

**A QUALITY HEALTH CARE STRATEGY FOR  
KLERKSDORP HOSPITAL**

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## OPSOMMING

Klerksdorp hospitaal het tot onlangs net die oorwegende blanke, Indiër- en kleurling-gemeenskappe van Klerksdorp bedien. 'n Hospitaal langs die swart woongebied het die swart gemeenskappe bedien. Die veranderinge in die land het nuwe uitdagings aan die Klerksdorp hospitaal gestel. Die voorsiening van mediese sorg is net soveel 'n kwessie van sosio-politiese reëling as van die mediese wetenskap en verskil van land tot land, soos dit weerspieël word deur die verskillende waardestelsels van die verskillende gemeenskappe. Die huidige veranderinge binne die gesondheidsorg industrie is 'n weerspieëling van die politieke veranderinge en sosiale samestelling van die gemeenskappe en beteken dat die veranderinge sal aanpas by die uitdagings wat deur die omgewing gestel word.

Om die doel van hierdie skripsie te bereik moet 'n literatuur oorsig onderneem word om 'n toepaslike teoretiese raamwerk te verskaf wat op praktiese oorwegings gebaseer is. Dit is duidelik dat die belangrikste strategiese uitdagings wat aan die Klerksdorp hospitaal gestel word, die reaksie op die verandering in omgewingsfaktore is. 'n Ontleding van die hospitaal en sy omgewing, sowel as die huidige stand van strategiese beplanning sal gedoen word. Hierdie ondersoek behoort ook insig te bied oor die stand van die huidige strategie en werkswyse van die hospitaal. Daar sal ook na die beoogde toekomstige staat van die hospitaal gekyk word. Dit is uit die bogenoemde bevindings dat 'n visie, 'n missie sowel as die waardes wat die hospitaal moet dryf, geformuleer sal word, asook 'n bepaling of dit in pas is met die mandaat van die hospitaal. Hierdie mandaat bestaan uit die verskaffing van kwaliteit gesondheidsorg vir al Klerksdorp se inwoners.

Om kwaliteit mediese behandeling daar te stel is 'n realistiese sowel as 'n wenslike doelwit. Die regte vlakke van hulpmiddels, kundigheid en kennis is noodsaaklik. Hierdie faktore kan egter net met die wil en toewyding van al die deelnemers suksesvol wees. In die lig van hierdie ontwikkelings en veranderings op die horison sal daar stappe geneem moet word om die gevaar van stagnasie en daaropvolgend, die ontoepaslikheid van die mediese sorg vir die mark te voorkom.

Met hierdie in ag geneem, word die doelwitte geformuleer en saamgevoeg tot 'n voorgestelde strategie.

Hierdie strategiese plan sal deur die volgende boublokke geformuleer word:

- Die organisatoriese profiel en huidige strategie van die Klerksdorp hospitaal
- Die visie, missie, waardes en strategiese doelwitte
- Die ontleding van die makro omgewing
- Die ontleding van die bedryfsomgewing
- Die evaluasie van die interne organisasie
- Die formulering van die strategiese aksie planne

Hierdie strategiese beplanning sal nie die belangrikheid van kwaliteit uit die oog verloor nie en derhalwe ook daarop wys dat kwaliteit noodsaaklik is vir 'n gesondheidsorgdiens. Dit is veral belangrik in 'n geval waar die diens geld kos. Die begrip waarde vir geld is 'n ou en aanvaarde opvatting by die gemeenskap. Daarom is dit belangrik dat in die begroting, die beplanning- en evaluasie-maatreëls ingesluit word in 'n poging om doeltreffendheid te behou en te verbeter. Die maatstaf waarvolgens kwaliteit beoordeel word is afkomstig uit die sosiale en kulturele norme van die gemeenskap en is daarom onderworpe aan verandering. 'n Dinamiese en buigbare strategiese plan word vervolgens vereis om 'n hoë vlak van gesondheidsorg te behaal, en om dit te behou.

Klerksdorp hospitaal is langs die sentrale besigheidsgebied geleë. Dit is 'n staatshospitaal wat eers net 'n klein gedeelte van die gemeenskap bedien het. Daar is egter nou 'n verandering in die bevolkingsamestelling en die hospitaal word nou hoofsaaklik deur die voorheen agtergeblewe gemeenskap gebruik. Hierdie hospitaal dien ook as 'n verwysingshospitaal vir die provinsie. Daar is 'n persepsie onder die voorheen agtergeblewe gemeenskappe dat die fasiliteite, wat eers uitsluitlik vir die gebruik van blankes was, van 'n beter gehalte is as dié wat vir hulle bedoel was. Die gevolg hiervan is dat sodanige fasiliteite nou oorstrom word. Hierdie is ook die geval met die Klerksdorp hospitaal.

Die personeelsamestelling, sowel as die hulpbronne, sal aangepas moet word by hierdie omstandighede. Hierdie druk veroorsaak dat daar op die korttermyn aanpassing gemaak sal moet word om uiteindelik die langtermyn doelwitte te kan bereik. Sosiale programme met kleiner-wordende hulpbronne en met groter ekonomiese effektiwiteit word vereis. Omgewings veranderinge lei tot die vraag na 'n meer eweredigverspreide, beter gehalte gesondheidsorg, as 'n groter inspraak in die toeganklikheid tot hierdie sorg.

Die hospitaal is ook onder druk om onder hierdie omstandighede, sy mandaat uit te voer. Gehalte gesondheidsorg bly 'n belangrike mikpunt tydens veranderende en uitdagende omstandighede. Om hierdie doel te behaal sal die hospitaal aanpassings in sy toekomsbeplanning moet maak. Maak die huidige beplanning optimaal gebruik van al die hulpbronne? Is dit effektief? Het die hospitaal die kapasiteit om onder die druk van die bogenoemde doeltreffend sy funksies te vervul?

Teen die agtergrond van hierdie uitdagings sal die studie kyk na die stand van die strategiese beplanning van die hospitaal om te bepaal watter van die bogenoemde neigings aangespreek moet word. Die veranderinge in die omgewing lei tot belangstelling deur die gemeenskap sowel as ander belanghebbendes in die wyses waarop die hospitaal hierdie veranderinge moet hanteer.

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# CHAPTER 1

## AN OVERVIEW OF THE STUDY

### 1.1 INTRODUCTION

Klerksdorp hospital was, until recently, meant to serve predominantly the white, indian and coloured communities of Klerksdorp. A hospital next to the township was serving the african community. The changes in the country brought new challenges to Klerksdorp hospital. The provision of health care is as much a matter of social political arrangement as of medical science, and so varies from country to country, reflecting the values of different societies. (Nursing News, 1977:13) The current changes within the health care industry is a reflection of the changing political and social fabric of the society it serves which therefore, means that strategies will change to adapt to the challenges posed by the environment.

To achieve the objectives of this script, a literature review is to be conducted to provide an appropriate theoretical framework on which to base the practical considerations forming the basis of the study. It is apparent that the main strategic challenges confronting Klerksdorp hospital is that of responding to changing environmental conditions. An analysis of the hospital and its environment, as well as its present strategy will be done. This examination should yield insight into the hospital's present strategy and method of operation. The examination should also diagnose the state of strategic planning at Klerksdorp hospital. The envisaged future state of the hospital will be looked into. It is from the above findings that a vision, a mission statement, as well as the values that should drive the hospital, will emerge and the question of whether these are aligned to the mandate of the hospital will be answered. This mandate consists of the provision of quality health care for all the people of Klerksdorp.

Achieving quality health care is a realistic and desirable goal. The right levels of resources, skills and knowledge are essential. However, these factors should also be accompanied by the will and commitment of all stakeholders to take effective action. "Times change, conditions change" (Thompson & Strickland, 1996:6). In the light of emerging developments, and

changes on the horizon, an organisation has to reposition itself so as to avoid the threat of stagnation and of ultimately becoming irrelevant to the market that it is serving.

It is from these considerations that goals and objectives are formulated and these are incorporated into a proposed strategic plan.

The strategic plan will be formulated by means of the following strategic building blocks:

- The organisational profile and present strategy of Klerksdorp hospital.
- Vision, mission, core values and strategic objectives.
- An analysis of the macro environment.
- An analysis of the operating environment.
- An internal organisational assessment.
- Formulation of strategic action plans.

□ **Formulation of strategic action plans**

The strategic plan will not lose sight of the attributes of quality. It is essential to have the ability to demonstrate quality in order to maintain the validity of a health care service. This is particularly true in the case of a service that costs money. Value for money is an old and established concept in society. This requires that budgeting for a service should include planning and evaluative measures in an effort to increase and maintain efficiency and effectiveness. The criterion by which quality is evaluated comes from social and cultural norms and is therefore subject to continual change. A dynamic and flexible strategic plan is therefore required to establish and maintain high quality levels within health care.

## **1.2 PROBLEM STATEMENT**

Klerksdorp hospital is situated next to the central business district of Klerksdorp. It is a state hospital that has previously catered for a small population. There is a shift in the population constituency in that the hospital was dominated by a previously privileged part of the population and is now dominated by a previously underprivileged part of the population. The hospital also serves as a referral hospital for the province.

There is a perception among the previously disadvantaged members of the community that facilities that were previously reserved for the White population render a superior service

compared to those that were meant for them. The result of this perception is that such facilities are beginning to be overcrowded. This is also the case at Klerksdorp hospital.

The staff orientation, as well as the resources will have to be adjusted to these challenges. Popular pressure dictates the adoption of short-term measures to the detriment of longer-term measures. Social programmes are operating under ever-tighter resource constraints as greater economic efficiency is sought. Environmental changes lead to calls for more equitably distributed, better quality services, and for a greater say in decisions about priorities for access to health care services.

The hospital is also under pressure to execute its mandate under the above mentioned circumstances. Quality health care remains the main objective under changing and sometimes even difficult circumstances.

In order for the hospital to deal with these challenges, it will have to revise its strategy.

Is the present strategy optimising the input output relationship? Is it effective? Does the hospital have the capacity to handle the level of demand for its services under the above mentioned pressures?

It is because of these challenges that the study will look into the state of strategic planning at the hospital to determine whether the trends that are stated above, are being addressed. The changes in the environment generate interest from the community and other stakeholders as to how institutions like hospitals are coping. The effect of these environmental changes, given the historical background of this particular hospital, is of interest to the community and systematic analysis of their effects will result in a better understanding of all the dynamic forces at play, which will result in a quality health care strategy.

Strategic planning is an essential management tool that enables organisations to assess their environments as well as their strengths and weaknesses so as to decide on how these organisations will look in the future, and to develop well informed strategies of how to get to the envisaged future situation. It is a long-term plan that is flexible and sensitive to the changes in the environment and will therefore contribute a great deal to the effective and efficient delivery of a quality health care service to the market that it is serving. It is not a mere resource allocation exercise but goes right into the character of the organisation. Organisations that have a strong strategic planning orientation will ultimately develop effective and efficient

demand management strategies. An important result of such actions is most likely to be better quality service, which is the core of the mandate of any health care institution.

### **1.3 STUDY OBJECTIVES**

#### **1.3.1 Main objective**

The main objective of this study is to contribute towards successful strategy formulation in Klerksdorp hospital. The purpose of the hospital is to deliver health care to the community. It is envisaged that strategy formulation will lead to a health care delivery in such a way that it is equitable, effective, efficient and sustainable. The theoretical building blocks together with the empirical findings will be used to contribute to the formulation of the strategy.

#### **1.3.2 Ancillary objectives**

Before a desired destination is chosen, it is necessary to know the present situation, so as to be able to choose the most suitable route within the constraints of internal resources. In the light of this information, one of the ancillary objectives will be **to evaluate the present strategy of Klerksdorp hospital.**

The changes in the health industry as brought about by the global competitive environment require a continual adaptation of strategies. An ancillary objective will be **to determine the effect of environmental factors on strategic planning at Klerksdorp hospital.**

In the final instance, an attempt will be made **to assess the level and quality of strategic thinking within the management levels of the hospital.** A changing and turbulent environment requires continuous strategic thinking, especially from the senior levels of management, if the enterprise is to be successful in the long term.

### **1.4 RESEARCH METHODOLOGY**

#### **1.4.1 Literature review of relevant material**

Relevant literature sources dealing with the subject of strategic planning will be studied to provide a theoretical background on which to base the practical findings of the study. The

characteristics of a manager who is an analytical strategist will be highlighted so as to be able to ascertain whether these types of managers exist at Klerksdorp hospital

#### **1.4.2 Empirical study of the state of strategic planning in Klerksdorp hospital**

An empirical evaluation of the present state of strategic planning at the hospital will be undertaken by means of the descriptive survey method. A questionnaire will be distributed to all members of the management team of the hospital. The purpose of the questionnaire will be to:

- Assess the present state of strategic planning at Klerksdorp hospital.
- Assess the level of strategic thinking within the hospital management.
- Assess the perception of management as to the importance of the environmental factors in strategy formulation.

The chief superintendent will be the major person from whom permission for the empirical survey will be obtained, and thereafter the heads of departments will be briefed on the purpose of the study so as to win their co-operation in completing the questionnaire. Management will be assured that the results will be made available to them and will be kept confidential outside the hospital.

The statistical consulting services department at Potchefstroom University for Christian Higher Education will assist with the statistical processing, analysis, and interpretation. It is possible to involve all members of management in the study because the hospital is of limited size.

#### **1.5 LIMITATIONS OF THE STUDY**

The study is limited to the Klerksdorp hospital in the Northwest Province. It is confined to the strategy formulation phase of strategic management although the importance of implementation will be highlighted. This will be done within the particular changing environment of Klerksdorp, the driving forces within the particular industry, the key success factors in the industry and the internal resource capacity of the hospital.

The Klerksdorp hospital complex is the specialist centre of the Northwest Department of Health. It is envisaged that further research will be conducted to ascertain the level of differ-

ences and similarities between hospitals in the province, so as to ascertain the degree of possible generalisation of the research findings to other institutions.

