



Assessment of strategy orientation in hospitals

Jalal SAEIDPOUR¹, Mahsa GHAZI ASGAR², Mohammad PANAHI³, Ali TAHMASEBI^{4*}

¹Ph.D student in Health care Management, Department of Health Management and Economics, School of Public Health, Tehran University of Medical Sciences, Tehran, Iran.

²MSc in Health care Management, Public affairs expert, Tehran University of Medical Sciences, Tehran, Iran.

³Master of Business Administration, Public affairs expert, Tehran University of Medical Sciences, Tehran, Iran.

^{4*}Ph.D student in Health care Management, Department of Health Management and Economics, School of Public Health, Tehran University of Medical Sciences, Tehran, Iran.

Received: 01.02.2015; Accepted: 05.05.2015

Abstract. Introduction: Evaluating is an integral part of any business activity and work. Due to the increasing use of the balanced score card for performance assessment and strategic management discussions, in this study it was used to assess the hospital's strategy orientation.

Methods: This study is an applied and descriptive - cross sectional study in 2013 in one of the hospitals in Tehran University of Medical Sciences. Data for this study was collected by Kaplan and Norton questionnaire and interviewing with managers of the hospital departments who were participated on designing and implementing of the hospital strategy. Data analyzing was done by SPSS software.

Results: Among five principles of the strategy-based organizations, the hospital in the first principle (translating strategy to operational terms) and the fifth principle (starting transformation by leader and top manager) had gained maximum score by acquiring 61.84 and 62.83 respectively. The major weakness in the hospital was in the second principle which is about organization alignment with strategy by 36.05 score.

Conclusion: It is essential for managers to understand the factors affecting success or failure of their decisions, because awareness of the key variables related to the outcome of strategic decisions helps them to better manage variables. This brings a more favorable outcome to the organization.

Keywords: Performance Assessment, Strategy orientation, Hospital, Balanced score card

1. INTRODUCTION

Development of Each community and organization at national and international level depends on the efficient and effective operations of policy-makers, decision-makers, planners and managers in all sectors. In such an environment, strategic planning helps to identification, in-depth and extensive analysis of Internal and external environments, thereby provides a basis for the selection of appropriate solutions and improve organizational performance. Thus, strategic planning is very important because it is pivots of knowledge acquisition for leaders, managers and officers(1, 2).

* Corresponding author. *Email address:* TAHMASEBI

Assessment of strategy orientation in hospitals

On the other hand, based on research, only 5 percent of the employees are aware of the organizations strategy, only 25% of managers have incentives to corporate in their strategy, and 85% of executive teams spend less than one hour to discuss strategies(3). If strategic planning process includes the formulation, implementation, and evaluation of strategies, in each of these steps we are faced with difficulties(4). In formulating Strategic planning in the public and private organizations should be considered that simply having an appropriate decisions or plans are not valuable for them, Implementing that plan is much more important(5). About 70% of strategic planning are unsuccessful in implementation(6). With regard to the above, the need for an efficient model that focuses on the strategic implications, coordinates all elements of the organization, and assesses organization performance in present and future is necessary(7).

Balanced Scorecard is one of the strategic planning model in which missions and strategies are translated into measurable goals and measures and by drawing a map of causal relationships in a four-dimensions (finance, internal processes, learning, costumers), strategies become routine activities of employees in organization(8).

Alexander (1991) believed that one of the main causes of failure in implementation of strategies is lack of a suitable model for managers and head nurses. Therefore, efficient and effective implications of strategies are one of the main challenges for managers in last decade. In regard to those problems, such tool as BSC was introduced(9). In other study, waterman et.al believed that suitable implementing of the strategies depends on alignments of 7 factors includes strategies, structures, systems, methods, employees, skills, and employee goals(10). Wernham believed that gap between strategy and practice in England communication industry is because of lack of sufficient resource, lack of confidence, inappropriate strategies, failure in information sharing between departments of an organization at all levels, and obligation to reaching conflict goals(11).

Norton and Kaplan suggested 4 important factors for strategy implication which include transparency and translation of mission, relationship, planning and goal setting, learning and strategic feedback(12). Also by assessing 68 strategic decisions making systems in south east of The USA, Dooley et.al concluded that decision maker involvement in strategic decisions has positive impacts on their commitment to doing activity in accordance with strategy and has negative impacts on velocity of implementing of the strategies(13). In other study, Maxwell et.al suggested that implementing of strategy depends on top managers' practical commitment to strategy(14). Beer et.al concluded that 6 obstacles are in strategy implementation includes top to button management, lack of transparency and conflict priority, inefficient top managers team, weak public relation, lack of coordination between tasks, and insufficient development of leadership skills(15).

