

STRATEGIC MANAGEMENT IN NON-GOVERNMENT HOSPITALS OF DELHI

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Introduction

A hospital has been and continues to be one of the most complex organizations in existence.

Objectives of the study

The broad objectives of the research study is to investigate and identify the various constituents of external and internal environments which impart the formulation and adoption of business policy in hospitals. The following are the operational objectives:

1. To conduct analysis of external environment such as competition, technological development, Government policies and market (buyers of services) with a view to identifying opportunities and threats.
2. To study missions, objectives and strategies of hospitals with a view to evaluating their suitability in the context of relevant environment.
3. To study the process that has been followed for establishing mission objectives and strategies, keeping in view the general environment.
4. To examine and diagnose the strengths and weaknesses of hospitals on the basis of analysis of internal factors such as organisation structure, quality of services offered, capability in terms of physical facilities and professional services available.

Research Methodology

The study focuses on hospitals run by trusts, registered societies and companies.

Convenient sampling has been adopted as many hospitals contacted for inclusion in the survey denied to participate and provide the information needed for the study.

Data and qualitative information were collected by using the three techniques of data collection, namely, interview, observation and schedules and questionnaire. Physicians and para medical staff were interviewed without the help of structured schedule. Information were obtained by watching and noting the phenomenon as they occurred. Observation required several visits to hospitals.

Respondents included patients and their relatives and friends. Resident doctors and consultants and specialists were contacted for knowing their views on selected aspects of functioning of hospitals.

Office records and published information brochures of hospitals were used to draw up

the profiles of hospitals and to present an account of their resources and activities.

Extensive literature survey has been made, particularly to study the environmental influence.

Limitations of the Study

The study is exploratory in nature, therefore conclusions/observations are at best suggestive and indicative. The number of hospitals and the respondents covered is not representative of the population in the statistical sense.

Conclusions and Suggestions

1. The hospitals surveyed and studied did not make any active effort in formulating missions and objectives viewing themselves as business entities separate from the societies/trusts which established these hospitals. In almost all the hospitals studied, the personal missions and objectives of the promoters became the missions and objectives of the hospitals.
2. On the basis of study of general external environment of health care business, following SWOT (Strengths, weaknesses opportunities and threats profile emerged)

Potential Strengths and Competitive Capabilities: Strong demand of services in the country and from abroad. (End Note 1), Superior intellectual capital relative to key rivals (other Asian Countries); Significant Cost Advantage (Cheaper as compared to cost of treatment in USA, UK and other developed countries); Proven skills in delivery of health care services; A reputation of good client service; Subsidies for socialized health care services including medicine. A system to supply the public with medical care at nominal cost by regulating services and fees by government subsidies to physicians; Increasing allocation of resources in successive Five Year Plans (particularly, ninth plan and tenth plan); Good prospects of medical tourism (End Note 2)

Potential Resource Weakness and Competitive Deficiencies: No clear strategic direction; Many obsolete and inadequate facilities; Lack of management depth; Plagued with internal operating problems (End Note 3); Shortage of beds (End Note 4); Lack of adequate global distribution capability (Branches or subsidies in other countries); Short on financial resources to fund promising strategic initiatives; Behind on R and D

Potential Opportunities: Serving additional customer groups/ expanding into new geographic markets; Expanding the service lines (inclusion of other systems of medicines, besides allopathy); Using the internet and e-commerce technologies to cut costs and to pursue new service growth opportunities (End Note 5); Ability to grow rapidly because of sharply rising demand in one or more market segments.; Alliances or joint ventures that expands the hospitals market coverage; Openings to exploit emerging new technologies; Market openings to extend the Hospital's brand name or reputation to new geographic areas; Opportunities from DDA for increasing the areas such as (double floor area and

increase ground coverage; category A hospitals – which get an FAR of 200–can construct upto a height of 37 meters.);

Potential External Threats: Likely entry of potent new competitors; Costly new regulatory requirements (it is mandatory for those hospitals in Delhi which have been leased land by the Government on concessional rates to provide free treatment to 40% of the patients coming to OPD and keep 25% of the leads for the poor); Growing bargaining powers of clients and growing litigations about medical negligence.; A shift in clients needs due to emergence of new life styles (such as blood pressure, obesity, heart diseases, impotence, insomnia, osteoporosis) requiring new and additional capabilities to be generated or acquired;