## 1.6 FURTHER DEPLOYMENT OF THE STUDY

Chapter 1 is an introductory chapter that describes the nature and scope of the study. This includes a problem statement and a brief discussion of the purpose of the study, the framework of reference, the limitations of the study and further deployment of the study.

Chapter 2 will deal with the theoretical background relevant to the script. The focus is on the framework of normative reference of the study. This involves how an organisational profile is done, the purpose objective and the method to bridge the gap between the two scenarios. This includes the historical background of strategic management as a discipline, the process of strategy formulation and the logical conclusion of the process in the building blocks of strategy formulation, which result in strategic action plans.

Chapter 3 will address the state of strategic planning at Klerksdorp hospital. An empirical study will be carried out. This includes a brief description of Klerksdorp hospital in terms of the size of the hospital and its management structure. The decision to use a questionnaire is discussed. The population of the empirical research is described in terms of who they are, their number and the positions they occupy. The results are presented in terms of an analysis of the responses, and conclusions are formulated from them.

Chapter 4 will draw together the preceding sections in a determination of what is and what should be. The theory as studied in chapter 2 will be discussed in comparison to the findings of the empirical study. The findings are summarised and a logical conclusion of the interpretations based on the objectives of the study will be done.

Chapter 5 will be devoted to a suggested implementation plan. The objective of this plan is to achieve the objectives of the study as formulated, namely: **A SUGGESTED QUALITY HEALTH CARE STRATEGY FOR KLERKSDORP HOSPITAL**. The logical conclusions and guidelines suggested by the literature, and the relevant aspects of the practical situation determined by the empirical study, will form the basis of the formulation of actions to be taken to implement a quality health care strategy for Klerksdorp hospital.

# **CHAPTER 2**

## **THE PROCESS OF STRATEGY FORMULATION**

### **2.1 INTRODUCTION**

It is necessary to briefly look at how strategic planning has developed as a management discipline; to define the term's strategy and strategic planning and to further examine the aspects involved in the effective formulation of strategy for an organisation

### **2.2 HISTORICAL OVERVIEW**

Some authorities (Henley Management Institute, 1994:8) believe that the origins of the subject can be traced to the experience curve discovered by the US Air Force in Dayton, Ohio in the mid 1920's. Others see strategy evolving from operational research techniques and budgeting programmes that were first practised in the United States of America during the Second World War. The so-called era of long range planning of 1965-1975 emanated from these developments. The energy crises of 1973 and 1979 exposed the inefficiency of long term planning. The assumptions upon which the long term plans were based did not take into consideration unforeseen changes in the environment. What was the point of such exercises if the assumptions upon which they were based could be altered so easily? This brought about challenges to be more accurate, to broaden the scope of planning to include environmental analysis, scenario building, and stakeholder management. The era of strategic planning was born in this manner. That era was between 1975-1980. The main elements of this era were an explicit company strategy, division into strategic business units, exploratory forecasting, planning for social and political change and simulation of alternative strategies. Strategy became more inclusive and moved away from being essentially an economic analysis.

It is in this era that Henry Mintzberg (Henley management Institute, 1994:6) argued that there is more to strategy than planning. He believed that strategy should be incremental. As busi-

ness moved into a more competitive and customer orientated era the term “strategic management” was coined. This era of strategic management was between 1980-1987. It is in this era that Michael Porter (Henley Management Institute, 1994:10) introduced industry analysis and generic strategy formulation. The focus fell strongly on the maintenance of sustainable competitive advantage.

Porter (Johnson *et al.*, 1993:205) argued that there are three fundamental ways in which organisations can achieve sustainable competitive advantage. These are as follows:

- A cost leadership strategy, where an organisation chooses to be the low cost producer in its industry. These organisations typically sell standard products and place emphasis on reaping cost advantages from all sources, thus sustaining overall cost leadership.
- A differentiation strategy, where an organisation seeks to be unique in its industry. The differentiation strategy requires that an organisation choose attributes that differentiate it from its competitors and charges a premium price for being unique.
- A focus strategy, where an organisation chooses a narrow scope of competitive stance within an industry. These organisations select a segment or a group of segments in the industry and craft their strategies to serving these segments to the exclusion of others.

Organisations in this era became aware of the power of shareholders and shareholders became more active in questioning the contribution which strategic moves made to increase the return on their investment. This trend prompted the development of techniques such as value analysis and replaced traditional accounting measures as the only criteria for evaluating strategic options.

### 2.3 DEFINITIONS

Strategy is derived from a Greek word “strategos” which means the art of the general. It indicates that it involves matters concerning the highest level in the command structure of the organisation. Strategy is the direction and scope of an organisation over the long term, which really matches its resources to its changing environment; and in particular its markets, customers or clients so as to meet stakeholders’ expectations (Johnson & Scholes, 1993:10).

It deals with the scope of the organisation activities and it clearly demarcates the boundaries of business in terms of products and services. It matches the activities of the organisation to the demands of the environment in which it operates.

Mintzberg (Henley Management Institute, 1994:13) distinguishes at least five separate definitions of strategy, what is commonly referred to as “the five P’s of strategy”. These are the following:

- **Plan** - a deliberate process made in advance of a set of actions
- **Ploy** - a manoeuvre to outwit a competitor
- **Pattern** - a consistent theme in a stream of actions
- **Position** - a way of matching an organisation with it’s environment
- **Perspective** - the way in which the organisation views the world

Strategic planning refers to the process by which organisational goals and the means to reach those goals are implemented (Narayanan & Nath, 1993:244). It is the process of deciding on changes in the objectives of the organisation, in the resources that are to be used in attaining these objectives, the policies that are to govern the acquisition and use of these resources. It involves a stream of decisions aimed at matching the organisations’ outputs to the demands of its current and future environment (Kotze, 97:77).

## 2.4 THE PROCESS OF STRATEGIC PLANNING

The process of strategic planning integrates the following elements:

- Organisational profile.
- Purpose objective.
- Gaps between the above.
- Macro environment.
- Operational environment.
- Strengths, weaknesses, opportunities and threats (SWOT analysis).
- Strategic issues.
- Strategic action plans.✕

It is therefore, the intended future relationship between the organisation and the environment at some time in the future, either specified or unspecified. It deals with the economic objectives of the organisation and the means to attain those objectives.

It is about the long-term direction of the organisation. It is not to be looked at as a one-off major change. It is better described and understood in terms of continuous adaptation of the organisation to on-going changes in the environment.

Most organisations have a strategic intent. It might be unstated, inconsistent or crude, but it is there and real and determines the actual decisions of the organisation. It is only when a strategy is explicitly formulated and planned, that it becomes a strategic plan.

Any organisation should be so in touch with its environment and sensitive to changes as to be able to anticipate any shift in underlying conditions. The strategic plan has to be flexible and dynamic in anticipation of potential opportunities and threats. It has to be crafted in such a way that it is responsive to environmental changes. It should allow the organisation to build a market position that is strong enough to produce and sustain good performance despite unexpected events like potent competition and internal problems.

Business strategy, in contrast to corporate strategy, concerns the actions and the approaches crafted by management to produce successful performance in one specific line of business. The central business issue is how to build a stronger long-term competitive position (Thompson & Strickland, 1996:41). After building the competitive position, it has to be strengthened and sustained.

Human nature demands continuous improvement on an ongoing basis. More comfortable houses, comfortable cars, cost-effective ways of managing human lives are required, against a background of discontinuous change brought on by energy problems, finite resources, environmental limits in the absorption of industrial wastes, the cleavage between developed and underdeveloped nations, and a world economy which does not function effectively or efficiently.

In this context, organisations encounter ever increasing complexity. Organisations facing these increasingly turbulent and often hostile environments will need more systematic and informed means of making the major strategic changes required for organisational survival and viability (Kotze, 1997:77).

Klerksdorp hospital is in a similar situation. The hospital has to adapt to a changing environment where resources are limited but where it is still required to deliver a quality health care service to the community. Business strategy is the input in the process whose output is a qual-

ity health care for the community of Klerksdorp. The central thrust is to build, strengthen and sustain quality health care delivery within agreed budgets and to provide value for money.

The first step in the business strategy process entails the development of an organisational profile.

## **2.5 ORGANISATIONAL PROFILE**

For a strategy to succeed it must have three ingredients. First, it must be consistent with conditions in the competitive environment, taking advantage of existing or projected opportunities and minimising the impact of major threats. Second, it must be realistic in terms of the organisation's internal capabilities. The organisation's pursuit of market opportunities must be based not only on the existence of such opportunities but also on the organisation's key internal strengths. Finally, the strategy must be carefully executed (Pearce & Robinson, 1994:173). Therefore, intensive internal assessment is critical to developing a successful ability to exploit environmental opportunities while minimising losses from environmental threats. The profile of the organisation involves the analysis of the present situation. ✕

Key aspects of the organisation's operations are examined. Key areas targeted should be central to the organisation's strategic direction. For example, differentiation of its products from those of rivals also entails comparison of the current situation with the past. How does it compare with previous years? Is there an improvement or not? Is the organisation doing things better this year than last year? Is it in a favourable or unfavourable situation internally?

Other aspects which require consideration, include the following:

- Given the internal situation; what will the organisation's competitive approach be? Is the organisation going to be striving to be a low cost leader or is it going to concentrate on a market niche?
- Basic business requirements: Factors that are important to the industry and the organisation, but do not represent any strategic advantage.
- Key vulnerabilities: Factors where the organisation is constrained, for instance, skills, knowledge and resources required to be able to compete in the market. These areas should be identified as requiring remedial action.

The information compiled on the above aspects becomes input to the strategy process. The scope of the organisation's competitive ability within the particular industry, its market share and growth rate is also an important input into the process. Some competitive intelligence as to how the organisation compares against competitors, as well as the company's functional strategy in terms of finance, production, and human resources should be evaluated. This assessment determines whether these functional strategies are supportive or aligned to the corporate strategy.

One of the most important ways to evaluate the present organisational position is an overview of the current financial performance. The stronger a company's strategic and financial performance, the more likely it has a well-conceived, well-executed strategy (Thompson & Strickland, 1996:92).

Managers, investors, and creditors all employ some form of financial analysis as the starting point for their financial decision making (Pearce & Robinson, 1994:197) Financial analysis is a useful tool but not perfect. It is based on past data. Trends in the industry should be compared with the organisation to check comparative performance.

In a non-profit hospital, the ability to keep to the agreed upon budget and the ability to optimally utilise the limited resources, will be important contributing factors to developing a company profile. If there are deviations, how far away from the initial budget have they increased or decreased? What are the factors that led to the deviations and corrective actions that need to be taken to keep the budget on track?

The weaker a company's strategic and financial performance, the more its current strategy must be questioned. Weak performance is usually a sign of weak strategy or weak execution, or both (Thompson & Strickland, 1996:92).

In developing an organisational profile, it is important to ask the following questions:

- What employee organisations are recognised and active in our organisation?
- What employer organisations does the organisation belong to?
- Other role players like government, banks, shareholders and their power and influence.
- The physical facilities: Is there enough space to accommodate all the patients, and is the infrastructure available to cater for the needs of the patients?
- Who are the suppliers and how well do they perform?

- How does the hospital compare to other hospitals rendering the same service, in terms of price structure and perceptions of customers?

Answers to these questions will provide a diagnosis of the present situation. The profile of the organisation is a thorough analysis of the present situation in its total form so that before an organisation moves to a future envisaged situation, it should clearly understand its present situation.

## **2.6 PURPOSE OBJECTIVE**

A purpose objective is a statement reflecting what the organisation believes it should do and achieve (Kotze, 1997:5). It involves the vision, mission, values and the objectives of the organisation.

### **2.6.1 The vision statement**

The vision is the dream of the future management wishes to create for the organisation. Vision is not what the organisation is, but what the organisation wants to become (Matejka *et al.*, 1993:34). This author describes a vision as an optimistic; inspiring picture that brings with it the responsibility to make it happen. It gives the organisation it's energy and concludes by describing a vision as a dream of greatness.

It is a direction-setting question that the most senior managers of the organisation need to have as clear and unambiguous an answer to, as they possibly can. It consists of a clear picture of the long-term direction of the organisation in terms of where it needs to be headed over the next three to five years. The effective communication of the vision by the company's leadership is essential in order to concentrate the strengths of the key members of the company (Sanno Management Development Centre, 1992:20). It will be very difficult to set about improving a process unless the purpose is clearly understood by all the stakeholders. Clarity of the purpose of all the departments must be aligned to the vision of the whole organisation. Strong leadership, that has the ability to build bridges among departments so that the vision of the total organisation is clear and acceptable to all, is essential.

## **2.6.2 The mission statement**

The mission statement describes the purpose of existence and the business of the organisation. A mission statement will include some or all of the following (Henley Management College, 1994:35):

- Why the organisation came into being.
- Definition of the organisation's self image.
- The direction it is intending to take.
- The values that influence how it does business.

Thompson (1993:122) defines mission as the essential purpose of the organisation, concerning particularly why it is in existence, the nature of the business it is in, and the customers it seeks to serve and satisfy.

(Matejka *et al.*, 1993:34) claims that the mission statement melds the inspiration of the vision.

A well-worded mission statement creates enthusiasm for the future course management has charted. The motivational goal in communicating the mission is to pose challenges that inspire and engage everyone in the organisation.

Klerksdorp hospital is part of the broader South African society. The new society is undergoing a process of development to improve human welfare. Health is an essential part of this national human development. The vision will therefore broadly encompass quality health care development of the society that the hospital serves.

The mission will be more specific. It will define the business by unambiguously specifying who is being satisfied, how this is being done, and the distinctive competencies involved in the process of bringing a quality health care service to the affected population.

## **2.6.3 Managerial value of a mission statement**

According to Thompson and Strickland (1996:21) a well-conceived, well said mission statement has real managerial value when it:

- Crystallises top management's own view about the organisation's long term direction and make up.
- Helps keep the direction-related actions of lower-level managers on the right path.
- Communicates an organisational purpose and identity that can be inspiring to employees and provides an enduring challenge in their work.
- Helps managers avoid either visionless or rudderless management.
- Helps an organisation prepare for the future.

