

STRATEGIC MANAGEMENT AND PLANNING FOR HEALTH CARE ORGANIZATIONS IN GEORGIA

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ABSTRACT

BACKGROUND:

In order to better adapt to the constantly changing global and local environment, the main priority of the healthcare system is the stable functioning of the hospital sector, for which it is necessary to constantly execute efficient strategic management processes. The purpose of the research is to study the barriers to effective implementation of strategic plans in healthcare organizations in Tbilisi (Georgia).

METHODS:

As part of this quantitative research, a survey of 23 senior managers of 10 large hospitals in Tbilisi was conducted using a pre-structured questionnaire.

RESEARCH RESULTS:

None of the hospitals employed external consultants for strategic planning. A relatively small number of hospitals had representatives attend strategic planning lectures and training (13%), and only one of the hospitals surveyed had a strategic planning committee (4.3%), with the majority of surveyed hospitals (87%) had a documented strategic plan. Strategic planning was primarily engaged by the management board (69.6%), with doctors participating to a lesser extent (30.4%). Only one-third (34.8%) of hospitals develop their budget according to the strategic plan. Resources (43.5%), allocation of budget funds (47.8%), and identification and acquisition of additional financial resources (47.8%) are not done in accordance with the goals and priorities of the strategic plan. The majority of hospitals are less likely to compare the results of the evaluation of goal achievement indicators with those of other hospitals (52.2%), Only a few of them report the values of actions taken to accomplish the strategic plan's goals to the hospital (43.5%), Most of the hospitals rarely do benchmarking of other hospitals' goal-achieving measures to assure the effectiveness of strategic projects (78.3%).

DISCUSSION:

Only a small number of healthcare organisations have a strategic management process that as a consequence affects their status and success in the healthcare market. Hospitals may develop a strategic plan, but its implementation is poorly monitored and not based on scientifically solid methods. Due to inappropriate competence, a lack of knowledge, and a misperception of strategic importance, physicians' strategic planning skills are at a low level. In order to master such skills, it is necessary to conduct systematic training.

CONCLUSION:

It is reasonable for the State to impose a legislative requirement that the health care organisations must produce a written strategic plan and employ a strategic management manager. It is essential to provide educational training on hospital strategic management processes.

KEYWORDS

strategic management, strategic planning, strategic assessment, hospital.

INTRODUCTION

Strategic planning is a set of activities that enable an organization in identifying its intended future and developing actions that will lead to it [1]. An organization creates a document that serves as a guide for the company over an extended period of time and outlines its strategies for getting from the current situation to the desired future one. Strategic planning involves taking long-term measures and helps the organization to anticipate and avoid expected risks [2]. A well-planned strategic plan can anticipate environmental changes and allocate resources appropriately [3]. Strategic management integrates the organization's common goals and values, improves the financial condition, and simplifies decision-making, reforms, and innovations.

The strategic planning process consists of four main stages: assessing external circumstances (political, economic, sociocultural, technological, and legal), evaluating its internal setting (as for example using SWOT analysis), determining its strategic goals and objectives; putting the strategic plan into action; evaluating its intermediate and final results; and making changes and corrections. The strategic modification process is ongoing and always being updated [4].

Health care organisations operate in dynamic global and local environments that are affected by demographic, economic, political, legislative, technological, and other societal developments. These changes have led to a complicated and unstable competitive environment. In order to better adapt to the continually evolving environment, the key priority of the healthcare system is the smooth operation and stable condition of the hospital sector, which will respond to the daily complex challenges. It is essential to consistently put into practice efficient strategic management processes in hospitals in order to build a stable and profitable environment [5].

In some countries, according to legislation, health care organisations are required to have a written strategic plan for accreditation, as well as they are obliged to create a strategic planning department, which defines the medium and long-term strategy of the organization. In Turkey, the

health system has achieved impressive results through a health care reform program based on strategic planning [6].

Studies indicate that hospitals develop a strategic plan due to the requirement of the established regulatory rule in the country, only for a limited number of hospitals, the development of a strategic plan was a motivation to achieve organizational success [7]. According to research, there is a strategic plan in hospitals, however it cannot be defined in detail by people in charge [8]. Due to the external environment risks, which are mostly of a political-legal and financial nature, health care organisation's strategic management processes lag behind those in other business sectors [9].

Political factors have a huge influence on the strategic management process, particularly, unpredictable strict regulations of the state represent a significant threat. However, researchers claim that the stability of hospitals, which necessitates the efforts of all stakeholders, should be the state's top priority [10, 11, 12].

