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Organizational changes in a public hospital – a case study

Abstract

The study attempts to identify the organizational changes in one of the independent public health care facilities in the context of organizational efficiency. The assessments were based on the technique of participant observation, analysis of hospital records and interviews with the management and employees. The results showed that the organizational changes carried out in the hospital after 2005 have significantly contributed to the increased level of organizational efficiency, manifested among other things in the greater availability and quality of services. At the same time it should be noted that the process was quite long (lasted almost 5 years) and extremely difficult due to numerous dismissals of staff accompanying organizational changes.

Key words: *hospital, organizational change, organizational efficiency*

1. Introduction

Despite the passage of more than ten years since the reform of the health system, independent public health care continues to face a number of problems. Today, however, these problems are even more complex and therefore more difficult to resolve. Public hospitals are not only in financial misery, but also have low levels of organizational efficiency substantially hindering the effective implementation of the goal of providing health care to all in need. Among the determinants of public hospitals functioning improvement are, among others, changes in the organizational structure, change of management methods and techniques, and changes in relationships with multiple stakeholders. It should be noted, however, that short-term action is not enough. It is necessary

to constantly adapt to the requirements of the hospital environment with simultaneous elaboration of cultural change.

The purpose of this paper is to identify and evaluate organizational change in the context of the efficiency of one of the independent public health care facilities with multidisciplinary profile. The assessments were based on the technique of participant observation, analysis of hospital records and interviews with the management and employees.

2. Hospital activity characteristics

The studied facility is a separate organizational unit of a public organization pursuing health care services in the field of primary care and specialist care in the southern Poland. Is an independent organization and self-financed with a legal personality based on an entry in the register of independent public health care. It should be emphasized that the institution is a public organization, which entails the management of the entity. We cannot talk here about a simple transfer of management practices from the private sector to the public hospital because it is characterized by specific features. First, the objectives of a public hospital as an organization are numerous, multi-dimensional and often difficult to reconcile, for example, equality and efficiency. Secondly, the public hospital is subjected to undue influence of political parties, interest groups and the media. Thirdly, it is characterized by different criteria for success-they are not financial criteria, but social. Fourth, the implementation of the organization's management is carried out in strict framework of the law, resulting in the need to balance efficiency with the principles of legality [Farnham, Horton 1999 s. 26-45; Kernaghan, Siegel, p. 6-10]. The main hospital activities are:

1) stationary activity in the primary care hospital, hospital for specialist care including surgery, orthopaedics, urology, ENT, ophthalmology, thoracic surgery, obstetrics and gynaecology, anaesthesia and intensive care, pulmonology, internal medicine, haematology, diabetes, endocrinology, gastroenterology, dialysis, cardiology, nephrology, neurology, dermatology and venereology, oncology, infectious diseases, paediatrics, neonatology, emergency medicine, psychiatry, allergy, psychology, radiation oncology, medical rehabilitation, neurological rehabilitation, conducting one-day surgery, conducting rapid branch diagnosis for children and adults;
2) ambulatory activity in the following areas: health care (provision of health services through clinics and specialist clinics and outpatient consultation), laboratory and diagnostic activities (diagnostics and microbiology laboratory, radiology and diagnostic imaging, electrodiagnostics, endoscopy and pathology), medical rehabilitation and neurological rehabilitation;
3) activities in different areas: first aid in case of accident, injury or sudden illness, which is not qualified for hospital treatment in cases

of urgency, and education in health, education of medical professionals, conducting health promotion, running internship and specialization, conducting preventive measures to prevent morbidity from infectious diseases, the cardiovascular, cancer and other diseases of civilization, conducting intensive cardiac monitoring for patients at home, conducting rehabilitation, issuing judgments and opinions about the state of health to the extent specified in the generally binding legal regulations, conducting clinical trials;

4) the economic activity consisting of paid services in the following areas: provision of meeting rooms and canteens, storing corpses over the time limit, prepare body for burial, laundry services, sterilized dressing materials, tools and medical equipment, the issue of medical opinion at the request of law enforcement authorities, criminal law enforcement, correctional services, customs and insurance companies, charge for admission, parking and stop the vehicle in the hospital, accounting services, medical transport services.