The vision and mission of an organisation has to be supported by a particular value system. Values are defined as the guidelines and beliefs that a person uses when confronted with a situation in which a choice must be made (Gibson *et al.*, 1994:118). It is a constellation of likes and dislikes, viewpoints, prejudices, rational and irrational judgements and association patterns that determines a person 's view of the world. A well-known example is IBM, as it is often seen as model of a value-driven organisation. IBM managers practice a management style rooted in commitment to excellence, respect for the individual, and service to the customer.

A hospital that deals with a patient population from different backgrounds and a society undergoing change will have a value system that encompasses honesty, integrity, tolerance courtesy, consideration, co-operation and creativity. These values will assist in organising the attitudes of both management and employees to work, in a united fashion, to the realisation of the mission and vision of the hospital. The importance of customers and customer service and commitment to quality should also be enhanced in the value system of a hospital in the circumstances under which Klerksdorp finds itself.

#### **2.6.4 Setting objectives**

Objectives follow logically from the mission statement. They are specific and measurable targets to be achieved over a given period.

Objectives represent a managerial commitment to achieving specific performance targets by a certain time. It states how much of what and of which performance and by when is to be covered (Thompson & Strickland, 1996:30). An example would be if an organisation meets the expectations of its shareholders by achieving expected financial results. If the objective is to reach expected sales results; sales would have to be high either by employing more sales people or by lowering prices. The means to measuring the success of this strategy would be the analysis of financial results in relation to competitors. The measuring instrument evalu-

ates the success of the strategy. Long-term direction should be translated into measurable performance targets.

Management would have to set objectives for each key result area and pursue actions to achieve these targets whilst also having a monitoring mechanism to measure progress.

Deadlines for achievement must be set. Ambiguous objectives like for instance reduction of costs or maximisation of profits are not helpful unless accompanied by a quantifiable process of how much should be reduced or increased by when and which business units are going to be targeted for the reduction and who is responsible.

Non-profit organisations have to attract resources at least equal to the requirements of their objectives. Consideration of the following factors should play an important role:

- The interests of stakeholders, particularly providers of finance.
- Conflicting objectives, where financial objectives are not the most essential considerations.
- Conflict between quantitative and qualitative objectives.
- The efficient use of resources as an important objective.

The fundamental purpose of the National Health Service relates to the health of the nation and attention can be focused on both prevention and cure. As the Health Service spends money, scientific innovations come to the fore to continually improve what can be done for people. There is no cure for Aids yet, but a drug to limit the replication of the virus exists. Resources improve treatments and open up new opportunities for prevention; which in turn, stimulate demand (Thompson, 1993:141).

The new scientific developments are expensive and therefore, decisions should be based on priorities. Government as the major source of funds also exerts significant influence. Thompson (1993:141) argues that the relative power of influence is related to the funds provided. It is clear that if customers do less funding to the institution, their influence over decisions will be weaker. Objectives of public institutions therefore, may be less customer-orientated than those of the private institutions, because of the low financial input of customers in the public institution.

It is easier to measure performance against quantitative objectives than against qualitative targets. The danger is that because quantitative objectives are easily measured, they can be

regarded as the most important and therefore, become the focus of the hospital administration. It is simple to count how many patients are occupying the hospital at any stage, how many patients were admitted in a particular day and the cost of food and cleaning. This will lead to performance measures concentrating on the efficient use of resources rather than the effectiveness of the organisation. Success in the paediatric wards could be measured by the infant mortality rate. Some form of statistical instrument has to exist in order to measure, monitor and control activities in a department. These will be integrated at a specific time in order to give an indication of the situation in the whole organisation.

Medical staff might consider the fact that most urgent and needy patients are attended to, as a priority. They might consider the availability of the best diagnostic technology as the most important objectives. However, the administration staff might consider bed utilisation as a priority. This might result in a conflict between medical and administration staff.

Customers have expectations about the quality of care as effected by staff attitudes and numbers, the cleanliness of food and waiting time. In hospitals where there are advisory bodies, for instance boards of trustees, where members of these bodies come from the customer community, customers will have influence through them but undoubtedly not as much as the funders. This explains the usual confusion about the priorities of public hospitals.

## **2.7 THE GAP BETWEEN THE ORGANISATIONAL PROFILE AND THE PURPOSE OBJECTIVE**

The difference in the state of the organisation at two different points where the initial point refers to the present state of the organisation and the latter point refers to some future desired state of the same organisation indicates a gap between these two states. A method must be found to breach this gap. The process of breaching the gap is sensitive to a number of strategic issues that must receive attention. These issues involve the macro as well as the operating environment in which the organisation operates, the change processes, and the turbulence of these processes in the macro-environment. The economic characteristics of the industry, the driving forces, the competitive forces and the key success factors are all important in determining a strategy to breach the 'gap' between the profile of the organisation and the purpose objective. These will be discussed within the context of the unique situation of Klerksdorp hospital.

## **2.8 ENVIRONMENTAL ANALYSIS**

Environmental forces and influences on the organisation are such that all arrows point both ways. Whilst the organisation is influenced by the environment, it must also seek to manage the environment (Thompson, 1993:252). For an organisation to be successful, it has to fit its strategy into the environment in which it operates or be able to reshape the environment to its advantage. The environment can pose both opportunities and threats.

### **2.8.1 The macro-environment**

The macro-environment refers to the broader economic technological, demographic, social and political environment (Hill & Jones, 1995:78). It refers to those events outside the organisation over which management has no control. Management can do nothing or very little to change or influence the Gross Domestic Product of the country or the election of its political leaders. The major operating external factors are industry and competitive conditions, societal, political, regulatory, and community considerations. These external factors, together with the changing and turbulent macro environment will be discussed with the view of demonstrating their effect on the strategy of the hospital.

#### **2.8.1.1 The macro-economic environment**

The macro-economic environment determines the state of the economy. During times of good economic growth, consumer expenditure increases and more people have discretionary income, including companies. This leads to companies exploring other avenues of expanding and employing more people. When the economy is in the declining phase, the opposite occurs. A reduction in consumer expenditure increases competition from companies to lure customers to them and away from the competitors. Price wars occur at this stage. Profit margins of companies drop and therefore, the taxable income also drops. This ultimately affects state revenue. Budgets of public institutions like hospitals will ultimately be reduced, thus forcing the hospital to review its strategy.

The South African business cycle is presently going through an upswing. However, this upswing has not resulted in a remarkable increase in employment. The inflation rate is around 6% at the moment. The inflation rate has just dropped from around 9% and is expected to fluctuate around 8% and 10% for the next 5 years. The high rate of inflation causes high wage demands which increases the turbulence in the economic environment. High inflation has a restrictive effect on business because business has to grow at the inflation rate in order to

break even. Social programs, including health, need more funding due to high unemployment. The unemployed potential patients from the surrounding mining area will also affect Klerksdorp hospital.

#### **2.8.1.2 The technological environment**

Technological change can make established products obsolete overnight (Hill & Jones, 1995:82). Sir Allen Sheppard says: "One thing is clear. Even if you're on the right track you'll get run over if you just sit there." (Thompson, 1993:249)

Organisations can exploit opportunities offered by new technologies and develop them further. The strategy of a company in relation to the demands of the technology they possess need to be adapted as that technology advances. Technological advancement can be a threat by introducing new competitors like word-processors replacing typewriters.

More efficient ways of helping doctors to diagnose disease are available and any hospital that is serious about delivering quality health care should possess this technology.

#### **2.8.1.3 Socio-cultural environment**

Population demographics, income distributions, levels of education and life style changes can result in threats or opportunities for organisations. Destructive life styles like smoking and alcohol abuse can affect disease trends. An example of the scourge of Aids would be applicable. Unsafe sex and more than one sexual partner are some of the practical problems that make it very difficult to contain a problem that is going to wipe out the young and old of this country.

#### **2.8.1.4 Political/Legal environment**

Monopoly legislation, government stability, taxation, and policy deregulation can offer opportunities in industries where monopolies existed by lowering the barriers to entry. Policies of the new Government of reallocation of resources towards Primary Health care has not been without pain in the hospitals and has thus introduced more constraints because of the focus on the development of Primary Health care.

## **2.8.2 Critical variable identification and assumptions**

The organisation 's strategy has to be applied within the constraints of the macro environment. The objective of the hospital is to render effective, efficient, accessible and sustainable health care through a strategy of health development in a total sense by having health education, influencing other authorities to provide clean water and good housing. This strategy will definitely be sensitive to macro environmental factors.

Economic growth is essential for any type of development. Unemployment has a negative impact on development. Unemployment figures in the area or the whole country is indicative of the level of development and will also affect the strategy used by a hospital that is realistic and sensitive to the population that it serves. An estimated 30%-40% of the economically active population is unemployed (South African Health Review, 1997:18). The frustration that flows from unemployment can lead people to desperate actions like involvement in crime, thus worsening an already fragile situation.

Indicators like life expectancy and the infant mortality rate are also indicative of the developmental status of the population and groups within the population. Certain groups are vulnerable to particular diseases. In the case of the poor and the marginalised, a particular disease profile will exist, and the same applies to the rich. In crafting a strategy for an organisation, these factors will play an important role in determining a winning strategy for the organisation.

The South African society is in the midst of fundamental transformation and reform. The transition from the old regime to the new, has brought about some disarray in the social order. Table 1 on the next page quantifies serious crime statistics in the country.

In recent times a stream of Africans have left the poverty-stricken rural areas to cities such as Klerksdorp. Most of them stay in squatter areas thus exposing themselves to conditions highly conducive to ill health. This leads to a situation where the total health facilities need to be made available to an unknown number of people. Because of the violence and the criminality usually associated with such areas, the hospital will have to anticipate that the trauma unit will be very busy especially during weekends and festive seasons. This will have an effect on the call list. The most experienced surgeon will have to be on duty during times like these. The possibility exists that more resources in terms of staff, equipment, and finance are allocated to the trauma unit sometimes at the expense of other units.

**TABLE 2.1**  
**Crime per 100 000**

<b>TYPE OF CRIME</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
Murder	66.6	64.6	61.6
Robbery	210.8	194.1	159.2
Rape	105.3	115.2	119.5
Serious Assault	521.9	535.8	545.6
Public Violence	3.0	2.4	2.1
Motor Vehicle Theft	258.9	245.0	229.0

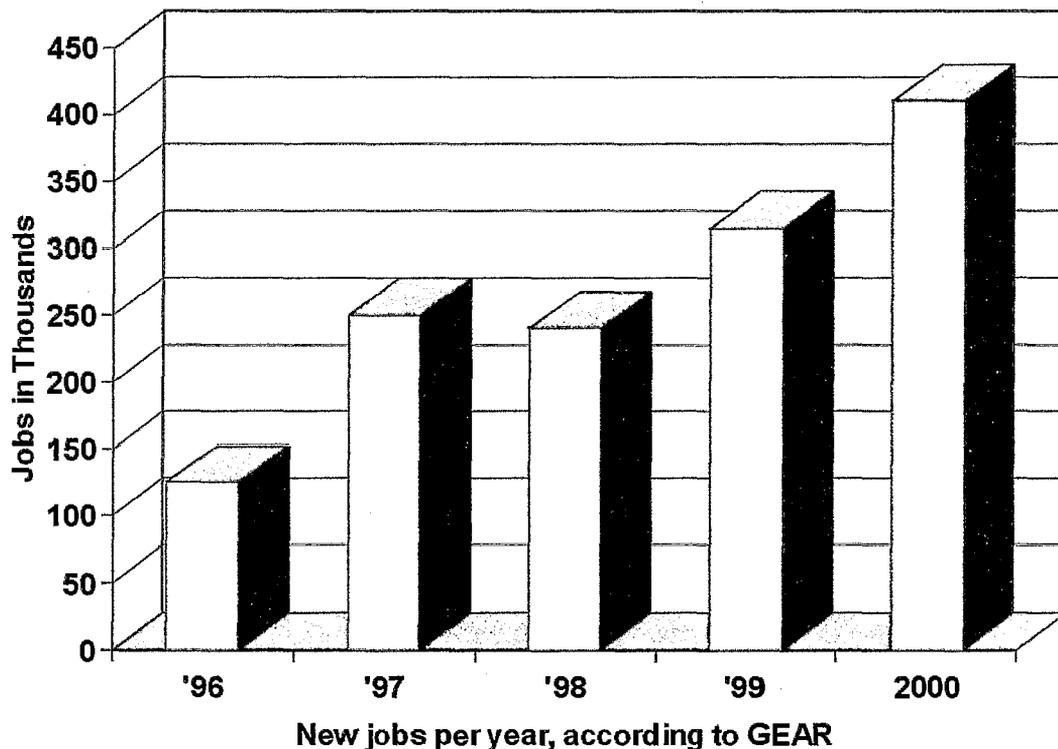
Source: South African Health Review, 1997:23.

The Government has introduced an integrated macro economic strategy for restructuring the economy. It is called the Growth, Employment, and Redistribution (GEAR) program.

The GEAR strategic emphasis is economic growth and job creation (South African Health Review, 1997:25). Figure 2.1 on the next page illustrates the job creation objectives of GEAR in thousands.

GEAR is only a plan that needs to be implemented in order to reach the anticipated results. Thus far, the economic growth that has taken place has not yet translated itself into employment opportunities. Instead, there is a high rate of retrenchment in the mining area around Klerksdorp. The retrenched mine employees are no longer covered by the mine hospitals. This means that they will become a burden to Klerksdorp hospital.

**FIGURE 2.1**  
**GEAR**



Source: South African Health Review, 1997:20.

## **2.9 THE OPERATING ENVIRONMENT**

### **2.9.1 Overview**

The operating environment comprises factors in the competitive environment that affects a firm's success in acquiring needed resources or in profitably marketing its goods and services (Pearce & Robinson, 1994:89). In contrast to the macro-environment; the management of the organisation can exert some influence in the operating environment. The consistent factors of the operating environment include the following:

- The economic characteristics of the industry.
- The driving forces in the industry.
- Competitive forces in the industry.

- Future competitive actions.
- Key success factors.