There are numerous problems with hospital strategic management in different countries around the world. Due to ongoing reforms in the hospital sector in Georgia, healthcare organizations have made many changes in their management methods. In order to adapt to the changing environment of the medical market, it became necessary to strengthen the strategic planning processes. In this regard, this is the first study in Georgia about the challenges of strategic planning in medical organizations. The purpose of the research is to study the barriers to effective implementation of strategic plans in healthcare organizations in Georgia. This will help to improve understanding of strategic planning as a critical issue in healthcare management.

METHODOLOGY

A quantitative study was conducted using a questionnaire survey method. A total of 13 large hospitals of Tbilisi (capital city of Georgia with a population of 1.5 million) were

contacted in the initial stage of this project, and 10 agreed to participate. Hospitals were chosen based on their size, location, bed count and ownership. Of the studied hospitals, 18 (78%) were of general services profile, and 5 (22%) were specialized. The number of beds, in half of the hospitals participating in the study (49%) was between 100 and 200; the majority of hospitals (74%) had more than 200 workers.

Hard copy surveys were distributed to 41 middle and high-level managers from selected hospitals and 23 responded to our survey (56.1% response rate). Key staff of the hospitals participated in the study, including the general director, financial director, technical director, head of quality management service, director of public relations, clinical director, head of research and development of the hospital, as well as heads of various departments (surgery, gynecology, obstetrics, pediatrics). They were chosen as respondents since they are in charge of developing the organization's strategy. The surveys were conducted from 01.11.22 to 10.12.22.

The research tool utilized was a pre-structured questionnaire prepared based on a literature review, expert opinions and was adapted to the reality of Georgia. Before taking up the research, the questionnaire was pre-piloted. Content and form validity were confirmed by six experts in strategic planning. After piloting minor adjustments were made to the questionnaire which comprises of five parts: characteristics of hospitals, strategic plan development and implementation process in hospitals, budget distribution in hospitals according to strategic priorities, project implementation process in hospitals according to the strategic plan, an evaluation of

how well hospitals performed in terms of their strategic goal.

The data are collected by going to each healthcare organisation in person and filled the questionnaires by interviewing each respondent. Budget distribution, project implementation process in hospitals and hospitals performance evaluation are rated with a 3-point system: weak, medium and good.

The study was approved by the Research Ethics Committee of Caucasus University (CAU No. 012/22). The survey was conducted following the principle of informed consent. Respondents were provided with information about the study. There was also an examination of hospital documents on request and by doing so the responses have been validated.

LIMITATIONS

This study had some potential limitations that may affect the results. The study was limited to hospitals of ten hospitals in a single city (Tbilisi, Georgia). Therefore, generalizability of the results is a limitation of this study. Future studies may widen their samples and include other healthcare organizations from country, thereby allowing researchers to extend applicability to other settings.

RESEARCH RESULTS

Most of the managers interviewed (60.9%, n= 14) hold a master's degree. The majority of managers (65.2%, n= 15) had a background in business administration. Table 1 shows further hospital demographic data. [Do not delete section break]

TABLE 1: CHARACTERISTICS OF HOSPITALS IN THIS STUDY

Characteristics of hospitals		N	%
Type of the hospital	General	18	78%
	specialized	5	22%
Number of beds	Less than 100	3	13%
	100-200	11	49%
	More than 200	9	38%
Number of employees	Less than 200	6	26%
	More than 200	17	74%
Managers' level of education	Bachelor	5	21.7%
	Master	14	60.9%
	Doctor	4	17.4%

The field of managers' education	Healthcare management	8	34.8%
	Business Administration	15	65.2%

For strategic planning, none of the hospitals used external consultants. Very few hospitals had staff that participated in lectures and training on strategic planning (n=3, 13%); only one inpatient hospital had a strategic planning committee (n=1, 4.3%); and most of the inpatient facilities interviewed (n=18, 78.3%) had a documented strategic plan. The management board (n=16, 69.6%) was mostly involved in strategic planning and doctors were partially involved (n=7, 30.4%).

In the initial phase, this study examined how the hospital budget is determined in accordance with strategic

priorities. Only a third of hospitals (n=8, 34.8%) base their budgets on priorities and strategic objectives, according to the survey. Almost half of the hospitals reported that the hospital budget is not reviewed according to the hospital's strategic goals. In one third of hospitals (n=7, 30.4%) the budget is developed according to the strategic plan. However, the distribution of resources (n=10, 43.5%) and budget funds (n=11, 47.8%), as well as the identification and acquisition of new financial resources (n=11, 47.8%) are not in accordance with the goals and priorities of the strategic plan (Table 3).

