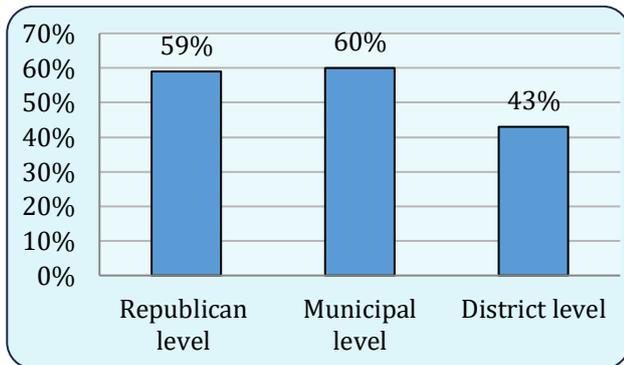


Figure 1. Percentage of managers by level of public hospital

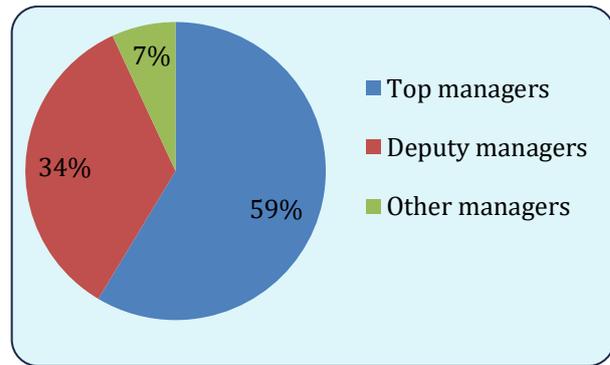


Figure 2. Types of managers

Table 1. Approaches of managers regarding the definition of strategy.

Approach	Definition
long-term development	"Strategy - a long-term vision, from which short and medium-term management plans are derived"
medium-term development	"A vision of the collective (...) on medium-term development, accompanied by an action plan, supported by timetables for their achievement, approximate costs, sources of funding, responsible for implementation, progress and result indicators"
action plan	"Strategy is a general plan of actions, which determines the priorities of strategic tasks, resources and sequence of steps in achieving strategic goals"
decision	"Strategy - a decision taken on the basis of previous assessment of the current situation of the organization to achieve the set objectives, using the means available to the organization"
objectives setting	"The strategy provides for modernization by setting goals and objectives, based on regulatory and legislative acts and cost estimates"
achievement of objectives	"Planning, organizing and managing the institution's activity; applying a set of measures to achieve the proposed objective(s)"
achievement of results	"The consecutiveness of actions, analyzed in detail, in order to achieve the result"

Institutional strategies need to be approved for the long-term, usually 5 years and longer. The study shows us that more than half of the respondents from the top management of public hospital institutions (56.7%), stated that the institutional development strategy was appro-

ved for a period of five years, about a quarter of them mentioned the period of 3-4 years, and 2 out of 10 respondents indicated periods of 6, 7, 8 and 11 years. These data are explained by the fact that directors of public hospital institutions are appointed for a 5-year term.

Being asked whether they plan major institutional changes, respondents from the top management of public hospitals in 81.2% of cases answered yes and 18.8% answered no. The fields in which most changes are planned in hospital institutions are: hospital infrastructure development, equipping with high-performance medical equipment and implementing information technologies; human resources management; health services; support services; organizational changes; financial management and control.

Value-added strategy. Eight out of ten top managers in public hospitals (80.6%) say they understand the notion of a hospital value chain, while 19.4% say they do not know this notion.

However, managers perceive the notion of a hospital's value chain in very different ways, from different perspectives: (1) analysis: *"a basic analysis to identify the institution's priorities with its breakdown by compartment"*; (2) action/activity: *"the way the hospital's actions and activities are developed"*; (3) resources and costs: *"the total costs of the institution's primary and support activities, carried out for the achievement of the institution's mission, costs, from the sum of which the actual expenditure per case-treatment or per bed-day results"*; (4) medical services: *"provision of qualified medical care, hotel conditions, collaboration between services"*.

Although the totality of activities taking place in a medical institution can be divided into two categories: primary activities and supporting activities, however, the perception of public hospital managers is that in 87.5% of cases and 83.9% of cases respectively, they have established these sets of activities at the institutional level, and in 12.5% of cases and 16.1% of cases respectively they have not established the sets of primary and supporting activities. At the same time, more than half of the respondents (around 65% or 18 out of 28) who stated that they had established sets of primary and support activities at institutional level did not identify any of these two groups of activities.