### **2.9.2 The economic characteristics of the health industry**

Industry refers to a group of firms whose products or services have many of the same attributes and compete for the same buyers (Thompson & Strickland, 1996:61). Another popular definition of an industry is a group of firms that offer a product or class of products that are close substitutes of each other (Kotler, 1994:225). Other definitions are in terms of function, geographic scope, time reference and industry-specific parameters.

In South Africa there are only two sources of health care providers and those are the private and the public sector. The respective market sizes of these two sources are that only around 18% of the total population have some form of private health care cover and the rest of the population utilises the public health care system (South African Health Review, 1997:81).

The geographical scope of the rivalry between the private and the public sector is national. Over the past 10 years, costs within the private sector have grown at around 9.6 percent (South African Health Review, 1997:82). This increase has limited access to private health care to only those people who earn high incomes. With unemployment figures going up, people who are retrenched leave the private health care system to join the public health care system. The result of this process is increased pressure on the public sector health care service without any corresponding increase in resources. The market of the public sector will grow fast and that of the private sector will grow very slowly because the portion of the population which has the means to utilise it, is not growing.

The private sector has a risk selection process that selects clients who have a low risk of claiming, because of youth and good health. This selection process is meant to control costs and keep premiums as low as possible. However, it also shifts costs to the public sector in that those clients who are most likely to seek health care will only do so in the public sector. The private sector prefers the clients who are most unlikely to seek health care.

In an attempt to solve this problem, the Government has proposed a mandatory medical scheme for people above a particular income group, or for companies above a minimum employment level. The social health insurance fund will be in the form of a public hospital insurance fund. The main objective of the fund will be to prevent the free ride on the public hospital system.

The budgeting system in the public sector has also changed. The 1997/1998 national budget allocates a global amount to each province, which then has the responsibility to develop its own budget. The Budget Council, which is made up of the nine MECs of finance, the Minister and the Deputy Minister of Finance, and officials from the Departments of Finance and State Expenditure, and the Provincial Treasuries, co-ordinates the process. The Budget Council recommends to Cabinet the shares that provinces should receive after taking into account national and provincial priorities (South African Health Review, 1997:83).

National and provincial priorities are such that the bulk of the provincial budget is allocated to the primary health care sector. This has led to severe budgetary constraints for the hospitals.

As South Africa comes into contact with the rest of the world the learning curve will become exponentially steeper.

Profitability is not an issue in the public sector but in the private sector, profitability has to be high to stay above the inflation rate.

### **2.9.3 The driving forces in the health industry**

The driving forces of any industry are those major underlying causes of changing industry and competitive conditions.

Change in the health industry in South Africa is influenced by both local and international economic trends. The recession throughout the Western World in the 80's led to rising demand and cost of health services. This led to cost containment programmes in most countries, including South Africa.

The collapse of communism and the globalisation of the world of work, as well as global and local politics, also play a very important role in influencing change in South Africa. Government policy is an important driving force in terms of regulating both the private and the public sector.

The past Government had a policy that was restrictive and deprived the majority of the population access to adequate health care. The present Government has to face the reality of making health care accessible to all South Africans. The change in health policy will have to be in line with the changes in the broader South African community.

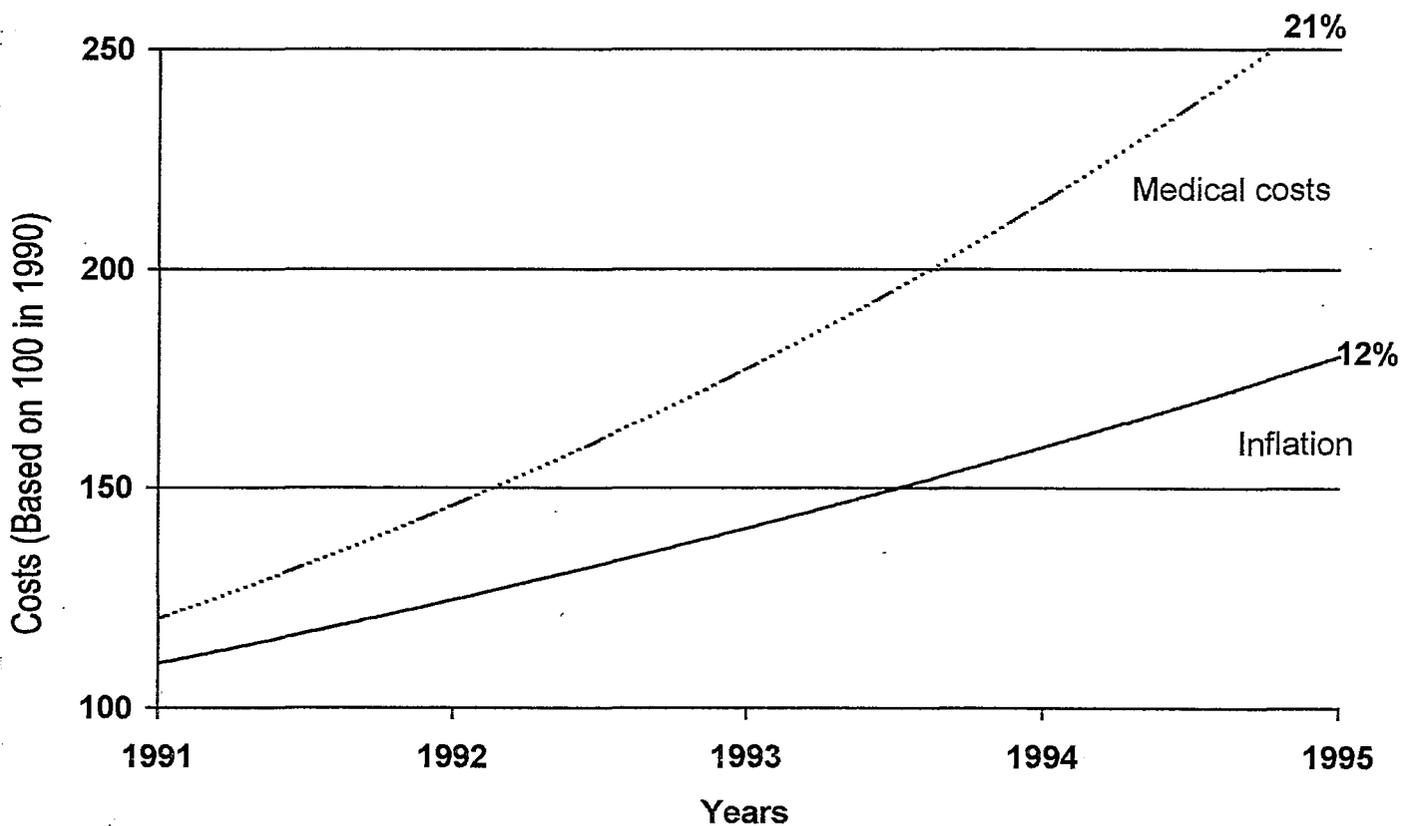
Demographic factors, such as the declining birth rate throughout the developed world, leads to an increase in the number of the elderly because of a health conscious society. An increase in health care costs for the elderly occurs in that facilities for the elderly like old age homes will have to employ more people to take care of the elderly people.

Technology is an important force especially for Klerksdorp hospital because some patients have to be transported to Gauteng for specialised diagnostic and curative care. Money has to be paid to the Gauteng province for these services. It will be expensive in the short-term to buy the equipment and the services of the specialists to operate them, but it will be worthwhile in the long-term to invest in these both for competitive advantage and the delivery of a quality health care service.

Costs, Government policy, demographic factors and technology are the identified driving forces in the health care industry. Figure 2.2, below, represents the comparison between rising medical costs and general inflation.

FIGURE 2.2

Comparison of escalation in medical costs compared to general inflation



Source: South African Health Review, 1997:41.

#### **2.9.4 Competition in the South African health industry**

Competition in the South African health industry occurs between the different private institutions and the public institutions. The public sector has an obligation to perform a useful social function and has all the levels of care that fulfils the criteria of accessibility, equity and affordability. The private sector experiences problems of cost increases and competitive pressure that compromise it in the fulfilling of any useful social function. The private sector is less accessible to the majority of the people but it is far more efficiently run and is effective to the market that it serves. The profit motive of the private sector is partly responsible for pushing costs to such high levels that it can be unsustainable. The intensity of the rivalry between the private and the public sector is a predictable one. Access to the private sector is based more on the ability of clients to pay exorbitant fees whilst access to the public sector is for anybody who presents him or herself to the facility. The result is a private sector that is too expensive for the majority of the people and an affordable public sector that is accessible to the majority of the population.

#### **2.9.5 Future competitive actions**

The overall vision of the health care industry is to have a healthy nation. The realisation of this dream lies more in the co-operation of the two sectors than in their intense competition. The state will have to regulate this process in such a way that the ultimate shifting of costs to the public sector by the private sector should stop.

A public-private co-operation to deliver quality health care to the people of South Africa is desirable. The state should view itself as a purchaser of health services from the private sector. Intense competition amongst private health care providers for contracts with the state will emerge. The state will have the ability to choose on the basis of price and ability to deliver. Indications are that pressure is building up to offer low-cost medical scheme cover, which utilises state facilities. Appropriate tender procedures will be put in place. These contracts can take the form of outsourcing some functions like management and session work by private doctors. Provinces will be required to manage contracts and negotiate appropriate arrangements in a competent manner. Management quality in the public sector is inadequate. The remedy for the managerial inadequacies of the public sector will take time and be expensive. The public sector should buy managerial expertise from the private sector and be effective in delivering quality health care to the people of South Africa. However, the central issue associated with such a policy is that it needs to be regulated. A number of questions come to

mind. How will the public sector's performance be monitored and what will be the rules for hospitals and clinics? Who will set prices?

In Britain, the Department of Health sets the rules and monitors performance. South Africa can adjust the lessons from other countries to suit its own reality (Maynard, 1996:10).

### **2.9.6 The five forces model of competition**

Factors mentioned in environmental analysis are interactive. The impact of any single factor cannot be disassociated from the impact of the other elements. Different external elements affect different strategies at different times and with varying strengths (Pearce & Robinson, 1994:92). So, environmental analysis must be looked at as a whole, and not as individual entities.

Porter (Kotze, 1997:53) explains the five forces that shape competition in an industry. These forces are the following:

- Rivalry between existing competitors.
- The bargaining power of buyers.
- The bargaining power of suppliers.
- The threats of new entrants into the business.
- The threats of substitutes products.

Buyers and suppliers use their negotiating power to get a bigger share of the 'pie', being the total profit in the industry. The negotiating powers of these stakeholders determine the extent to which buyers or suppliers can demand higher or lower prices. It is also these forces that can determine high profit margins. New entrants will want to compete for a share of the 'pie'. If the industry earns high profits it becomes attractive to others who will want to enter the market. The entrance of the new interested investors will be determined by whether the entry level is low or high. The higher the barrier to entry the more difficult it is for the investors to enter, increasing competition in the industry, and also increasing the bargaining power of buyers and suppliers. The same applies to threats of a substitute product. It might enter the industry and increase competition and affect the bargaining power of suppliers, buyers and others.

By examining the factors influencing the five forces and how strong these factors are, and what impact each of them has on the business, it is possible to forecast how they are likely to change.

### **2.9.7 Key success factors**

An industry's key success factors spell out the difference between profit and loss and ultimately between competitive success and failure (Thompson & Strickland, 1996:4). A company that analyses customers and competitors but fails to strengthen the functions that are critical for success in the industry, is like a staff-dominated military with a weak combat force (Ohmae, 1982:111). A key success factor can be a skill or talent, a competitive capability or a condition a company must achieve. It can relate to technology, manufacturing, distribution, marketing or organisational resources (Thompson & Strickland, 1992:81).

These vary from industry to industry. In a hospital, a key success factor could be talented medical staff who are able to shorten the stay of patients in hospital by making them better faster, or by using advanced technology that is able to diagnose quicker.

### **2.10 INTERNAL ORGANISATIONAL ASSESSMENT**

An organisation needs to review the skills and resources it possesses in relation to its main markets. A strength is something a company is good at doing or a characteristic that confers an important capability on it (Thompson & Strickland, 1996:92). A weakness is something that a company lacks or does poorly (in comparison to others), or a condition that puts it at a disadvantage (Thompson & Strickland, 1996:93). A hospital that has enough competent doctors with particular talents can attract patients from a wide region. Groote Schuur in Cape Town still attracts patients from all over the world since the heart operation performed by Professor Chris. Barnard. The skills of the heart surgeons in this hospital are considered the best in South Africa.

The private sector recruited some of the best doctors in this institution by offering them better remuneration. This led to some staff members leaving for the private sector and the hospital is no longer in a position to maintain the state-of-the art equipment and staff.

What used to be considered a strength is gradually becoming a weakness, and the private sector, by recruiting these heart surgeons, is beginning to exploit this situation so as to gain com-

petitive advantage. The private sector in the above example identified the threat to the public sector of government lowering the budget appropriations, as an opportunity to itself. The private sector, having the resources to pay these members of staff and the ability to buy the necessary equipment has a strength in terms of their resources and therefore are able to exploit an opportunity offered by the changing environment. The opening of a new private hospital in Klerksdorp resulted in the closure of two wards in Klerksdorp hospital, due to an exodus of staff to the new hospital. The state has offered severance packages to most nurses and after taking the packages, they found alternative employment. The packages were an opportunity for the state to lower the numbers of the bloated civil service but presented the new private hospital with an opportunity to recruit trained staff timeously.

Strategy, therefore, involves matching the strengths that the company has to the opportunities presented by the environment whilst minimising the weaknesses exposed by the environmental threats. It also involves the ability of management to be able to clearly identify internal competencies, strengths, and weaknesses and to relate them to external trends, opportunities and threats. For instance, an internal strength like the ability of a state hospital to attract professors to teach local doctors on any new technology, can be linked to the long-term opportunity of gaining market share and being a pioneer in introducing the particular technology.

## 2.11. IDENTIFICATION OF STRATEGIC ISSUES

After all the strategic building blocks are in place, the moment of truth arises. This moment refers to what is going to be done to reach the full potential of the organisation. It is concerned with establishing the basis, on which an organisation can build, strengthen, and sustain competitive advantage. In the case of Klerksdorp hospital as a public institution, it is concerned with an equivalent issue, and that is the basis on which the organisation chooses to sustain the quality of its services within agreed budgets and how it provides value for money (Walker *et al.*, 1996:263).