There are few studies about the reasons of strategy failure in health sector in Iran. This matter causes many horrible results in that sector because health sector is on relation with mortality and health of the people(5). With regard to importance of performance management and its establishment on health and medical centers in Iran and need for monitoring and assessment of the strategy achievement and goals obtainment , In this study we decide to assessing the level of strategy orientation of Rasoul Akram hospital which is one of the biggest hospital in Iran with 660 beds.

2. METHODS

This study was a descriptive-cross sectional study which was done in one of the general hospitals in Iran University of medical sciences. With regard to study Type and objectives of it, we used intentional sampling method for data collection. Sample of this study was top managers and head nurses who were involved in formulating process and implementation of strategic planning in the hospital. For data collection we used semi-constructed interview with 17 managers and head nurses and also the Norton and Kaplan questionnaire which includes 5 parts about principles of strategic based organizations namely: translating strategy to operational terms (5 questions), organization alignment with strategy (4 questions), converting strategy to routine work of employees (4 questions), converting strategy to a continuous process (10 questions), starting transformation by leader and top manager (6 questions) in 6 option Likert scale form “we are very weak” to “we are very excellent”. Data analyzing was done by SPSS software.

3. RESULTS

Results shown that Among five principles of the strategy-based organizations, the hospital in the first principle (translating strategy to operational terms) and The fifth principle(starting transformation by leader and top manager) had gained maximum score by acquiring 61.84 and 62.83 respectively. The major weakness in the hospital was in the second principle which is about organization alignment with strategy by 36.05 score (Table 1).

Table 1. Score average of 5 main principles of strategy orientation organization from top managers prospective.

5 principles of strategy oriented organization	Score(percent)
Translating strategy to operational terms	61.84
Organization alignment with strategy	36.05
Converting strategy to routine work of employees	56.75
Converting strategy to a continuous process	56.54
starting transformation by leader and top manager	62.83

In related to strategy achievement in hospital in accordance with principle of translating strategy to operational terms, strategic map supporting from balanced score card in financial and other aspects (2.50 ± 1.45) gained lowest score. In principle of Organization alignment with strategy which was weakest principle in the hospital, all factors had low scored(less than 3). In principle of converting strategy to routine work of employees, factor of accordance of payment system with strategic performance (2.29 ± 1.14) and factor of alignment of individual development with achieving strategic results (2.64 ± 1.39) gained lower score than average level(<3).In the fourth principle, all factors gained low score. Finally, in principle of starting transformation by leader and top manager, factors of active role of top managers in implementing of strategy (2.93 ± 0.91) and role of leadership and top managers in suitable

Assessment of strategy orientation in hospitals

informing of organization priority (2.86 ± 0.86) had low score. In other factors, the hospital had acceptable condition.

Table2. Mean and Standard deviation of all factors of principles.

Principles of strategy oriented organization	factors	Mean and Standard Deviation
Translating strategy to operational terms	Converting strategic planning to strategic map in planning process	3.36 \pm 0.745
	strategic map supporting from balanced score card in financial and other aspects	2.50 \pm 1.45
	Existing set of quantitative goals for financial and other measures	3.31 \pm 0.751
	Justifiability and alignment of strategic measures with strategy	3.21 \pm 0.893
	Measurers Sufficient Accountability about goal achievement	3.07 \pm 0.917
Organization alignment with strategy	Using balanced scorecard to guiding process possessor and gaining confidence about strategy alignment with macro strategy	1.71 \pm 1.77
	Using balanced scorecard as a frontispiece for support Units (such as human resource, IT, accounting and etc.) and gaining confidence about strategy alignment of those departments with macro strategy	1.93 \pm 1.94
	Using balanced scorecard to aligning suppliers or costumers performance with organization strategy	1.79 \pm 1.80
	Using balanced scorecard for reporting to board ,stockholders, and others	1.79 \pm 1.93
Converting strategy to routine work of employees	Informing strategic priority routinely by various ways in organization	3.29 \pm 1.14
	Alignment of individual and team goals with strategic goals by a formal process	3.14 \pm 1.1
	accordance of payment system with strategic performance	2.29 \pm 1.14
	alignment of individual development with achieving strategic results	2.64 \pm 1.39
Converting strategy to a continuous process	Existing a strategic information system for guiding in decision making and assessment of strategic goals progress	2.31 \pm 1.8
	Revising strategy by routinely and regularly meeting of balanced score card	2.85 \pm 1.52
	Budgeting in accordance with strategy	1.83 \pm 1.8
	Accordance of human resources and IT planning with strategy	2.62 \pm 1.26
	Designing and implementing system of process management in accordance with strategies	2.75 \pm 1.35
	Possibility of learning and sharing of experience by	3.23 \pm 1.01