Analysis of the institutional environment. The study shows that the majority of top managers of public hospitals report that they are aware of factors in the internal environment of the organization that positively influence the work (strengths), factors in the internal environment

that negatively influence the work (weaknesses) (96.9%) and external factors (96.8%).

At the same time, 22.6% of the top manager respondents confused internal environmental factors with external environmental factors. For example: *Quality assessment and assurance in the institution through the developed performance indicators, which is a strength, was determined as an opportunity; and the high incidence of chronic non-communicable diseases and the insufficiency of their prevention component, is indicated as a weakness, being, in fact, a threat.*

Top managers were asked about their experience of economic assessment (e.g. cost-effectiveness analysis) prior to an intervention or strategic change. Six out of ten respondents (62.5%) said they had this experience. At the same time, the share of those who do not have experience of economic assessment is higher in district hospitals compared to municipal hospitals – by 16.1% and compared to republican hospitals – by 12.9%.

Institutional policies and strategic objectives. Most managers of public hospital institutions (96.8%) stated that institutional policies are integrated into the strategy. The average number of policies in hospital institutions is three. Most of the respondents, 66.7%, indicated accounting policy, 61.1% – quality policy, 50% – personnel policy, 11.1% – personal data security policy, 8.3% – policy for strengthening the technical and material base. The following policies were also mentioned: policy to promote the image of the institution, waste management policy, anti-fraud and anti-corruption policy, etc.

The majority of top managers in public hospital institutions (93.5%) state that they have set strategic objectives by fields of activity, while 6.5% have not set them.

Analysing the fields of activity for which the managers declared that they have set strategic objectives, we obtained the following hierarchy of strategic objectives: consolidation of the technical-material base and infrastructure (38.9%), development of medical services and implementation of new methods of diagnosis and treatment (33.3%), management of human resources (33.3%), ensuring the quality of medical care (27.8%), financial management (25%). Other areas, for which strategic objectives are set, were

also listed with a lower weighting: institutional development and efficient management, promotion of research, innovation and scientific activity, development of intersectoral partnerships, implementation of information systems, ensuring transparency, promotion of institutional image, etc.

Resources needed to implement the strategy.

Managers of public hospital institutions declare in 100% of cases that they regularly assess the available and necessary resources. The most frequent assessment of the resources needed to implement the strategy is quarterly (30%). In equal proportions of 16.7%, resources are assessed monthly and annually and in 6.7% of cases biannually. In addition, 16.7% of managers say that they assess each resource differently, 10% – permanently and 3.3% – as needed. These data reveal the misperception towards the process of assessing the needed resources.

Obviously, the own financial resources are often not sufficient, and managers have to apply different ways of attracting them from outside or making them more efficient from within, until the most effective correlation between resource needs and the possibilities of providing them is ensured. Most top managers surveyed say they have experience of attracting resources from outside (93.8%) and have experience of optimizing expenditure at institutional level (90.6%).

The ways of attracting external resources and the areas of intervention indicated by managers are the following: projects; donations and sponsorships; external consultancy on research, development and technology transfer activities, implementation of new treatment methods; humanitarian aid and charitable actions from other countries.

In order to optimize expenditure at the institutional level, the managers of public hospitals have undertaken the following measures in different areas of activity: infrastructure, medical equipment and health transport, medical services, human resources management, administrative management: medicines management.

Strategy assessment. Being asked whether they regularly assess the results achieved 100% of the top managers of public hospital institutions answered affirmatively. Concerning how they assess the results of strategic interventions, they gave the following answers: *"at the presentation*

of annual reports on the institution's work and the development of operational plans" (deputy director of republican hospital); "in the Quality Council and the Territorial Medical Council in public health" (director of district hospital); "in the meetings of the Administrative Council, Medical Council, Quality Council" (director of republican hospital).

DISCUSSIONS

Some of the top managers of public hospital institutions do not have or do not consider it appropriate to have established an ideal development scenario, as they perceive it in terms of hospital reform at the national level, which is uncertain. This demonstrates the dependence of managerial decisions and organizational changes on health system regulations.

Top managers understand the notion of strategy from various perspectives: long-term development, short- and medium-term development, action plan, decision, goal setting, achievement of objectives, achievement of results. Equally diverse is the perception of the value chain: as a tool of analysis, as an activity, in terms of resources and costs, in terms of medical services. This is due to the fact that there is no common approach to management strategies in the health system.