TABLE 2: STRATEGIC PLAN DEVELOPMENT AND IMPLEMENTATION PROCESS IN HOSPITALS IN THIS STUDY

		N	%
Strategic management consultant	Yes	0	0%
	No	23	100%
Strategic management committee	Yes	1	4.3%
	No	22	95.7%
A documented strategic plan	Yes	18	78.3%
	No	5	21.7%
Participation in strategic planning lectures and training	Yes	3	13%
	No	20	87%
Involvement in strategic planning	Governing Board	16	69.6%
	Personnel	7	30.4%

TABLE 3. BUDGET DISTRIBUTION IN HOSPITALS IN THIS STUDY ACCORDING TO STRATEGIC PRIORITIES

	weak	medium	good
	n/%	n/%	n/%
The budget is set based on priorities and strategic goals	10 (43.5%)	5 (21.7%)	8 (34.8%)
The budget is updated in accordance with strategic goals.	12 (52.2%)	6 (26.1%)	5 (21.7%)
The budget is developed according to the strategic plan	11 (47.8%)	5 (21.7%)	7 (30.4%)
Resources are allocated according to the strategic goals	10 (43.5%)	9 (39.1%)	4 (17.4%)
Allocation of budget funds according to the priorities set by the strategic plan	11 (47.8%)	5 (21.7%)	7 (30.4%)
New financial resources are identified and acquired to accomplish strategic goals	11 (47.8%)	3 (13%)	9 (39.1)

This study then investigated the extent to which hospitals operate according to a predetermined strategic plan. Most hospitals integrate project implementation and goals with the hospital's strategic plan. However, the annual evaluation of managers and the establishment of an annual reward system are not done according to the level of achievement of strategic goals.

In terms of reviewing the strategic plan, the survey discovered that most hospitals regularly evaluate the results of programs centered on strategic goals using pre-defined target achievement indicators. In addition, hospitals

evaluate target performance rates throughout certain time periods. However, the majority of hospitals are less likely to compare the results of the evaluation of the performance indicators with those of other hospitals (n=12, 52.2%), regularly report the values of the measures to achieve the strategic plan goals to the hospital (n=10, 43.5%) and to the public and stakeholders (n=17, 73.9%). They are also less likely to benchmark other hospitals' performance measures to ensure the effectiveness of strategic projects (n=18, 78.3%).

TABLE 4. PROJECT IMPLEMENTATION PROCESS IN HOSPITALS IN THIS STUDY ACCORDING TO THE STRATEGIC PLAN

	weak	medium	good
	n/%	n/%	n/%
Projects are carried out according to the strategic plan	3 (13%)	4 (17.4%)	16 (69.6%)
The set goals are in line with the hospital's strategic plan	3 (13%)	5 (21.7%)	15 (65.2%)
Managers are evaluated on an annual basis depending on their achievement of strategic goals.	16 (69.6%)	4 (17.4%)	3 (13%)
An annual reward system is established based on the level of employee participation in the implementation of strategic goals	18 (78.3%)	2 (8.7%)	3 (13%)
Annual evaluation of the performance of the hospital manager according to the level of achievement of strategic goals	17 (73.9%)	2 (8.7%)	4 (17.4%)

TABLE 5: AN EVALUATION OF HOW WELL HOSPITALS IN THIS STUDY PERFORMED IN TERMS OF THEIR STRATEGIC GOAL

	weak	medium	good
	n/%	n/%	n/%
Evaluation of the results of projects related to the strategic plan using indicators of goal achievement	2 (8.7%)	5 (21.7%)	16 (69.6%)
Use of target achievement indicators at both hospital and department level	3 (13%)	6 (26.1%)	14 (60.9%)
Considering the balance between them when developing indicators of goal achievement	4 (17.4%)	6 (26.1%)	13 (56.5%)
Regular evaluation of indicators of goal achievement	5 (21.7%)	6 (26.1%)	12 (52.2%)
Analysis of target achievement indicators throughout certain time periods	6 (26.1%)	7 (30.4%)	10 (43.5%)
Comparison of the results of the examination of the target accomplishment indicators with prior evaluations	8 (34.8%)	6 (26.1%)	9 (39.1%)
Comparing the results of the evaluation of the indicators of the achievement of the goals with the predetermined standard	9 (39.1%)	4 (17.4%)	10 (43.5%)
A comparison of the results of the evaluation of the achievement of the objectives with the results of other hospitals	12 (52.2%)	4 (17.4%)	7 (30.4%)

After assessing and comparing the results of the evaluation of measures to accomplish the goal, developing and implementing appropriate interventions	9 (39.1%)	8 (34.8%)	6 (26.1%)
Regularly report to the hospital the values of measures to achieve the goals of the strategic plan	10 (43.5%)	7 (30.4%)	6 (26.1%)
Regularly reporting to the public and stakeholders the value of measures to achieve strategic plan goals	17 (73.9%)	3 (13%)	3 (13%)
Benchmarking measures of other hospitals goal achievement in order to ensure the effectiveness of strategic projects	18 (78.3%)	3 (13%)	2 (8.7%)