	process management and informing	
	Existing a system for predicting crucial and important factors and using it for formulating and revising of strategy	3.25 ± 0.62
	Analyzing financial condition of patients	1.92 ± 1.83
	Organization empowering in analyzing costs and understanding of profitability (such as operational profit analyzing, activity based costing, profitability of services or product)	2.85 ± 1.46
	Existing office of strategic management in organization to corporation in formulating, Implementing and aligning of strategy	3.46 ± 1.39
starting transformation by leader and top manager	Active role of top manager in strategy implementation	2.93 ± 0.91
	Establishing a plan for transformation by top managers team	3.07 ± 0.91
	Reaching an consensus by top manager for guiding and focusing on organization	3.21 ± 0.89
	Clear expression of mission, vision, and strategy leadership and top managers suitable informing about organization priority	3.57 ± 0.75
	Delegation of authority and resources for the people who are involve in transformation and focusing on strategic priority by team of top managers	2.86 ± 0.86
		3.21 ± 1.05

Table 3 shows main Weakness of hospital in strategy implementation.

Table3. ranking of weakness in relate to strategy implementation in hospital.

Weakness of hospital in strategy implementation	Mean and Standard deviation
Using balanced scorecard to guiding process possessor and gaining confidence about strategy alignment with macro strategy	1.71 ± 1.77
Using balanced scorecard to aligning suppliers or costumers performance with organization strategy	1.79 ± 1.8
Using balanced scorecard for reporting to board ,stockholders, and others	1.79 ± 1.93
Budgeting in accordance with strategy	1.83 ± 1.8
Analyzing financial condition of patients	1.92 ± 1.83
Using balanced scorecard as frontispiece for support Units (such as human resource, IT, accounting and etc.) and gaining confidence about strategy alignment of those departments with macro strategy	1.93 ± 1.94
accordance of payment system with strategic performance	2.29 ± 1.14
Existing a strategic information system for guiding in decision making and assessment of strategic goals progress	2.31 ± 1.8
strategic map supporting from balanced score card in financial and other aspects	2.5 ± 1.45
Accordance of human resources and IT planning with strategy	2.62 ± 1.26
alignment of individual development with achieving strategic results	2.64 ± 1.39
Designing and implementing system of process management in accordance with strategies	2.75 ± 1.35
Organization empowering in analyzing costs and understanding of	2.85 ± 1.46

Assessment of strategy orientation in hospitals

profitability (such as operational profit analyzing, activity based costing, profitability of services or product)	
Revising strategy by routinely and regularly meeting of balanced score card	2.85 ± 1.52
leadership and top managers suitable informing about organization priority	2.86 ± 0.86
Active role of top manager in strategy implementation	2.93 ± 0.91

4. DISCUSSION

Performance assessment is one of main task of managers, because key factor on achieving continues improvement is on ability to assessing and measuring organization performance routinely. Most of the organization have understood importance of performance assessment and have used various systems to measure it(1). With regard to comprehensiveness of balanced scorecard and its increasing application for subjects of strategic management, it has used for organization performance assessment. BSC provide a framework that translates strategies into a set of performance indicators (16).

The study of Nasiripour et.al shown that most of countries in their study used BSC model, which was suitable for governmental and non-profit organizations, to assess hospital performance(17). In this study main goal of research was identification of hospital weakness and strength in strategy implementing. Results of the study shown that among 5 principles of research, the hospital was successful in “Translating strategy to operational terms principle” and “starting transformation by leader and top manager principle” by gaining 61.84 and 62.83 score respectively.

Assessing possibility of strategy establishment in an organization is crucial issue. Implementing of the strategy in organizations needs commitment and intention of top managers to it. Otherwise, implementing of the strategy become unsuccessful and only impose time and energy wasting to organizations(18). In this study hospital gained highest score in starting transformation by leader and top manager principle, therefore top managers done their responsibility and role acceptably about hospital strategy. However, there are some weaknesses in this principle. For example, ambiguous or erroneous understanding of the vision and strategy is a deterrent against implementation of strategy. This is more related to contradictory behavior of managers and leaders than ambiguity in correspondence and speeches. Strategy implementation requires communication between managers and other employees. This relationship is more affected by behavior than speech. Managers and leaders must institutionalize values associated with strategy by behaviors and decisions(18). In regard to that major weakness in the hospital was alignment with strategy by 36.05 score, management team should make serious efforts towards institutionalizing the use of the balanced scorecard in whole of organization and Understand the importance of action based on the results of the analysis of different areas. One of the main reasons behind the failure of the implementation of the strategy is the lack of appropriate models that help managers and supervisors in implementing strategies(9).