Some of the respondents do not distinguish between internal and external environmental factors, which influence the activity of public institutions. Strengths are also sometimes confused with opportunities and weaknesses with threats. Most managers state that they have the experience of economic evaluation before an intervention or strategic change. However, the share of those who do not have this experience is higher in district hospitals than in municipal and republican hospitals, which are mostly concentrated in Chisinau. These aspects indicate a different level of knowledge and experience of managers in the field of strategic management.

Most of the managers avoided answering how they assess the resources needed to implement the strategy. These results show that there is no strategic perspective of top managers to assess the resources needed to implement the strategy.

The study shows that the managers perception of the strategy evaluation process is erroneous, as most of them state they evaluate the results of

the strategy on a permanent, monthly, quarterly or half-yearly basis. This demonstrates that there is no clear distinction between the process of monitoring and evaluating the institutional strategy.

In the Republic of Moldova, this research addresses for the first time the perception and experience of top managers of public hospitals regarding the process of developing and implementing strategies. The obtained results demonstrate the need to develop a model of management strategies, which would facilitate this process at the institutional level.

Limitations of the study: it was not analysed

whether top managers have training or not in the field of strategic management and whether this influences the way management strategies are established. Also, the perception and experience of top managers was analysed through the prism of their statements, without checking whether these statements correspond to the provisions of the institutional strategies.

Further research directions would be: the analysis of the effectiveness and efficiency of the management strategies of public hospitals; the way of revising the strategies depending on the change of environmental factors or other factors; the differences between the management strategies of public and private hospitals, and others.

CONCLUSIONS

1. The study shows that top managers of public hospitals have different approaches to the need to establish an ideal development scenario for the institution, to the notion of strategy, to the period for which strategy is approved, to the need for major institutional changes, to the determination of primary and support activities in the value chain, and to the way strategy is assessed.
2. It can also be seen from the managers' statements that when analyzing environmental factors, a distinction is not always made between strengths, weaknesses, opportunities and threats, and that economic assessment is not always carried out before the introduction of strategic institutional changes.
3. The study shows that in public hospitals there is no comprehensive approach to institutional policies and fields for which strategic objectives are set. At the same time, there is no strategic perspective for assessing the resources needed to implement the strategy and the process of strategy evaluation.
4. The adoption of a model of management strategy for public hospitals, containing recommendations on its structure and components, would facilitate the process of developing institutional strategies.

CONFLICT OF INTEREST

Author has no conflict of interests to declare.

ETHICAL APPROVAL

The article has not been approved by the Ethics Committee as it does not contain ethical risks. The research consists of a survey of adults keeping all the rigors for anonymizing the data and maintaining the confidentiality of the participants.

REFERENCES

1. Niculiță A, *Modelul strategiei-tip de management pentru instituțiile medicale publice [Model of management type-strategy for public medical institutions]. Strategii și politici de management în economia contemporană.* 2021;6: 148-156. Available at: https://ibn.idsi.md/sites/default/files/imag_file/148-156_7.pdf [Accesed 19.06.2022].
2. Burduș E, Popa I. *Metodologii manageriale [Managerial methodologies]*. București: Pro Universitaria; 2014.
3. Radu P. *Management strategic [Strategic*



- management*]. Iași: Sedcom Libris; 2007.
4. Vagu P, Stegăroiu I. *Strategii manageriale [Managerial strategies]*. București: Pro Universitaria; 2014.
 5. Băcanu B. *Practici de management strategic. Metode și studii de caz [Strategic management practices. Methods and case studies]*. Iași: Polirom; 2016.
 6. Bryson J.M. *Planificarea strategică pentru organizații publice și nonprofit. Ghid pentru consolidarea și susținerea realizărilor organizaționale [Strategic planning for public and non-profit organizations. Guide to consolidating and supporting organizational achievements]*. Chișinău: ARC; 2002.
 7. Stewart J. The Meaning of Strategy in the Public Sector. Available at: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1467-8500.2004.00409.x> [Accessed 22.12.2021].
 8. Brătianu C. *Management strategic [Strategic management]*. București: Ceres; 2000.
 9. *Ghid practic de elaborare a strategiilor raionale de dezvoltare socio-economică [Practical guide for elaborating district strategies for socio-economic development]*. Chișinău, 2014. Available at: http://www.viitorul.org/files/library/4517306_md_857110_md_ghid.pdf [Accessed 22.12.2021].

Date of receipt of manuscript: 10/06/2022

Date of acceptance for publication: 31/08/2022