

MODEL OF STRATEGIC MANAGEMENT APPLIED TO HEALTH SERVICES¹

Ph.D.S. **Sebastian CEPTUREANU**
Ph.D.S. **Eduard CEPTUREANU**
The Bucharest Academy of Economic Studies

ABSTRACT

Today the ability to adapt to the constant and rapidly changing environment conditions is becoming the main factor of the success of the health care system. Integration into the international area, globalization, and information processes in the society motivate to take strategic actions. Therefore, during the last decades the strategic management and more constructive application of its potential became the most important innovation in private and public sectors. In order to solve the strategic management problems the authors advise to create the model of the strategic management for health care system. The analysis of the strategic management concept revealed that today the focus is on the strategy implementation in the strategic management process. Successfully implemented strategy creates a competitive advantage for organizations. Therefore, the proper development of the strategic management process in health care system would have an impact on the development of health care system sector, as well as on the strategic management system of the whole Romanian economy. Then ultimate aim of the research is to form strategic management model of the Romanian health care system.. Scientific novelty, theoretical and practical significance of the research are the following – the strategic management model of the Romanian health care system, which is focused on the meeting of health needs of patients and potential clients, is prepared. The scientific results of the given article can also be used to develop the strategic actions for state and public institutions, which have an impact on the management of the health care system.

KEYWORDS: *strategic management, health care, strategically focused system, value based competition.*

Introduction

In the presence of global processes, which are evoked by the development of science, technology and information, the issues related to health care system are progressively increasing and getting more and more important in the management system of the whole world. Increasing funds allocated to health care fail to meet society expectations. The importance of health care and its impact towards the development of global economic growth attracts attention of many theorists, society, and private capital owners. Analysis of the current management approaches and searching for the new ones is one of the main assumptions of the competitive economy growth of the country.

The biggest issue that currently all health care systems in the world are struggling with is the necessity to reform the system, which would develop adequately together with the increasing demographical problems, the changing economical conditions, technological progress, and the increasing expectations of the society. Irrespective of the structure of the

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system and its financing, all countries are tackling the problems related to the management of the national health care systems. In the last decades of this century various scientific studies, valuations and forecasts were performed in many economically stable countries in an attempt to pattern the schemes of health care systems. Education, health care, social security, and jurisdiction sectors operating in the Scandinavian countries make the impact on the highest competitive positions in the world. A lot of countries in the advanced European countries operate the organization and management of the US health care system. In the USA the part of gross domestic product allocated to health care is the biggest in the world. Technologies and the specialized maintenance are the most advanced as well but the citizens are still not satisfied with the current health care. Since there is no big correlation between the state of health of the society and medical care (even though medical care improves one's health), it is necessary to find a solution in such potential science sphere as strategic management, which focuses not on the analysis of financial aspects, but rather on the strategic thinking, analysis, and synergy. It is very important to emphasize the competitive potential formation on the level of health care system's strategic management.

Prerequisites for the formation of the strategic management model

Methodological prerequisites according to which the model for health care system's strategic management is formed are the following:

1. *One of the most important prerequisites for the formation of the strategic management model is a holistic approach*, which gives the possibility to scrutinize and analyze the health care system as one of the state management compound sub-systems, to emphasize the tendencies of its functioning, project or adjust the strategic aims, and implement the adopted strategy. The analysis revealed that the strategic goals of the Romanian health care system are not properly integrated into the goals of the state strategic management system. Current strategic management is characterized by weak and poorly coordinated inner and outside relations. Therefore, application of the strategic management methods and holistic approach to the health care system in the process of the creation of the model of the Romanian health care system's strategic management is an important condition to ensure effective inner relations and integration into the management of the Romanian economy system. Further, it is very important to determine the strategic direction of the health care system in the geo-economic area, which allows the creation of a new professional position, which integrates into the global job division.