Below is a description of the dimensions of service quality:

- **Tangibles:** appearance of physical facilities, equipment, personnel, and communications materials
- **Reliability:** ability to perform the promised service dependably and accurately.
- **Responsiveness:** willingness to help customers and provide prompt service

- **Assurance:** knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy:** caring, individualised attention the organisation provides its customers.

The problems of an institution such as Klerksdorp hospital are complex, given the changing and turbulent environment that the hospital has to operate in. It will therefore be necessary to concentrate on those that are the most vital strategic issues. The Pareto principle (Berwick *et al.*, 1990:186) states that whenever a number of individual factors contribute to some overall effect, relatively few of those items account for the bulk of the effect. An example would be that of a medical practice where the five most frequently performed procedures account for eighty percent of the revenues of the practice. The important strategic issues are those vital few which will bring a high return on the investment of the limited resources and efforts of the hospital. These strategic issues include the following:

- Effective communication of the vision, mission and objectives of the hospital.
- Long term funding of the hospital.
- Constraints affecting the hospital.
- External and internal stakeholders.
- Environmental issues.
- The strategic use of a management information system.

The successful analysis of these issues and their recognition as strategic priorities to be focused on will positively enhance the successful formulation of a quality health care strategy.

## 2.12 POTENTIAL ACTION PLANS

Strategy formulation has implementation as an objective. The problem areas should be addressed by allocating champions with the ability to handle them efficiently and effectively. Building capacity in order to manage departments within the constraints of the overall vision, mission and objectives of the hospital should be allocated to the most senior managers of the hospital. The budgeting process should be transparent and well communicated to departmental heads. They should be able to draw operational budgets within the constraints of the strategic objectives. Action plans should be drawn to allocate responsibility as to who does what, when will the task be commenced with and when it will be completed, what results are

expected and what corrective actions are going to be taken if there is a deviation from expected results. An example of an action plan is shown in figure 2.3.

**FIGURE 2.3**  
**Example of an action plan**

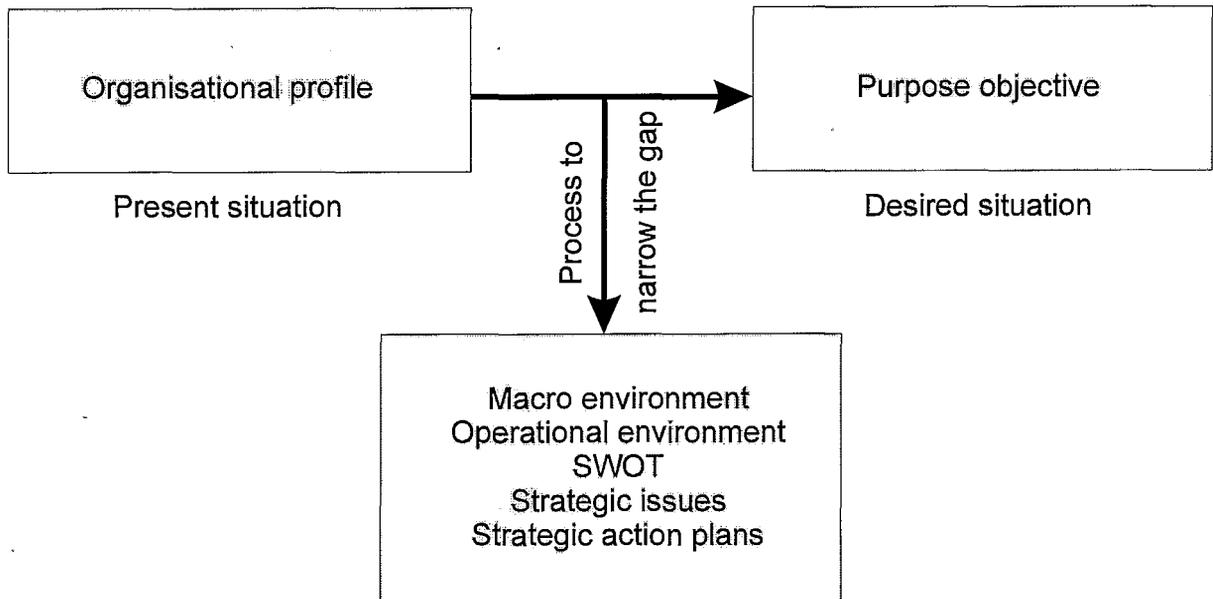
<b>ACTION PLAN NO. 1</b>		
<b>RESPONSIBILITY</b>		
<b>OBJECTIVE</b>		
<b>STEP</b>	<b>RESPONSIBILITY</b>	
	<b>DUE DATE</b>	
<b>ANTICIPATED FINANCIAL IMPACT</b>	<b>CASH OUTFLOW</b>	
	<b>CASH INFLOW</b>	
	<b>RESULT</b>	

Source: Strategic management class notes, 1997.

### 2.13 CONCLUSION

The theoretical background has defined what strategy and strategic planning is, and further examined the formulation of a strategy. The theory has identified that strategy formulation is a process and not an event. It is a process that can be illustrated as in figure 2.4 on the next page.

**FIGURE 2.4**  
**The process of strategy formulation**



Source: Adapted from Kotze, 1997:18.

It is necessary to first know where the organisation is before it can be moved to a particular future desired position. There exists a gap between what is the present situation and what should be the desired situation. The gap exists both at operational and strategic level. Strategy formulation deals with the analysis of how to reach the future desired situation, taking into consideration all the factors mentioned. Environmental analysis, which involves the analysis of the macro –environment and the operational environment presents a complete picture. It is from the environmental analysis that threats and opportunities will be detected. It is from the internal organisational analysis that strengths and weaknesses are detected. The operational analysis deals with the economic characteristics, the driving forces and the competitive forces of the industry. It is from this analysis that the key success factors can be determined. Focus on the key success factors eliminates weaknesses that can be exploited by the environmental threats or the strengths that can be exploited by opportunities offered by the environment. This will lead to the formulation of a portfolio of strategic action plans. Successful implementation of these action plans should contribute to the closing of the gap, the attainment of strategic objectives, and ultimately, the realisation of the full strategic potential of the organisation.

# CHAPTER 3

## RESEARCH METHODOLOGY

### 3.1 INTRODUCTION

The case study method was chosen to conduct the empirical study. Sive (1995:44) defines the case study method as an empirical enquiry that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident, and for which multiple sources of evidence are used.

The case study method by means of a questionnaire is appropriate to the research undertaken because of the following criteria:

- The study was empirical in nature and investigated contemporary phenomena within their real life context.
- The questionnaire method for gathering data was preferred to the Delphi and multiple interview techniques because of limited resources and the fact that the questionnaire caters for the situation where the researcher does not exert influence on the perceptions of the respondents.

The questionnaire consists of 28 Likert-type forced-choice questions. Respondents were expected to tick one of the following five response alternatives:

- 1 Strongly disagree
- 2 Disagree
- 3 Neutral
- 4 Agree
- 5 Strongly agree

The questions were designed to realise the objectives of the study as discussed under the objectives heading. The questionnaire is attached as Appendix 1.

## **3.2 PROCEDURES**

The superintendent of the hospital distributed the questionnaire to all the identified role players. Respondents were briefed on the objectives of the study and a letter accompanied the questionnaire. The telephone numbers of the researcher were made available to the respondents in case they had questions on the questionnaire. The completed questionnaires were returned to the superintendent's office, from where the researcher collected them.

## **3.3 REPORTING FORMAT**

The findings of the study are organised into descriptive data. Descriptive data entails counting how many respondents picked particular responses, and these were organised by percentages and frequency. It is from the frequency that measures of central tendency or averages were determined. The mean, which is an interval statistic (Ary *et al.*, 1990:133), was used. Indices of central tendency describe data in terms of average values; they therefore do not give the complete picture. Measures of variability were used in addition to measures of central tendency. The standard deviation was preferred in this case. It is a statistical measure of how far removed the individual scores in a distribution are from the mean (Popham *et al.*, 1991:18).

## **3.4 POPULATION OF EMPIRICAL RESEARCH**

Klerksdorp hospital employs about 1200 people. Refer to the organogram attached as Appendix 2. It is a 390 bed hospital of which only 295 are at present being utilised. This is due to a shortage of staff.

The questionnaire was distributed to those persons in management positions in the hospital identified as important role players in the strategic planning process. They are referred to as supervisors in other departments, such as the clerical department. The respondents were contacted via the superintendent of the hospital.

## **3.5 RESULTS**

The number of expected respondents as supplied by the superintendent was 32. However, only 25 of them returned the completed questionnaire. This represents a response rate of 78%.

### **3.5.1 Vision**

#### **□ Question 1 (The hospital has a vision.)**

The highest number of respondents strongly agree that the hospital has a vision, and the second highest number of respondents agree that the hospital has a vision. 37,5% strongly agree and 33,3% of respondents agree. A minority of 8,3% strongly disagree and 12,5% are neutral. The mean is 3,833, and the standard deviation is 1,274. This means that the general consensus is around 3,833 and the standard deviation is also very low, indicating that there is a high degree of agreement on the issue. The frequency and the percentages also indicate that the respondents are aware that there is a vision in the hospital.

#### **□ Question 2 (I understand fully what the vision is all about.)**

On the above question, the results are as follows: The frequency distribution shows that 8 respondents agree and 7 strongly agree that they understand fully what the vision is all about. This represents 60% of the respondents. However, 9 respondents disagree and strongly disagree that they fully understand what the vision is all about.

This indicates that a majority of the respondents understand the vision, while a significant percentage of 36% do not understand the vision of the hospital.

### **3.5.2 Objectives**

#### **□ Question 3 (I understand the objectives of the hospital.)**

The frequency indicates that 13 respondents agree, which is 52%, that they understand the objectives of the hospital and 32% strongly agree. The mean is 3,92 and the standard deviation is 1,187. This indicates that most of the respondents understand the objectives of the hospital.

□ **Question 4 (I participate in formulating the objectives.)**

The frequency distribution shows only 4 respondents who agree and 7 who strongly agree. This represents 16% and 28% respectively. The mean is 2,88, and the standard deviation 1,715. Of note is that 36% strongly disagree and 12% disagree, whilst 8% are neutral. This indicates that whilst most supervisors understand the objectives of the hospital, 56% of them, which is the majority, do not participate in formulating the objectives.

□ **Question 5 (I understand that the future strategy of the hospital should be derived from the anticipated impact of future environmental changes.)**

The frequency distribution shows that 12 respondents, or 48%, strongly agree, and 9 respondents who represent 36%, agree. Only two respondents strongly disagree and 2 others disagree. The mean is 4,160 and the standard deviation is 1,143. The majority of respondents agree that the future strategy of the hospital should be derived from the anticipated impact of environmental changes.

### 3.5.3 Mission

□ **Question 6 (The hospital has a clear mission statement.)**

The frequency distribution shows that 15 respondents, representing 60%, strongly agree that there is a clear mission statement and 8 respondents representing 32% agree. The mean is 4,48, and the standard deviation is 0,77. This indicates that according to these respondents, the hospital has a clear mission statement and there is strong agreement amongst the respondents as indicated by the low standard deviation.

□ **Question 7 (I know clearly what the role of this hospital within this community is.)**

The frequency distribution shows that 14 respondents, 56%, strongly agree and 10, representing 40%, agree. No respondent is neutral and only 1 person disagrees. The mean is 4,48 and the standard deviation is 0,714. This indicates that the respondents know clearly the role of the hospital within the community and also that there is strong agreement amongst them as indicated by the standard deviation.

□ **Question 8 (The role that this hospital has to play is clearly understood by the public at large.)**

The frequency distribution shows that 17 respondents are neutral (this represents 68%); 3 disagree and 1 strongly disagrees. Only 4, which represents 16%, agree. The mean is 2,96 and the standard deviation is 0,675. This indicates that most respondents are not convinced that the general public understands the current and future role of Klerksdorp hospital.

□ **Question 9 (Members of my staff on the whole know what the hospital's mission statement is.)**

The frequency distribution shows that 9 respondents, which is 36%, agree, and 28% strongly agree; 28% disagree and 8% strongly disagree. The mean is 3,76, and the standard deviation, 1,128. This indicates that the majority incline towards agreeing, although there is a significant number (28%) that disagree. A significant number of staff members according to management, do not know what the hospital's mission statement is.

□ **Question 10 (The state authorities understand clearly the issues facing my department.)**

The frequency distribution shows that 36% strongly disagree, 16% disagree and 28% are neutral. Only 16% agree and 4% strongly agrees. The mean is 2,36 and the standard deviation is 1,254. According to the majority of management, state authorities do not clearly understand the issues facing the departments of the hospital

□ **Question 11 (I have adequate access to those in policy-making positions.)**

32% strongly disagree, 36% are neutral, 28% agree and 4% strongly agree. The mean is 2.72 and the standard deviation is 1,307. This indicates that only the highest supervisors have the adequate access to those in policy-making position. The rest of the supervisors do not have adequate access.

To summarise these aspects, it seems that respondents know the role of the hospital in the community. They agree that the hospital has a clear mission but they, however, are of the opinion that the general public does not understand the role of the hospital in the community. They also do not think that the state authorities understand clearly the issues facing their

departments, and only the highest in the management hierarchy probably have adequate access to those in policy-making positions.

#### **3.5.4 Funding**

- **Question 12 (Wards that are currently used for other purposes should be made available to generate income from private patients.)**

The frequency distribution shows that 60% strongly agree, 24% agree, 8% are neutral and 8% strongly disagree. The mean is 4,28 and the standard deviation is 1,173. Respondents agree that wards currently used for other purposes should be made available to private patients for the generation of income.

- **Question 13 (For private patients to be a profitable option to the hospital, facilities not necessarily available to indigents will have to be made available to private patients.)**

The frequency distribution shows that 48% agree, 40% strongly agree and 12% are neutral. The mean is 4,28 and the standard deviation is 0,678. Respondents agree that the facilities not necessarily available to the indigent will have to be made available to private patients.