3. Hospital organizational structure and its changes after the reform

The organizational structure of the hospital consists of organizational units of medical activity in the strict sense (ten wards, ten clinics and facilities and central sterilizer) and non-medical activities (called secondary), which include: administrative - technical service, organizational, legal and marketing offices, medical statistics, payroll, employee services, operational and technical services, kitchen, laundry. The hospital also operates several independent positions, including: the internal auditor, the chaplain, inspector for the health and safety at work, the spokesman, and a specialist in internal affairs, legal counsel, and the security administrator. In the opinion of management internal processes in the hospital are generally correct. At the same time, some processes require improvement. In particular, the planning of activities was discussed. Important should be the formulation of medium-term and long-term plans. Currently, there are only short-term plans, which are enforced primarily by the length of the contract with the National Health Fund. Like most public hospitals, the studied one underlines that with the introduction of the reform in 1999 the self-management in the hospital in setting the strategic orientations increased. At the same time the management of the hospital increases the participation of external experts in planning the strategic direction of the hospital. In the case of a linear management, they increase their leadership role and operational planning and coordination of internal processes. Directors appointed divisional organizational missions are superiors and subordinate all managers included in a given vertical action. They also play a functional supervision over the subordinate activities of positions

and organizational units carrying out tasks corresponding with specialties of division director. The formation of functional divisions resulted in creating two major roles: supporting the role of staff in relation to the chief of the hospital management and advisory and supervisory role in the functional specializations done in relation to the units outside the vertical organization. Generally, the characteristic feature of the organizational structure of the hospital is high formalization and bureaucracy and the presence of a variety of decision-making procedures. From the point of view of the management, structure of the functional departments allows for decision-making based on centralized and hierarchical system. Managers are usually promoted within the levels of the organization and have a high technical knowledge in their specialty. On the other hand, this structure is not flexible and doesn't have propensity to risk, which restricts the effective response for the environment, the ability to take innovative action [Sułkowski, Seliga 2012]. At the same time in the hospital, there is a greater focus on the rules and procedures rather than on results, resulting in a significant formalization. The basic internal documents at the hospital include: statutes and rules of the organization and the organization chart of the region determined by the Management Board and the documents adopted by the director of the hospital: the rules of procedure, user documentation circulation, drug economy, financial statement accounting, compensation rules, and procurement rules. Hospital staff is acquainted with these documents and changes taking place in them. The management does this in the form of meetings with the management and employees. It can be concluded that most of the processes in the hospital has detailed instructions for carrying out the tasks provided for in the process. The interviews indicate that all the information and commands are transferred through official channels and the written form of communication and command applies to most information. Special role is played by the circulation of the hospital medical information. The results show that the instruction for cycle documentation is complete and consistent. At the same time the conclusions from the analysis of existing documentation are used for the improvement of future investigations. After 2000, the hospital structure has been changed primarily in connection with the needs of adaptation to the environment. Structural changes include mainly the creation of new organizational units and jobs, elimination of organization units and jobs, shifts in subordinate positions, changes due to changes in requirements for certain jobs. The reasons for this transformation were: the need for new tasks and the size of the hospital financial resources intended to cover the costs of the organization. The results showed the effects of such changes as reducing the operating costs of the hospital, an increase of the objectives of the hospital and improvement of working conditions.

4. Changes in the hospital management methods and techniques

In addition to changes in the organizational structure of the hospital after 2000 there was a transformation in the methods and techniques of management. In the studied hospital there were two major changes, such as a system of quality introduction (ISO 9001:2008) and outsourcing. With the introduction of the Quality Management System according to ISO 9001, management pointed to a number of benefits, such as improving quality of services, streamline and optimization of management processes, minimization of cost and improvement of the financial condition of the hospital, increased credibility and trust to the hospital, extra points in the competition offers to enter into contracts for the provision of health services published by the National Health Fund, increased competitive advantage in the market of medical services, improved communication, both internal and external, increased awareness of the motivation and commitment of employees, improved cooperation between all parties involved in the treatment process of the patient. Improved efficiency of the hospital was also achieved due the introduction of outsourcing. It concerned the food services and cleaning. Director of the unit pointed to the following benefits of separating out these services: streamlining workflow, reducing personnel costs, reduced capital costs, reduced operating costs related to infrastructure, increased competitiveness, and improved performance of services with the ability to focus on the key tasks for the hospital. At the same time we should mention the innovative activity centres. As areas in which innovations were introduced from 2006-2011 were enumerated: exchanged information systems, medical equipment management and cost accounting. At the same time the interviews highlighted the sources of innovation and factors that inhibit their implementation. As the dominant source of innovation in the study were indicated: ideas and resources of organization, monitoring news (products, services, processes) on the market, the needs and views of patients. On the other hand, among the factors hampering innovation activities at the hospital were indicated: the high cost of implementation of innovation, lack of funds, high interest rate loans.