3. Hospitals are now geared to include Indian Systems of Medicine (Ayurvedic) Homeopathy and Unani, as the demand for these systems is increasing.
4. The hospitals surveyed had all the basic facilities: diagnostic, treatment and specialty departments.
5. The survey of health professional (physicians) led to the following conclusions :
 - a. Majority of the physicians said that their work was very often related to the objectives: 'Satisfaction of patients' and 'Increasing Goodwill of the hospitals.'
 - b. Relatively less important objectives for the physicians were 'Research for solution of disease', 'Attracting patients' and 'Expansion of pathological and medical test facilities'. It may be said that majority of the physicians were busy in routine health care services. They were not concerned with research.
 - c. Resident doctors were principally more operational and were concerned with implementation of policies and procedures whereas consultants/specialists were relatively more influential in formulation and choice of strategies and policies.
 - d. Consultant specialists were relatively (as compared to Resident doctors) less concerned with the objective of 'making profit.'
 - e. Both consultants and resident doctors participated in budgeting of expenses of their departments/hospitals, but only some times. Perhaps, they were not given the opportunities for planning expenses and revenues of their departments/hospitals. While a large number of physicians work related to the objective of reducing the costs of health services very often, a small number of physicians were involved in budgeting expenses and revenues. For running the hospitals, strategically in an effective way, top-down budgeting should be replaced by participative budgeting, bottom-up budgeting and performance budgeting.
 - f. According to physicians, adequately available resources were: Nursing services, testing labs, para-medical staff, reception and guidance staff, health care facilities for general treatment.
 - g. Relatively inadequate reserves, according to physicians respondents, were : parking space, canteen facilities, transport vehicles/ambulance services, library facilities for physicians and OPD hours.
6. Feedback of patients/clients on reception and medical care led to the conclusions that (i) majority of patients (80%) were satisfied (ii) a higher percentage of

patients (92%) were satisfied with the services of resident doctors. As many as 78% of the patients were satisfied with nursing care. Only 60% of the patients were highly satisfied with the quality of food served. Patients level of satisfaction was low about the promptness in preparation of bills and acceptance of payments of bills. The finance and accounting area needs considerable improvements in its systems.

Services like hospital pharmacy, telephone, security facilities and canteen were good according to majority of the patients.

Overall conclusion is that the hospitals under the study have many strengths to take the advantages of opportunities presented by the external environmental factors. They need to formalise and strengthen the processes of formulation and implementation of policies/strategies for expansion of their services. Over a period of time, they should strive for becoming speciality hospitals in a few chosen areas. Such areas may relate to life style diseases.

Area for Health Care Business Policies

Some areas for strategic management of hospitals which have potentials for growth and building strategic advantages are being presented here.

Focus on Specialists

Hospitals should focus on specialties such as cancer.

Certain types of cancer are related to *changing lifestyles and economic factors*. The WHO has estimated that new cancer cases in the world will increase to 15 million by 2015, of which two-thirds will be in the developing world. Primary measures like health education and modifying risk related behaviour are important to help cancer prevention.

The issues, therefore, are :

- a. Health education for modifying risk-related behavior;
- b. Screening of persons who are prone to the disease;
- c. Increase in the existing health care facilities (establishing and developing specialty hospitals like TMH).

Focus on Infant (Children) and Senior Citizens

Infant mortality rate (number of deaths per 1000 live births) has increased in Delhi. The hospitals of Delhi, particularly those of private sector, has the business opportunities to address this problem of their publics.

Medical Tourism

International patients or medical tourists are increasingly being attracted. The number of such patients has been doubling each year in the past three years. The relatively more important factor attracting medical tourists is surgery for various ailments at rates as low as one-tenth of the cost of procedures abroad.

The countries which have relatively greater potential of medical tourists inclined to visit India are : SAARC Region; Afghanistan; Gulf Nations; CIS countries; Southeast Asian

Countries; Mexico; Canada, U.K., U.S.

Private sector hospitals should formulate suitable policies/strategies and implement them for including and operating the medical tourism in their business portfolio.

The issues are two : (1) accreditation of hospitals and (ii) development of infrastructure facilities of international standards. None of the hospitals under the study were found planning for an strategising medical tourism. The business policies of hospitals need to be oriented to the requirements of medical tourism a new profitable business opportunity.