- **Question 14 (I would prefer to be in final control of the income and expenditure of my department.)**

The frequency distribution shows that 44% agree and 40% strongly agree. The mean is 4,26 and the standard deviation is 0,816. Respondents want to be in control of hospital finances in their departments.

- **Question 15 (I would prefer it if a specific person was appointed to manage all the funds and expenditure in my department.)**

The frequency distribution shows that 45% strongly agree, 25% agree, 16,7% are neutral and 12,5% strongly disagree. The mean is 3,916 and the standard deviation is 1,348. Most respondents would like to have a person, probably with a relevant accounting qualification, to manage funds in their departments.

### **3.5.5 Constraints**

□ **Question 16 (Staff morale in my department is satisfactory or high.)**

The frequency distribution shows that 36% of respondents agree, 28% disagree, 28% are neutral and only 8% strongly disagree. The mean is 3,24 and the standard deviation is 0,969. The feeling on the morale issue is neutral. There is no significant opinion on the morale of employees.

□ **Question 17 (Financial shortages restrict the functioning of my department)**

The frequency distribution shows that 50% strongly agree, and 33,3% are neutral. The mean is 3.833 and the standard deviation is 1.340. The feeling is that financial shortages restrict the functioning of the departments.

### **3.5.6 Inside role players**

□ **Question 18 (Hospital employees at large demand a more efficiently run hospital.)**

The frequency distribution shows that 37,5% strongly agree, 25% agree and 20,8% are neutral. The mean is 3,75 and the standard deviation is 1,293. Respondents are in accord that the hospital employees at large demand a more efficiently run hospital.

□ **Question 19 (Hospital employees at large support the principle of local management autonomy for the hospital.)**

The frequency distribution shows that 50% are neutral, 33,3% strongly agree, 8,3% agree and 8,35 strongly disagree. The mean is 3,58 and the standard deviation is 1,212. Hospital employees endorse local management autonomy but do not seem to have strong feelings on this issue.

### **3.5.7 Outside role players**

□ **Question 20 (Society at large demands a more efficiently run hospital.)**

The frequency distribution shows that 41,7% strongly agree, 12,5% agree, 25% are neutral, 20,8% disagree. The mean is 3,75 and the standard deviation is 1,224. There is significant agreement amongst respondents that society at large demands a more efficiently run hospital.

□ **Question 21 (Unions at large demand a more efficiently run hospital.)**

The frequency distribution shows that 33,3% are neutral, 20,8% strongly disagree, 20,8% strongly agree. The mean is 3 and the standard deviation is 1,414. The general feeling here is neutral. Supervisors do not have a significant opinion as to whether unions want an efficiently run hospital or not.

□ **Question 22 (Society at large supports the principle of local management autonomy for hospitals.)**

The frequency distribution shows that 39,1% strongly agree, but another 39,1% are neutral, 17,4% agree and 4,3% disagree. The mean is 3,9 and the standard deviation is 0,996. There appears to be general agreement that society supports management autonomy.

□ **Question 23 (Unions at large support the principle of local management's autonomy for the hospital.)**

The frequency distribution shows that 17,4% strongly agree, 8,75 agree, and 52,2% are neutral. The mean is 3,2 and the standard deviation is 0,996. The feeling is neutral as to whether unions endorse local management autonomy.

### **3.5.8 Management information systems**

**I would like to have relevant and timely information on the following aspects:**

□ **Question 24 (Items purchased by my department during the last month.)**

The frequency distribution shows that 37,5% strongly agree, 29,2% agree, and 16,7% are neutral and 16,75 strongly disagree. The mean is 3,7 and the standard deviation is 1,42. The general feeling is that the managers of the hospital would like information about their departmental purchases.

□ **Question 25 (Orders outstanding for items purchased.)**

The frequency distribution shows that 37,5% strongly agree, 37,5% agree, 8,3% are neutral and 16,7% strongly disagree. The mean is 3,79 and the standard deviation is 1,41. The general feeling is that this would be useful information.

□ **Question 26 (Income generated by my department.)**

The frequency distribution shows that 36,4% strongly disagree, 4,5% disagree, 22,7% strongly agree, 18,2% agree and 18,2% are neutral. The mean is 2,86 and the standard deviation is 1,64. The general feeling is neutral.

□ **Question 27 (Costs of services rendered by my department to other departments.)**

The frequency distribution shows that 25% strongly disagree, 25% disagree, 8,3%, 20,8% strongly agree and 20,8% agree. The mean is 2,87 and the standard deviation is 1,54. The general feeling is towards neutral.

□ **Question 28 (I have sufficient information to manage my department efficiently.)**

The frequency distribution shows that 25% strongly agree, and 45,8% of the respondents agree. The mean is 3,54 and the standard deviation is 1,413. Respondents generally agree that they have sufficient information to run their departments.

### **3.6 CONCLUSION**

Summary of findings:

- **Vision**

Most respondents are aware that the hospital has a vision statement, but few of them understand fully what it is all about.

- **Mission**

Respondents agree that the hospital has a clear mission and understand the role of the hospital in the community. But, they seem to know very little about the public opinion and understanding. They also do not think that state authorities clearly understand the issues in their departments because they also do not have adequate access to the policy-making people.

- **Objectives**

Respondents understand the objectives of the hospital but most of them do not participate in formulating them.

- **Environment**  
Most respondents strongly agree that they understand that the future strategy of the hospital should be derived from the anticipated impact of future environmental changes.
- **Funding**  
Respondents agree that the hospital must make wards available for private patients and that private patients must have exceptional facilities. They, the managers, would like to be in final control of the funds generated although they would most likely prefer a qualified person to manage the funds.
- **Constraints**  
Financial shortages restrict the functioning of departments run by the respondents.
- **Inside role players**  
Respondents agree that hospital employees at large demand an efficiently run hospital, but are neutral on the issue of hospital employees endorsing management autonomy.
- **Outside role players**  
There is significant agreement that society at large demands a more efficiently run hospital. Interestingly, the respondents do not know how the public views the hospital. They are neutral on union endorsement of management autonomy but they do believe that society supports management autonomy.
- **Management Information System**  
Respondents would like to receive timely and relevant management reports on the following aspects:
  - ☐ Monthly purchases
  - ☐ Outstanding purchased items
 Respondents are, however, neutral on the generation of information dealing with the following aspects:
  - ☐ Costs generated by departments
  - ☐ Income generated by departments

# **CHAPTER 4**

## **DISCUSSION OF FINDINGS**

### **4.1 INTRODUCTION**

Policies and strategies towards a quality health care delivery should be measured in terms of their impact on the patient population. However, it is management that has to control, coordinate and monitor the implementation of such strategies. The views of the management team as determined in this script will be discussed in conjunction with the theory.

The findings will be summarized and a logical conclusion of the interpretation based on the objectives of the script will be done.

### **4.2 DISCUSSION**

#### **4.2.1 Vision**

The majority of respondents are aware that the hospital has a vision statement. However, a significant majority do not understand what the vision statement is all about. This represents a negative perception. It is an incomplete understanding of how a vision statement has to evolve through an organisation and be entrenched on all hierarchical levels.

The awareness of an existing vision statement without fully understanding what it is all about is an area that needs attention. (Matejka *et al.*, 1993:34) points out that a vision is a dream of greatness. It not only has to exist but also has to be effectively communicated to all the employees. It will lead to the development of an internal pressure among management to bring about change. It would have been a disaster had the respondents failed to perceive these obstacles to the efficient functioning within their departments. It is argued that these negative

perceptions provide top management with opportunities towards successful strategy formulation and implementation.

There can be no commitment if there is no involvement. Commitment entails a passionate attachment and behaviour, it means taking on responsibility, even more, it means taking ownership. (Coetsee, 1996:59)

The commitment equation is made up of the following elements: *information X empowerment X knowledge X rewards & recognition X shared vision & values* (Coetsee, 1996:59). The sign between the variables is a multiplication sign - which means that if any of the variables is zero, the entire equation becomes zero. One without the other cannot exist. This means that a holistic approach is required to change from a control-orientated organisation to a commitment-orientated organisation (Coetsee, 1996:61). That approach includes the following:

- That all opinion leaders in the organisation support the creation of a commitment-orientated organisation.
- That they support the underlying value system of the organisation.
- That all the elements of the commitment equation, and the systems that support the functioning of these elements, are present.

Effective leadership is required to steer all employees to support the same organisational vision. It is the management of the hospital that will see to it that there is empowerment of employees through training. It is also the management that will give rewards and recognition to those employees that deserve them.

#### **4.2.2 Mission**

The majority of respondents agree that the hospital has a clear mission statement. The majority understand the role of the hospital in the community.

The critical role that communicating a sense of purpose has in the development of an effective strategy has to be emphasised. A significant percentage of respondents strongly disagree that staff members know what the mission statement is. To be able to manage the present and to develop a strategy for the future, an organisation has to have a good sense of purpose because as Matejka *et al.* (1993:34) puts it: "if you do not know where you are going, any path will take you there".

It is important for employees to be committed to a common mission. For employees to be so committed a common mission must obviously exist in the first place. The involvement of staff members in the process of development of the mission statement has been overlooked. The opportunity to involve them in understanding it still exists. Workshops on the mission statement can still be held.

There is consistency about the role of the hospital in the community, which augurs well for successful strategy formulation as it provides leverage towards congruent movement of the views of staff in the strategy formulation process.

According to the majority of respondents, state authorities do not seem to understand clearly the issues facing the various departments in the hospital. The majority of respondents also do not have adequate access to those in policy-making positions. The majority is also of the opinion that the general public does not understand the role of the hospital in the community.

Interaction with the policy makers at the head office is probably limited to the top management of the hospital. Interaction with the community is not limited to any section of the management. Managers in Klerksdorp hospital are from Klerksdorp. A representative body from the community could be formed to interact with management to facilitate a communication link between the hospital management and the community. This body can be called a hospital board with clearly defined advisory powers.

#### **4.2.3 Environmental factors**

The respondents agree that the future strategy of the hospital should be derived from the anticipated impact of future environment changes. It is very encouraging that there is recognition of the extreme importance of environmental issues. This is the critical cornerstone to successful strategy formulation. It will enable hospital management to avoid the negative impact of changes in the environment. The management will be proactive in their approach to strategy formulation if there is a constant monitoring of environmental issues.

Future environmental changes will be essential for strategic capital planning of Klerksdorp hospital. Strategic capital planning involves an overview of health care services and the infrastructure of the geographic area that Klerksdorp hospital serves. This is done in order to ensure the match between service provision and available resources. Review of facilities, population, staff and available services should be the starting point that will enable the drawing of future projections on any major shifts in service areas or the population. Expected serv-

ice standards and service indicators should be drawn for the area served by Klerksdorp hospital so as to be able to evaluate and monitor the service programmes. It is essential to recognise constraints of time, finance and staff for such a plan.

The plight of Klerksdorp hospital was aggravated by the introduction of free health care for pregnant mothers and children under the age of six, which was introduced as a top-down initiative by the new Government. This initiative resulted in overcrowding. No proper planning was done for this and if all the building blocks towards strategic planning were followed, the probability exists that the problem would have been avoided, or better managed.

#### **4.2.4 Funds**

The organisation is currently funded purely from a budget that is granted by the provincial authority.

The general agreement about the need to control funds and even the requirement of a qualified person to manage the funds augurs well for good strategic planning. The issue of private patients to generate funds for the hospital and to be able to use those funds for the development of the hospital also augurs well to achieving better financial management. The generated funds will result in the improvement of the tangibles of the hospital and go a long way in improving the quality of care.

The need to retain funds is also supported by the fact that most managers strongly agree that financial shortages restrict the functioning of their departments. The hospital will be receiving fewer funds in the future because of the focus of government on primary health care. However, whilst funding will be decreasing, there will be no decrease in the demand for the services of the hospital. It appears therefore, that the surveyed members of management are limited in their functioning by a shortage of funds. This must cascade into a number of the departments and therefore, ultimately impact on the quality of the service.

The generation of revenue is an important and untapped area for the organisation. It is critical for any successful strategy formulation that the empowerment of an organisation to generate and retain the revenue for its future development, must be a priority.

The recognition of the fact that facilities not necessarily available to the indigent will have to be made available to the private patients, augurs well for the improvement of the organisa-

tion's service capacity through increased income and also relieves the state of its funding problems.

Respondents recognise the need for expertise in managing the funds of their departments, although they also express the desire to be personally involved in the process.

The receptive nature of members of staff in the matter concerning fund management is an opportunity for top management to introduce outside consultants especially in the budgetary process. This will have to be accompanied by the introduction of an information system that will give useful information towards the realisation of a well-informed budgetary system. A correctly practised budgetary process has to be in place. This budgeting process has to be activated by a well-conceived strategic plan against which annual budgets can be compared. Annual budgets are prepared at an operational level and it is critical for these budgets to be aligned to the strategic plan.

The budgeting process has to be a transparent and inclusive process. This will require a participative management style by top management.

#### **4.2.5 Lack of access to policy-making officials**

Policy-making officials are at the head office, which is in Mafeking. Authorities that are almost 200 kilometres away cannot effectively manage an organisation as big as this hospital. The fact that the majority of managers do not have adequate access to these top officials does not augur well for the process of strategy formulation. This means that local management is disempowered in regard to the management of staff and this aspect is critical to strategic planning. This is also worrying because the respondents contend that state officials do not seem to know what is happening in the various departments in the hospital. As to whether this is perception or reality, it requires attention. It comes down to a communication breakdown between head office and the majority of the management staff. If the majority of respondents do not have access to policy makers, they can have the perception that policy makers do not know what is going on in the various departments, due to lack of interaction. If those in the highest positions of management are supposed to be a link between head office and the rest of the management team, then they are not doing it well enough.

#### **4.2.6 Inside and outside role players**

There appears to be recognition amongst respondents that employees within the hospital and society at large demand both an efficiently run hospital and local management autonomy. However, there is no significant view about the opinion of the union within the hospital regarding both questions.