2. *Flexibility and globalization of the environment of the health care system*. It is impossible to rely on the past experience in order to make strategic decisions in the current dynamic environment. This leads to the changes of the management paradigm and the need to create a definition of the competence of strategic thinking. Such conceptual abilities allow formulating scenarios of future events and making the right strategic decisions in the dynamic and global conditions. Therefore, strategic thinking is "the process of synthesis of creativity, intuition, and new thinking" (Mintzberg, 2007), who made his contribution to the development of the ability to perceive and interpret the environment in the holistic approach. Currently, the system of health care is facing the biggest challenge of today – the ability to implement successfully the strategy, which is adopted in the constantly changing environment.

3. *The rise of the new public management concept*. A new approach, which is based on the application of the management principles of private sector into the public one, allows us to explain the consistency of the management of the modern health care system. The new public management concept can be analyzed by comparing it to the concept of the bureaucratic public administration. The concept of the bureaucratic public administration is mainly focused on the structures and activity rules, whereas the new public management is focused on the results. Therefore, it can be stated that bureaucracy is not characterized by creativity and innovation.

The ideas of the new public management concept help us to structure such features of the health care system as holism and globalism. Adaptation of the new public management concept as this concept is proper and more flexible in its reaction to the arising issues in the environment of the health care system compared to that of the bureaucratic public administration. In the process of the change of the given concepts, it becomes necessary to review the theoretical methodological assumptions where various management models in the health care system are created. From the point of view of the public management in the health care system, focus on the creation of value to the consumer (client) and the implementation of the system's goals and flexibility of the system's structures is emerging. As can be seen from the experience of the developing countries, focus on the patient can be implemented only on the level of creating value for his state of health.

4. *Transition from zero sum competition to the creation of value and competition based on the creation of value to the patient have to be bound to the results.* The attempts of the reform to focus on the consumers and improve the quality of services reveal that the activities of the health care system are developed in the right direction. However, there are no essential strategic changes. One of the main reasons of this fact is zero sum competition in the market of the health care system; there is a competition in the field of the reallocation of expenses. Competition, which fails to create value, but determines how this value is divided, is called zero sum competition. Competition, which creates or increases value, is known as not a zero sum or positive sum competition. The problem is not the lack of competition, but rather an inappropriate competition level. Market players are competing with each other in order to shift expenses and in such a way to build a potential for negotiations, and increase the range of their services. Therefore, competition is not focused on providing and especially increasing the value to the patient, even though this is clearly stated in the main strategic documents of the Ministry of Health. *Competition is becoming zero sum competition: system's players put their efforts into the division of value instead of increasing it.*

Results of health care services, i.e. the level of the state of health created to the patient for one unit of expenditures, has to be measured. Competition based on the results of the provided services means that suppliers, who are getting the best results in the provision of health care services are given the opportunity to provide more services, and those who are not – are limited in the provision of their services or some of their services are suspended. If suppliers are competing for the results created to the patient, the prerequisite for the formation of the positive competition form, which is useful for all players of the system, appears.