Okumus, after a comprehensive review of the strategy implementation framework, identified 10 key factors in the implementation strategy that among them the most important is the control and monitoring of processes(19). According to our research, designing control system and

process management is necessary for the hospital, the hospital should strengthen its efforts in this area as well.

Since human resources are one of the most important determinants of success in implementing strategies(20), Competitive and strategic performance-based compensation systems should be designed so that the internal justice has attraction enough to capable employees. In the study of Brenes et.al, which is done on 87 companies and on 12 Latin America countries, motivated employees were the key success factors(21). Researchers claimed that little research has been done about assessment of strategy orientation and factors associated with success and failure of strategic decisions in Iranian hospitals. This make impossible to comparing the findings of this study with similar study in Iran.

5. CONCLUSION

Today's, the knowledge about all aspects of financial and nonfinancial issues is crucial for decision makers. Organizations by using the balanced scorecard can follow strategy on different aspects and can manage their strategic performance. It is essential for managers to understand the factors affecting success or failure of their decisions, because awareness of the key variables related to the outcome of strategic decisions helps them to better manage variables. This brings a more favorable outcome to the organization.

REFERENCE

- [1] Ahmadi Daniali , Arezoo. A (2001). Comparative study of performance management in selected hospitals in Tehran and providing a model for Iran, Thesis of master degree, Islamic Azad University of Science and Research of Tehran.
- [2] Talebian Ahmadreza. Human resources planning by strategic approach Journal of Tadbir, publication of industrial management organization, Tehran.
- [3] Yousefi Ali (2007). Performance assessment and methods of improving productivity in neopan 22 bahman company, Thesis of master degree, Khatam university.
- [4] David FR (1997). Strategic Management Prentice Hall International Editions.
- [5] Kalali et.al (2011) Why does strategic plans implementation fail? A study in the health service sector of Iran, African Journal of Business Management Vol. 5(23), pp. 9831-9837.
- [6] Miller D (2002). Successful Change leaders: What Makes Them? What Do They Do That Is Different? J. Change Manage, 2(4): 359-68
- [7] Ghlich khani (2006). Human resource excellent (Assessment, planning, improvement), Institute of productivity studies and human resources, Saramd publication.
- [8] Teimori Abraham et.al (2005). Case study of implementing balanced score card, International performance assessment conference, Tehran.
- [9] Alexander LD (1991). Strategy Implementation: Nature of the Problem in Hussey, D. (Eds). Int. Rev. Strat. Manage, John Wiley & Sons, Chichester/ NewYork. 2(1): 73-96.
- [10] Waterman RH, Peters TJ, Phillips JR (1980). Structure Is Not organization. Bus. Horiz., 23(3):14-26.
- [11] Wernham R (1984). Bridging the Awful Gap between Strategy and Action. Long Range Plann. 17(6): 34-42.

Assessment of strategy orientation in hospitals

- [12] Kaplan RS, Norton DP (1996). *The Balanced Scorecard – Translating Strategy into Action*. Harvard Business School Press. Boston, MA.
- [13] Dooley RS, Fryxell GE, Judge WQ (2000). Belaboring the Not-so-obvious: Consensus, Commitment, and Strategy Implementation Speed and Success. *J. Manage.* 26: 1237-1257.
- [14] Maxwell J, Rothenberg S, Briscoe F, Marcus A (1997). Greenschemes: Corporate Environmental Strategies and their Implementation. *Calif. Manage. Rev.*, 39: 118-134.
- [15] Beer M, Eisenstat RA (2000). The Silent Killer of Strategy Implementation and learning. *Sloan Manage. Rev.* pp 29-30.
- [16] Goran Olve N, Sjostrand A (2005). [The balanced scorecard]. Translated by Soleymani AR, Tehran: Center of Iran Industrial Research and Education Publications; p.141.
- [17] Nasiri pour Ashkan et.al (2008). Evaluation of Iranian public hospitals by using the Balanced Score card, *Journal of Arak University of Medical Sciences*, NO 1.
- [18] *Journal of Managemental massage* (2008). Deputy of human resource, organization of Iran industry development , No 99.
- [19] Okumus F (2001). "Towards a Strategy Implementation Framework". *International Journal of Contemporary Hospitality Management*, 13(7), 327-38.
- [20] Pfeffer J (1998). "Seven practices of successful organizations" *California Management Review*, Vol. 40, No. 2.
- [21] Brenes E.R, Mena, M., & Molina, G. E. (2008). "Key Success Factors for Strategy Implementation in Latin America." *Journal of Business Research*, 61(6), 590-598.
- [22]