The role of society as a stakeholder is an important step towards understanding the need to interact with the customer base. It is disturbing that respondents do not seem to know the views of union members. Communication between respondents and the union is probably very low. Social accountability by the hospital management to the society as a whole includes the unions. They are important stakeholders.

Societal opinion needs to be actively managed on an ongoing basis for successful strategy formulation towards quality health care. The views of society as to what quality is and the expectations of the customer base have to be continuous guiding principles. No patient can tell a doctor about the process of delivering oxygen therapy or the dosage of a drug. Most patients are capable of answering questions such as “was our service prompt enough for you?”. A standardised questionnaire can provide a compass for improvement efforts in many instances. Patients are the best reporters of attitudes. An internal system to measure and track the health status of patients and the level of either their satisfaction or dissatisfaction should be considered.

#### **4.2.7 Management information system**

It is interesting to note that respondents strongly agree that they have enough information to run their departments, and yet they are neutral on the fact that the information systems supply them with information on income generated by their departments and on costs generated by their departments. It could probably be that there is no income generated by most departments. However, costs are definitely incurred by all departments. An information system is a critical area for urgent attention, because access to income and cost details cannot be achieved with the type of information system that does not supply useful ongoing information.

Managers will not be in a position to make informed decisions, as they will not know the costs of their departments. Most managers will not be able to account for most aspects from a finan-

cial perspective and will therefore not be helpful in understanding the concept of optimal utilisation of resources under their responsibility.

An information system that provides cost effective and meaningful information is required. The optimal utilisation of resources in an efficiency sense of doing things right, should not be at the expense of doing the right things which refers to the effective delivery of quality health care to the community of Klerksdorp. When efficiency and effectiveness are achieved in conjunction with each other at the right time, the decision making process is enormously enhanced (SAMJ, 1997:1349).

The value of information to managers cannot be overemphasised.

### **4.3 CONCLUSION**

The state of strategic planning at this hospital is almost non existent. One can safely conclude that a thorough strategic planning exercise hardly ever takes place based on the views of the respondents.

Critical to strategy formulation, in particular towards attaining the dimensions of service quality, is that hospital managers must be strategists. A strategist has to live strategy and not confine his or her strategic input to annual strategic planning sessions. Besides the habit of analysis, what marks the mind of the strategist is an intellectual elasticity or flexibility that enables him or her to come up with realistic responses to changing situations (Ohmae, 1982:13). Klerksdorp hospital does not seem to have strategists. This is probably due to the centralisation of crucial management functions.

A sense of ownership and buying into the vision of the hospital is lacking. The acknowledgement of the existence of a vision does not guarantee its effective attainment.

Communication breakdown between managers and other stakeholders is prominent. Unions, state officials and policy makers have a serious breakdown in communication. It is of great concern that most managers do not have adequate access to policy makers. Only top management has this access. There is also congruency in a number of issues like the vision, mission and objectives in that there is knowledge of their existence but no thorough knowledge of their origin and no participation in their formulation.

There is concurrence of views in the fact that the future strategy should be derived from anticipated impact of future environmental changes. This augurs well for successful strategy formulation. Whilst there are negative aspects to the strategy formulation process, the overriding issue is that there are also enough positive aspects that should encourage management to realise the full potential of the effective formulation and implementation of strategy.

# **CHAPTER 5**

## **CONCLUSION**

### **5.1 INTRODUCTION**

The organisation that has been studied is an important referral hospital in the North West Province. Like most similar organisations in the country, it is also facing changes that are in line with the new dispensation. Although the changes are largely not yet well defined, it is clear that the management of such organisations will undergo a fundamental change. It is argued that strategic planning with the emphasis on implementation, should be the route that needs to be followed in order to survive in an environment undergoing change.

A comparison between the normative model and the empirical results, the gaps and the shortcomings and finally, the strategic action plan are to be discussed within the constraints of strategy formulation.

### **5.2 COMPARISON BETWEEN NORMATIVE MODEL AND EMPIRICAL RESULTS**

The biggest stumbling block towards successful strategy formulation is the high degree of centralised control in the public service in general. Management autonomy is negatively impacted by centralised management systems.

Most decisions, like the authority to purchase information systems, rests outside the organisation. The distance between the organisation and the central decision making body is about 200 kilometres.

Local managers are therefore not in a position to plan effectively in the long term. Most of the problem areas detected are reflections of this overriding problem. Some of the major problems are the following:

- Lack of useful information.
- Unreliable and unhelpful routine hospital data.
- Other sources of funding.
- Lack of financial data in the absence of a reliable costing system.
- Lack of a framework within which to manage interaction between the private sector and the public hospital.
- Infrastructure development.
- Poor state of most facilities and the equipment used by these facilities.

In order to rectify the situation, the normative model can be applied.

In line with the democratic situation since 1994, the provision of health care cannot be based on colour anymore. It will be against the new constitution. Developmental programmes based on needs analysis applying the Pareto principle, will have to be undertaken. Health information systems developed around cost centres and other useful information will have to be developed. Such a developmental process should be accompanied by training of personnel to be able to use the system. Therefore, whilst there is development of systems, there is concomitant capacity building of personnel to handle the system.

Facility assessment and upgrading programmes in terms of the stated priorities should be undertaken. Lack of ownership of the vision, mission and the objectives of the hospital is a problem. Knowing that there is a vision or mission statement is not enough to commit the human resources to these statements. The fact that these statements did not evolve through the organisation by involving all the stakeholders suggests that ownership is lacking. People will not easily accept the results of a process they were never involved in. All stakeholders must supply inputs into the process of managing the hospital so as to make it easier for them to accept the outputs and take ownership of the results. This problem can cascade into the operational budgetary process. An introduction of a participatory management system should assist in dealing with the negative perceptions arising from these problems.

### **5.3 GAPS AND SHORTCOMINGS**

It is encouraging that respondents are aware that there are problems. Awareness of problems is the first step towards successful strategy formulation and implementation. There are positive aspects contributing towards future strategy formulation at Klerksdorp hospital. These include:

- The awareness of the existence of a vision statement
- The awareness of the mission statement
- The awareness of the objectives of the hospital
- The consensus on the need for extra facilities for private patients
- The understanding that the future strategy should be derived from the anticipated impact of future environmental changes
- The awareness that financial shortages restrict the functioning of various departments

The above positive situations create gaps in that they are incomplete. Awareness of the existence of the vision statement is not enough. There are enough problems that warrant intense attention to contribute towards successful strategy formulation, and these are areas that need to be attended to. These will be presented as recommendations. The recommendations focus on core achievable objectives guided by the management principle of doing a few things adequately rather than do a lot of things inadequately.

### **5.4 RECOMMENDATIONS**

#### **5.4.1 Suggested implementation plan**

##### **5.4.1.1 Decentralisation**

It appears that the biggest threat to successful strategy formulation and implementation is the high degree of centralised control. Management autonomy, funding, as well as staff appointments, are all constrained by the centralisation of management control. Decentralisation with capacity building to handle the powers that should be decentralised is critical to strategy formulation. Decentralisation is a process that must be accompanied by training. There is a clear demand for a better information system, which the hospital cannot supply unless it has people to operate it and to ensure optimal utilisation. However, the decision to purchase such an

information system lies outside the organisation. The hospital can only recommend to head office, but not purchase. The question of high-centralised control needs to be discussed with relevant political figures.

Managers of Klerksdorp hospital need to be flexible and to respond rapidly to information indicators. They need to survey developments in the health industry and be able to plan for the future. They also need to ensure the financial viability of the organisation. The authority to plan and implement must lie with them.

The following are the minimum requirements of the decentralisation process:

- Management of health activities within a region and with clearly defined discretionary powers. Klerksdorp hospital is a referral hospital, and smaller hospitals need to be guided as to the indications of referring and the facilities that the hospital offers.
- A clearly defined population and geographical area for which the managers are responsible. A hospital has to know its area of operation precisely.
- An identifiable staff establishment and budget.
- A mechanism for communicating the health development needs of the prescribed area of operation.

The cornerstone of this new democracy should be the devolution of authority and responsibility. This will encourage community involvement in participating in health services.

#### **5.4.1.2 Information**

An information network needs to be put in place in the hospital. The hospital requires an information system that provides cost-effective, efficient and meaningful information. Such a system will facilitate better decision-making and contribute towards a quality health care strategy.

The cost of various activities, procedures and services must be known. The outputs of such a system needs to be prepared timeously so as to be more useful for the day-to-day management of the hospital.

A strategic cost management system must identify the major processes within the hospital, as well as the cost drivers. Clearly identifiable cost centres, like the various departments, must be able to report to the heads of the departments, who will be held accountable.

### **5.4.1.3 Financial management**

Capacity building of local managers to understand budgeting should be a priority. After building capacity, they will then be able to control the funds of their departments as they indicated and be able to improve service quality. This is an area that is conducive for the introduction of outside consultants. However, procedures for the appointment of personnel are arduous. The procedure to appoint a consultant does not rest within the hospital. The appointment of an external consultant by Head Office may in itself be the source of difficulties in terms of the “buying in” process of internal staff. The internal staff might not give full co-operation to a consultant not appointed by them.

### **5.4.1.4 Communication**

Lines of communication need to be improved between managers and unions within the hospital. It is a prerequisite to have unions on board to understand the issues facing the hospital so that they could play their part in synergizing the process of developing a strategy towards quality health care. The effective communication of the vision, the mission and the objectives of the hospital should be addressed by management, together with employees through their unions. The commission for conciliation, mediation and arbitration should facilitate a work place forum. This should bring unions and management together in “buying into” the vision, mission and objectives of the hospital. Managers and employees will then be able to discuss issues such as performance appraisal system, feedback and control mechanism to the benefit of all.

### **5.4.1.5 Involvement**

Everyone in the hospital, and that includes front-line staff and employees in support departments, has to be able to contribute ideas and knowledge about how work has to be done more effectively. Top management has to design and manage the process, through which ideas for improvement projects are assembled and appropriate priorities set.

The patients should also be given a questionnaire that will assess their views about the service rendered by the hospital and how best it can be improved.

## 5.4.2 Suggested strategic plan

The outline of a suggested strategic plan for Klerksdorp Hospital, might contain the following elements and consideration:

### □ **Overview of where we are**

1. Budgetary allocation to health is relatively low.
2. Donor funding is on the decline.
3. Due to (1) and (2), and in the face of increasing demand, efforts to broaden the health resource in terms of finance must be found. Private patients are identified as a possible future source of funding.
4. Decentralisation is popular.
5. Promotion of the private sector is taking place.
6. Communication breakdown is a problem.

### □ **General objective of where we want to go (Vision)**

To be able to improve the health status of the people of Klersdorp by providing quality health care in such a way that it is equitable, affordable, effective, efficient, and sustainable.

- Strategic thrust.  
Supply an excellent and comprehensive quality service.
- Driving forces.
  - Costs.
  - Government policy.
  - Technology.
  - Demographic factors.

### □ **Key success factors**

1. Strong political commitment and strong community leadership.
2. Alignment of local health and hospital authorities into the provincial, and ultimately the national, health vision.
3. Good financial management, responsibility, accountability and transparency in the management of funds. Under the present economic conditions, it will

not be easy to secure more funding.

4. Manage well even before resources can increase. Management inadequacy exists at present with inadequate resources. More chaos will result in the presence of increased resources that cannot be managed properly.
5. Active and committed management, as well as employees through their unions, in promoting quality health care.
6. Reputable external consultants to assist wherever necessary.
7. Effective supervisory, performance appraisal, support and feedback mechanisms from hospital management.
8. Clear-cut policy on the availability of beds and other facilities for private patients.
9. An improvement of the information network within and outside the hospital

- Strengths of Klerksdorp hospital.

- It is accessible.
- It is affordable.
- It treats the majority of the local population.

- Weaknesses of Klerksdorp Hospital.

- Management inadequacies.
- Lack of a proper information system.
- Lack of commitment from the general work force.

- **Strategic choice**

- Cost leadership strategy

Klersdorp hospital, as part of the public health sector, needs a strong vision within the context of the broader transformation process in the country. It therefore, requires a vigilant management team that will make all stakeholders in health care both locally and provincially, aware that health must be seen as a prerequisite to socio economic development. It therefore has to be affordable to the majority of the citizens, it has to be accessible, reliable and has to be administered by staff members who have responsiveness and assurance. The result will be equitable, effective, efficient and sustainable health care. The best way to achieve all the above, under the present circumstances, is **cost leadership strategy**. To avoid abuse of the system, a minimal amount has to be paid by patients every time they use the hospital.

Klersdorp hospital, if it wishes to be a low cost leader, will require a sustainable cost

advantage. This in turn will necessitate tight cost control, frequent control reports and incentives based on meeting strict quantitative targets. Cost control measures should not be at the expense of the acquisition of better technology for diagnostic purposes, continuing medical education for doctors and other members of staff. Benefits of lowering costs should be to the benefit of patients, in that the price that they will pay will be very low. These benefits must not be at the expense of a quality service to the patients. Responsibility for quality is as much the individual's delivering the service, as it is the managers'. The effectiveness of the organisation should ultimately be measured by how it serves its clients and how the service is sustained in the long term.

The safety of patients in a hospital must depend upon the reliability of the entire-integrated system that delivers health care. The appropriateness and efficiency of the decisions doctors reach must depend on the fidelity of the system that delivers information, training, supplies, and options to doctors (Berwick *et al.*, 1990:25). Health care that is appropriate, effective, and respectful of patients and sustainable, can best be achieved in those organisations where a carefully designed strategy is continuously improved and is proactive to the developments of the environment and the needs of the patient.

- The stated priority areas should be addressed by action plans:
  - The chief superintendent must handle an action plan for decentralisation with specified time frames. There will be discussions with head office on which powers are going to be decentralised and when.
  - The Senior Superintendent should handle an action plan for capacity building in preparation of decentralisation, with time frames that are linked to the action plan of the Chief Superintendent. As soon as there is enough trained staff on particular functions, then the authority can be decentralised.
  - The secretary of the hospital should handle an action plan for financial management training of hospital managers with specified time frames
  - An action plan aimed at forming a workplace forum, should be done by the unions as stipulated by the new labour relation's act. Specified time frames should be included. The political legal environment has provided an opportunity that management must exploit in order to decrease internal labour problems.