5. Changes of the relations between hospital and stakeholders

The last issue subjected to empirical verification was the identification and evaluation of the interaction with the environment. According to the concept of stakeholders, the main external entities with which hospital interacts are: the local authorities, state authorities: the government, the parliament, the Ministry of Health, patients, the National Health Fund, suppliers, distributors and other health care institutions, the media. From the point of view of the work, the relationship with the parliament and the government, the National Health

Fund, the founding bodies (local government), and patients seem to be the most significant. Relationships of hospital with the aforementioned stakeholders have become particularly important after the reform in 2000, which imposed on hospitals many additional responsibilities to the environment. Strategic stakeholder for hospital is the National Health Fund. This entity is primarily determined by the size of the medical contracts. It is worth noting that since the beginning of systemic contacts with the payer, the idea of partnership did not work out and the exchange of information between the hospital and the National Health Fund is limited to the necessary contacts arising from the settlement of the contract. At the same time the hospital investigated alleged dictatorial behaviour of the payer and not reckon with the real financial needs. The National Health Fund claims the resources are inadequate and gradually reduces contracts. Another stakeholder for hospital is the founding body - county government. This entity inspects and evaluates the activities of the hospital, and in particular the correctness of the statutory tasks performance, the availability and level of service. Local government expects that the hospital will take care of the financial situation and at the same time will raise the level of service and patient satisfaction. In the case of the studied facility, relationships with local authorities are correct, and the hospital is trying to make changes in accordance with the directions set by the authorities. On the other hand, from a social point of view, the most important stakeholder of independent public health care is the patients. Patients have a constitutional right to health protection, regardless of their financial situation, and the public authorities have an obligation to ensure equal access to health care services financed from public funds. Hospital studied in the context of these tasks regularly conducts patient satisfaction studies, the results of which are used in improving the availability and quality of health services. In order to improve standards of hospital services, it draws attention to organizational performance (cleanliness, aesthetics) and logistics (e.g. functional space, time expectations for the visit, the time devoted to it by the staff). The positive effect of this procedure is a positive evaluation of the quality system functioning in the facility.

6. Conclusions

Although the discussion on organizational change in the context of the efficiency is the test section of the hospital reality, they seem to entitle to a few general conclusions. First, in the hospital studied, after the reforms in the health sector, the role of leadership has changed from passive administrators to active managers, realizing the strategic objectives of the hospital. Institution managers have a higher awareness of the inevitability of changes in the environment and attempt to implement changes, making the hospital more open to challenges posed in front of it. Secondly, in the hospital after the reform

in the first place were the changes in the organizational structure consisting of flattening the organizational structure (organizational units were joined or liquidated), while the traditional model of the structure is characterized by excessive functional formalization and bureaucracy, which is not conducive to flexibility in adapting to the hospital requirements. Third, structural changes in the hospital were accompanied by changes in the methods and techniques of management. After the reform, in the studied hospital quality system was introduced (ISO 9001:2008) and the outsourcing of food services and cleaning. The information received indicates that these processes have led to the expected results, i.e. improved quality of services, streamline and optimized management processes and increased operational efficiency, which in turn resulted in reducing of costs and improved financial condition of the hospital. Fourth, the hospital undertook various efforts to improve relations with its stakeholders, the facility contacts are the most difficult with the NFZ. It is worth noting that the above conclusions drawn from one of the public hospitals are very consistent with the results of studies carried out in other public institutions. For example, there can be cited the following projects:

1. „Opieka zdrowotna w Polsce po reformie; funkcjonowanie szpitali po wprowadzeniu reformy systemu opieki zdrowotnej/ Health care in Poland after the reform; hospitals functioning after the introduction of health care reform" edited by S. Golinowska, report prepared by Centrum Analiz Społeczno-Ekonomicznych CASE/Centre for Socio-economic Analysis in 2001. [Golinowska, Czepulis-Rutkowska, Sitek, Sowa, Sowada, Włodarczyk, 2002];
2. „Wpływ kontraktu menedżerskiego na zmiany zarządzania zakładami opieki zdrowotnej oraz poprawę ich funkcjonowania/ The influence of management contract on health care facilities management changes and the improvement of their functioning", studies conducted for the Ministry of Health, by the research team from Public Health Institute, Collegium Medicum, Jagiellonian University, edited by M. Kautsch and J. Klich. [Kautsch, Klich, Stylo, Kopeć, Struś, Więckiewicz, 2001];
3. „Strategie adaptacji szpitali do reform systemu opieki zdrowotnej/Strategies for hospital adaptation to the health care reform", studies conducted by K. Obłój, M. Ciszewska, A. Kuśmierz from October 2003 to June 2004 in the framework of the research grant KBN 2H02D05623 [Obłój, Ciszewska, Kuśmierz,2004];
4. „Zarządzanie organizacjami publicznymi w warunkach transformacji systemowej/Public organization management in system transformation" – Project conducted by B. Kożuch in the years 2003-2004 (nr 2 H02D 059 24) In the several public hospitals of Podlasie region [Kożuch, 2005; Jończyk, 2007];