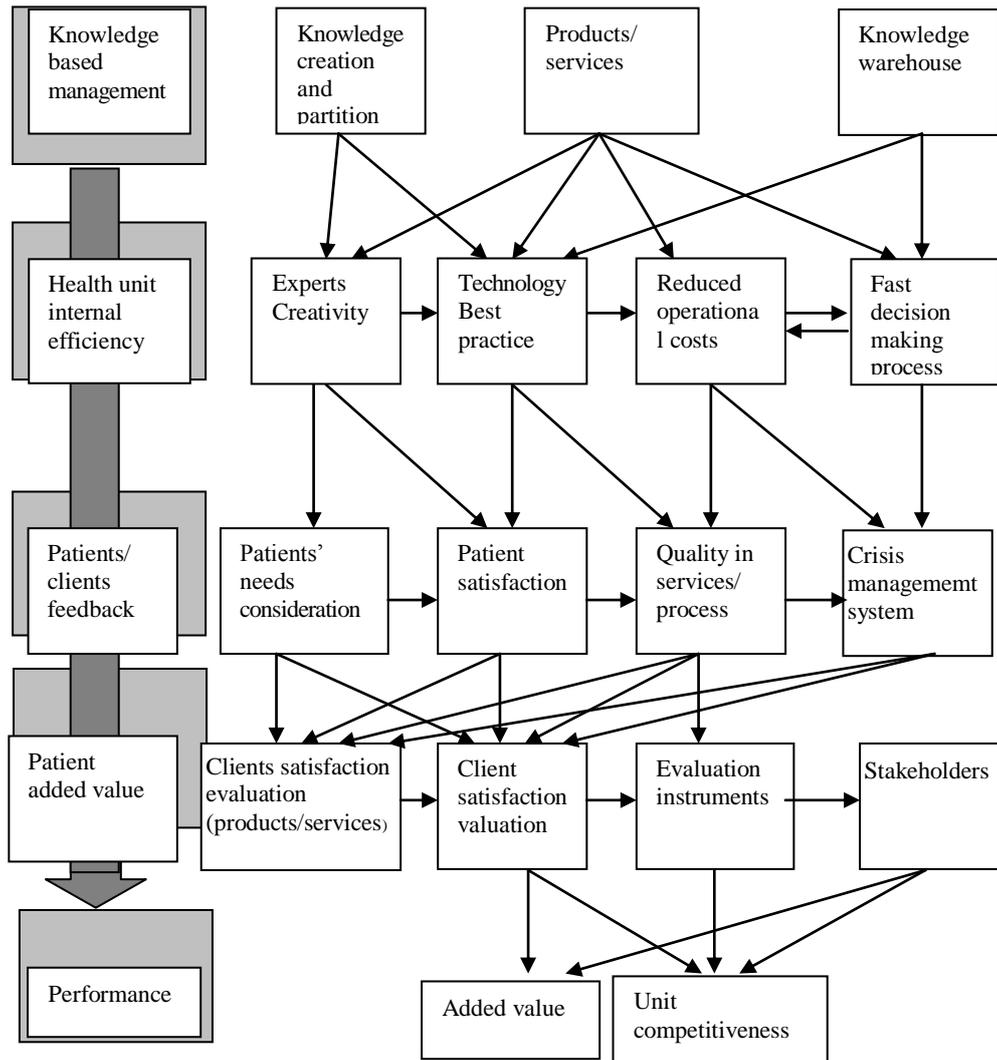
5. *The changing environment makes health care system maintain such positions as searching for the new strategic possibilities, development of the competitive potential, and creativity.* In the process of defining strategic goals the strategists of the health care system focused on the relationship with consumers, the main directions of the development of the health care services and the resources possessed, mainly by evaluating the financial aspect of those results. Such situation speaks about the effective analysis of the financial indicators and their control, reduction of expenditures or efforts to avoid them, however, *the actual strategic processes*, which make successful strategy implementation in an organization, *are not distinguished.* These processes are not based on such intangible assets as creation of new services, potential opportunities, experience, flexibility of employees, loyalty of the clients, etc.

6. *The new strategic possibilities, the development of the competitive potential, and creativity are positively displayed in the new form of organization, which is strategically oriented* and where all main management processes such as planning, allocation of resources, budget planning, financial statements and meetings of the managers are oriented towards the common strategy of the organization. The balanced system of the efficiency indicators is one of the compound parts oriented to the strategy. Organizational processes accomplished from the top to the bottom are known as the conception, strategy,

and allocation of resources in the organization; while the implementation of the set targets is completed with the help of innovation and feedback. Strategy implementation is often related to the improvement of processes, therefore, specific skills and knowledge are required. This is the way to create a strategically oriented organization where the strategy can be actually implemented and the defined goals may be successfully achieved.

7. *In the context of changing environment it is very important to organize health care system as the network of interrelated and cooperating organizations.* Lewin et al. (1999) state that each historical period has certain organizational forms. Therefore, as in the age of industry bureaucracy was the form of organization, so in the age of information the form of organization is a network. Network system organization creates an environment of cooperation, because such organizations are inclined to sacrifice a part of their priorities in order to achieve common goals (Ring et al., 2005).

The model



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