## **5.5 CONCLUSION**

Health and health-related services, while they can be looked at as systems in their own right, are also part of a wider social system that places limitations on them. Health is a part of a whole that is affected by many other issues like housing, proper sanitation and drinking water. It is because of these complexities that any health institution should have a strategic plan.

Hopefully, the study has demonstrated the value of applying the business strategy concept in accomplishing a quality health care strategy for a non-profit hospital. The management of limited resources should not be an excuse to the delivery of essential services. Health care costs have reached a level of unsustainability. No value for money, in terms of resources put into public health, is gained, because expenditure on health is second only to education. We do not live in a world of unlimited resources; therefore, the skill to manage limited resources is as essential as the skill to remain in business and make a profit. Managing resources should not be at the expense of an effective service organisation whose mandate is to deliver, build, strengthen, and sustain quality health care.

Delivery of a quality health care service cannot only be based on increasing resources. It should be based on doing things better, working smarter and not only harder. Investing in public health, especially the referral hospitals, and helping them deliver quality health care, will result in a good return on investment. This is because most of the elderly citizens will use them, the disabled, the retrenched and the poor. It is important for the community to realise that the healthy will indirectly subsidise the unhealthy, the rich will subsidise the poor, the young the old. The total community has to take ownership of the public hospital. The ultimate result of a quality health care service in Klerksdorp and the rest of the country, will be an invaluable input into all sectors of the economy by supplying healthy workers.

## **5.6 FURTHER RESEARCH**

This study was conducted as a case study using one particular non-profit hospital in the North West Province. Further research should be conducted to ascertain the level of differences and similarities between hospitals in the province, so as to ascertain the degree of generalisation of the research findings.

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# **APPENDIX 1**

## **QUESTIONNAIRE**

## APPENDIX 1

### QUESTIONNAIRE TO ESTABLISH OPINIONS FROM SELECTED STAFF MEMBERS (MANAGEMENT) ABOUT SELECTED ISSUES CONCERNING KLERKSDORP HOSPITAL.

Thank you for taking time to complete this questionnaire.

The results will be used to complete a research report to assist in developing a quality health care strategy for Klerksdorp Hospital

Many people feel that Klerksdorp Hospital faces crisis in many areas. Overlying this is the changing environmental factors that have a direct bearing on the planning process of the hospital

The likelihood of the success of Klerksdorp Hospital in the future rests with individuals who are in positions to influence the change process.

By virtue of your position and the important role that you play in this hospital, your views and ideas are critical to the success of this hospital now and in the future.

Your contribution to this process is greatly appreciated.

Your response will be kept confidential and no person will be identified in the report to be compiled.

Yours faithfully

Dr M A MASIKE

MBChB

PLEASE RATE YOUR RESPONSES TO THE FOLLOWING STATEMENTS IN THE ENCLOSED RESPONSE SHEET ACCORDING TO THE FOLLOWING CHOICES

**1. TABLE 2**

**The questionnaire**

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

***VISION***

It is the dream of the future. It refers to what the hospital wants to do.

	1	2	3	4	5
1. The hospital has a vision.					
2. I understand fully what the vision is about.					

***OBJECTIVES***

Specific measurable targets to be achieved over a period of time.

	1	2	3	4	5
3. I understand the objectives of the hospital.					
4. I participate in developing the objectives.					

## **ENVIRONMENT**

It refers to broader outside factors, such as the economy, industry, and the social and political scenario.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
5. I understand that the future strategy of the hospital should be derived from the anticipated impact of future environment changes.					

## **MISSION**

It refers to the essential purpose of the hospital. It defines exactly what the hospital does, and why.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
6. The hospital has a clear mission statement.					
7. I know clearly what the role of this hospital, within it's community is.					
8. The role that this hospital has to play is clearly understood by the public at large.					
9. Members of my staff on the whole know what the hospital's mission statement is.					
10. The state authorities understand clearly the issues facing my department.					
11. I have adequate access to those in policy.					

## **FUNDING**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
12. Wards that are currently used for other purposes should be made available to generate income from private patients.					
13. For private patients to be a profitable option to the hospital, facilities not necessarily available to indigents, will have to made available to private patients.					
14. I would prefer to be in final control of the income and expenditure of my department.					
15. I would prefer it if a specific person was appointed to manage all the funds and expenditure in my department.					

## CONSTRAINTS

	1	2	3	4	5
16. Staff morale in my department is satisfactory or high.					
17. Financial shortages restrict the functioning of my department.					

## INSIDE ROLE PLAYERS

	1	2	3	4	5
18. Hospital employees at large demand a more efficiently run hospital.					
19. Hospital employees at large support the principle of local management autonomy.					

## OUTSIDE ROLE PLAYERS

	1	2	3	4	5
20. Society at large demands a more efficiently run hospital.					
21. Unions at large demand a more efficiently run hospital.					
22. Society at large supports the principle of local Management autonomy for the hospital.					
23. Unions at large support the principle of local Management autonomy for the hospital.					

## MANAGEMENT INFORMATION SYSTEM

I would like to have relevant and timely information on the following aspects:

	1	2	3	4	5
24. Items purchased by my department during the last month.					
25. Orders outstanding for items purchased.					
26. Income generated by my department.					
27. Costs of services rendered by my department to other departments.					
28. I have sufficient information to manage my Department.					

**TABLE 3:**  
**ANALYSIS OF RESULTS**

**MEAN**

**STANDARD DEVIATION**

***VISION***

The hospital has a vision.	3.833	1.274
I understand fully what the vision is about.	3.240	1.640

***OBJECTIVES***

I understand the objectives of the hospital.	3.920	1.187
I participate in drawing the objectives.	2.880	1.715

***ENVIRONMENT***

I understand that the future strategy of the hospital should be derived from the anticipated impact of future environment changes.	4.160	1.143
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***MISSION***

The hospital has a clear mission.	4.48	0.770
I know clearly what the role of this hospital, within it's community, is.	4.48	0.714
The role that this hospital has to play is clearly understood by the public at large.	2.96	0.675
Members of my staff on the whole know what the hospital's mission statement is.	3.76	1.128

**MEAN   STANDARD DEVIATION**

The state authorities understand, clearly, the issues.	2.36	1.254
I have adequate access to those in policy-making positions.	2.72	1.307

***FUNDING***

Wards that are currently used for other purposes should be made available, to generate income from private patients.	4.28	1.173
For private patients to be a profitable option to the hospital, facilities do not necessarily have to be made available to indigents, but also to private patients.	4.28	0.678
I would prefer to be in final control of the income and expenditure of my department.	4.20	0.816
I would prefer it if a specific person was appointed to manage all the funds and expenditure of my department.	3.916	1.348

***CONSTRAINTS***

Staff morale in my department is satisfactory or high.	3.240	0.969
Financial shortages restrict the functioning of my department.	3.833	1.340

**INSIDE ROLE PLAYERS      MEAN                      STANDARD DEVIATION**

Hospital employees at large demand a more efficiently run hospital.	3.75	1.293
Hospital employees at large support the principle of local management autonomy.	3.58	1.212

**OUTSIDE ROLE PLAYERS**

Society at large demands a more efficiently run hospital.	3.75	1.224
Unions at large demand a more efficiently run hospital.	3.00	1.414
Society at large supports the principle of local management autonomy.	3.91	0.996
Unions at large support the principle of local management autonomy.	3.21	0.998

**MANAGEMENT INFORMATION SYSTEMS**

Items purchased by my department during the last month.	3.708	1.428
Orders outstanding for items purchased.	3.791	1.413
Income generated by my department.		
Costs of services rendered by my department to other departments.	2.875	1.541
I have sufficient information to manage my department efficiently.	3.541	1.413

**TABLE 4**  
**Further analysis of results**

**VISION**

<b>Q1</b>	<b>FREQUENCY PERCENT</b>	<b>PERCENT</b>	<b>CUMULATIVE FREQUENCY</b>	<b>CUMULATIVE PERCENT</b>
1	2	8.3	2	8.3
2	2	8.3	4	16.7
3	3	12.5	7	29.2
4	8	33.3	15	62.5
5	9	37.5	24	100

FREQUENCY MISSING = 1

<b>Q2</b>	<b>FREQUENCY PERCENT</b>	<b>PERCENT</b>	<b>CUMULATIVE FREQUENCY</b>	<b>CUMULATIVE PERCENT</b>
1	7	28.0	7	28.0
2	2	8.0	9	36.0
3	1	4.0	10	40.0
4	8	32.0	18	72.0
5	7	28.0	25	100

**OBJECTIVE**

<b>Q3</b>	<b>FREQUENCY PERCENT</b>	<b>PERCENT</b>	<b>CUMULATIVE FREQUENCY</b>	<b>CUMULATIVE PERCENT</b>
1	2	8.0	2	8.0
2	2	8.0	4	16.0
4	13	52.0	17	68.0
5	8	52.0	25	100

<b>Q4</b>	1	9	36.0	9	36.0
	2	3	12.0	12	48.0
	3	2	8.0	14	56.0
	4	4	16.0	18	72.0
	5	7	28.0	25	100

**ENVIRONMENT**

<b>Q5</b>	<b>FREQUENCY PERCENT</b>	<b>PERCENT</b>	<b>CUMULATIVE FREQUENCY</b>	<b>CUMULATIVE PERCENT</b>
1	2	8.0	2	8.0
3	2	8.0	4	16.0
4	9	36.0	13	52.0
5	12	48.0	25	100

**MISSION**

Q6	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
1	0	0	0	0
2	1	4.0	1	4.0
3	1	4.0	2	8.0
4	8	32.0	10	40.0
5	15	60.0	25	100

Q7	2	1	4.0	1	4.0
	4	10	40.0	11	44.0
	5	14	56.0	25	100

Q8	1	1	4.0	1	4.0
	2	3	12.0	4	16.0
	3	17	68.0	21	84.0
	4	14	16.0	25	100

Q9	1	2	8.0	2	8.0
	3	7	28.0	9	36.0
	4	9	36.0	18	72.0
	5	7	28.0	25	100

Q10	1	9	36.0	9	36.0
	2	4	16.0	13	52.0
	3	7	28.0	20	80.0
	4	4	16.0	24	96.0
	5	1	4.0	25	100

Q11	1	8	32.0	8	32.0
	3	9	36.0	17	68.0
	4	7	28.0	24	96.0
	5	1	4.0	25	100

**FUNDING**

Q12	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
1	2	8.0	2	8.0
3	2	8.0	4	16.0
4	6	24.0	10	40.0
5	15	60.0	25	100

Q13	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
3	3	12.0	3	12.0
4	12	48.0	15	60.0
5	10	40.0	25	100

Q14	2	1	4.0	1	4.0
	3	3	12.0	4	16.0
	4	11	44.0	15	60.0
	5	10	40.0	25	100

Q15	1	3	12.5	3	12.5
	3	4	16.7	7	29.2
	4	6	25.0	13	54.2
	5	11	45.8	24	100

### CONSTRAINTS

Q16	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
2	7	28.0	7	28.0
3	7	28.0	14	56.0
4	9	36.0	23	92.0
5	2	8.0	25	100

Q17	1	2	8.3	2	8.3
	2	1	4.2	3	12.5
	3	8	33.3	11	45.8
	4	1	4.2	12	50.0
	5	12	50.0	24	100

### INSIDE ROLE PLAYERS

Q18	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
1	2	8.3	2	8.3
2	2	8.3	4	16.7
3	5	20.8	9	37.5
4	6	25.0	15	62.5
5	9	37.5	24	100

FREQUENCY MISSING = 1

Q19	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
1	2	8.3	2	8.3
3	12	50.0	14	58.3
4	2	8.3	16	66.7
5	8	33.3	24	100

### OUTSIDE ROLE PLAYERS

Q20	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
2	5	20.8	5	20.8
3	6	25.0	11	45.8
4	3	12.5	14	58.3
5	10	41.7	24	100

FREQUENCY MISSING = 1

Q21		FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
1		5	20.8	5	20.8
2		3	12.5	8	33.3
3		8	33.3	16	66.7
4		3	12.5	19	79.2
5		5	20.8	24	100

FREQUENCY MISSING = 1

Q22		FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
2		1	4.3	1	4.3
3		9	39.1	10	43.5
4		4	17.4	14	60.9
5		9	39.1	23	100

FREQUENCY MISSING = 2

Q23		FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
2		5	21.7	5	21.7
3		12	52.2	17	73.9
4		2	8.7	19	82.6
5		4	17.4	23	100

FREQUENCY MISSING = 2

### MANAGEMENT INFORMATION SYSTEMS

Q24	FREQUENCY PERCENT	PERCENT	CUMULATIVE FREQUENCY	CUMULATIVE PERCENT
2	4	16.7	4	16.7
3	4	16.7	8	33.3
4	7	29.2	15	62.5
5	9	37.5	24	100

FREQUENCY MISSING = 1

<b>Q25</b>	1	4	16.7	4	16.7
	3	2	8.3	16	25.0
	4	9	37.5	15	62.5
	5	9	37.5	24	100

FREQUENCY MISSING = 1

<b>Q26</b>	1	8	36.4	8	36.4
	2	1	4.5	9	40.9
	3	4	18.2	13	59.1
	4	4	18.2	17	77.3
	5	5	22.7	22	100

FREQUENCY MISSING = 3

<b>Q27</b>	1	6	25.0	6	25.0
	2	6	25.0	12	50.0
	3	2	8.3	14	58.3
	4	5	20.8	19	79.2
	5	5	20.8	24	100

FREQUENCY MISSING = 1

<b>Q28</b>	1	4	16.7	4	16.7
	2	2	8.3	6	25.0
	3	1	4.2	7	29.2
	4	11	45.8	18	75.0
	5	6	25.0	24	100

FREQUENCY MISSING = 1

## **APPENDIX 2**

### **KLERKSDORP HOSPITAL ORGANOGRAM**

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