5. „Analiza praktyk zarządczych i ich efektów w zakładach opieki zdrowotnej, których organem założycielskim jest samorząd województwa dolnośląskiego/The analysis of management practices and their effects in health care facilities, which supervisor is Dolnośląski local government", The study was conducted by M. Kautsch in the autumn 2005, from Public Health Institute, Collegium Medicum, Jagiellonian University with the cooperation of School of Health & Related Research, University of Sheffield [Kautsch, 2005];
6. „Strategiczne aspekty zarządzania zasobami ludzkimi w wojewódzkich samodzielnych publicznych zakładach opieki zdrowotnej - szpitalach - w kontekście emigracji personelu medycznego wyższego i średniego szczebla po wejściu Polski do Unii Europejskiej/ Strategic aspects of human resources management In voivodship public health care facilities – hospitals – In the context of medical and staff emigration after Poland joined European Union", report after studies conducted from August to September 2006 in the framework of Health Cluster Net Project - Inicjatywa Wspólnotowa/ Joined Initiative INTERREG III C [Buchelt-Nawara, 2006].
7. *„Zarządzanie publiczne: przywództwo i jego wpływ na efektywność w organizacji publicznej (na przykładzie publicznego sektora ochrony zdrowia – pomiar efektywności)/ Public management: leadership and its influence on public organization effectiveness (an ex ample of public health care sector – effectiveness measure)", report from the studies performed by* A. Frączkiewicz-Wronka in hospitals of Śląskie region [Frączkiewicz- Wronka, 2009].

In general it can be said that the current public hospitals, including the studied entity accepted the inevitability of continuous adaptation to the requirements of the environment. It learned to respond to environmental signals and achieve ever higher efficiency in the implementation of change and innovation in the system of medical services. At the same time it is worth noting the increasing importance of management in hospitals, who in their activities are no longer confined solely to act as administrators, but also to take the challenges of professional management (building coalitions to improve the quality of services provided, sensing the relationship between the cost and the quality of the implementation of innovations). It is interesting that similar changes took place after the introduction of the internal market in the NHS in the UK health care. Changes in the hospital (regulatory changes, changes in the expectations of many stakeholders, such as the Ministry of Health, local authorities, and patients, institutions responsible for the implementation and monitoring of quality standards, the conclusion of contracts with hospitals) have forced upon them the need for rational and efficient behaviour. In many cases, the changes initiated from making changes of the organizational

structure and the related reduction of human resources. Almost at the same time, change in management methods and tools through the implementation of quality systems occurred, organizational structures were flattened and outsourcing of services took place, especially a laundry service, cleaning and security. At the core of the management of health care facilities in the UK was constant pursuit of excellence in action by skilful organization of work and management [Rouse 1997, p 87]. At the same time it was stressed that the efficiency of the organization largely depends on its ability to apply internally consistent rules of functioning, as well as the creation of high culture in the organization. Both the Thatcher administration and T. Blair, and the current rulers in order to cope with these challenges pointed out the need to move away from bureaucratic and passive methods of management of public sector organizations towards active management of hospitals and personal responsibility for their behaviour. O. Ingstrup and P. Crookall argue that in recent years, with the increasing decentralization and more flexible health care sector has increased the role of the managers, and thus their personal commitment to lead the organization [Ingstrup, Crookall, 1998, p. 52]. Effective exercise of managerial roles is even more challenging when management has to deal with limited resources and increasing pressure on the health services, increased availability and higher quality. Management of health care facilities therefore requires new knowledge and skills in the management of changes, the organization, building relationships with the environment, political clarity and sensitivity to the relationship between cost and quality of services. The role of facilities management in the provision of services is increasing rapidly, and the relationship between them and the employees has a more partner character. This is due to the decentralization of power and responsibility. All this makes the decision-making process much faster and more transparent, and therefore better suited to the needs of more patients, who are a strategic stakeholder for the hospital.

7. Summary

Generally, it should be noted that changes in the health system, particularly changes in the financing of medical services, threw hospitals in a completely new reality. Independence, although limited by the actions of stakeholders, restructuring, tough financing rules, the requirement of cost rationalization, attention to quality, new relationships with external entities are only some of the phenomena known for hospitals by the end of the 80's they had to face especially after the introduction of reform in 1999 and as a result of these phenomena studied the organizational efficiency of hospitals significantly improved. It seems that the hospital studied is acting well in the new conditions

of operation and at least partially adapted its structure and operation to the requirements of the new economy.

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