DISCUSSION

The process of developing and implementing a strategic plan in 23 prominent hospitals of Georgia was examined in this study. According to this research, the governing board is the most involved in strategic planning, while physicians are relatively less involved. Involving physicians in the strategic management process is critical to developing an effective strategy. It plays a decisive role in the success of a healthcare organization as physicians are directly involved in the provision of medical services. Involving physicians in the strategic planning process increases support for the strategic plan, making it easier to implement, also it increases the motivation of physicians to provide useful recommendations on all issues directly related to physicians. This level of involvement of physicians can contribute to a better understanding of the perspective of physicians by leaders of healthcare organizations. Involving physicians will promote the acceptance of difficult decisions and will also increase the focus of the medical organization on high-risk services, as doctors better understand the requirements for improving medical services [13].

Research shows, that very few hospitals participate in strategic planning lectures and trainings. A lack of strategy understanding limits the proper implementation of a strategic plan. Training has become an important component of ongoing changes, employee evaluation and career development in any organization [14]. In addition, training is an essential mechanism for managers to improve their management skills and learn new skills. Strategic planning training has a positive impact on hospital leaders' ability to develop their hospital's mission and vision, strategic goals, and action plan [15]. In recent years, the demand for educational trainings, especially for managers, has increased in healthcare organizations. Some hospitals devote significant resources to the

education of facility managers. The positive effect of training justifies the implementation of additional investments in education. Health facility managers in Georgia can work without formal management education. In such cases, conducting special training for managers on management issues will maximize the effective management of the health care organization.

Despite the fact that the vast majority of hospitals (n=18, 87%) had a documented strategic plan, the significant number of hospitals rarely develop or modify hospital budgets in accordance with the strategic plan, goals and priorities. Furthermore, the allocation of resources and budget funds, as well as the identification and acquisition of new financial resources, are not in accordance with the strategic plan's goals and priorities. This indicates that strategic planning has not yet found its place in the healthcare system. Strategic management is only being implemented by a tiny percentage of hospitals, which has an impact on their success and position in the healthcare industry.

Although hospital managers are in charge of achieving strategic goals, their performance is not annually assessed. Additionally, the annual reward system of hospitals does not take into account the level of participation of employees in the implementation of strategic goals.

According to this research, most hospitals regularly evaluate the outcomes of projects that focus on achieving strategic goals using pre-established goal achievement indicators. Hospitals also analyze target achievement rates at specified time periods or as needed. However, the evaluation results are not properly analyzed. The results of the examination of the goal-achievement indicators are rarely compared to those of previous analyses, predetermined standards, or outcomes obtained in other hospitals [16]. Additionally, neither the hospital nor the

community or other stakeholders are regularly informed of the costs of the measures taken to accomplish the goals of the strategic plan. Less emphasis is put on benchmarking measures to achieve the goals of other hospitals in order to ensure the effectiveness of strategic projects.

According to research, establishing quality management standards and tools (such as The Joint Commission International, KTQ-Accreditation or ISO 9001) in hospitals enhances the development of strategies, which raises the hospital's evaluation status as well. As a result, adequate integration of quality management standards into strategic planning is required [19].

Based on this research it can be seen that, hospitals in Georgia just create a strategic plan and fail to put it into action. Other research with similar findings concluded that while health care organizations create good strategic plans, the control of their execution is very poor and not based on scientific principles [17].

This study shows that hospitals should use the most up-to-date science-based methodologies and tools to implement and evaluate their strategic goals more successfully than they currently do.

In most of the studied hospitals, aspects such as clearly defining the hospital's mission, purpose and values, employee qualifications, training and development, defining customer needs and offering high-quality services are considered to be the most important points of management. Strategic management issues, on the other hand, receive less attention.

In general, ideally, the strategic planning process involves all managerial and operational levels of the organization. This study shows that top managers and heads of various departments participate in the strategic management process, but other stakeholders, such as doctors, have a low level of participation. Studies confirm that the skills of doctors in strategic planning are at a low level, which can be attributed to improper competence, a lack of knowledge, wrong perception of strategic importance [12, 20]. Organisational development focused on strategic planning should be considered by these services.

Hospitals in Georgia are not required to develop a strategic plan. However, it is evident that many benefits can be gained by hospitals who engage in this level of planning. In this regard, health care organizations in some countries are

obliged to develop a strategic plan. For example, the Iranian Ministry of Health requires hospitals to have a written strategic plan in order to support the attainment of hospital accreditation. According to Turkish State law, all government organizations must have a strategic planning department and a strategic plan, the execution of which is monitored in accordance with predetermined guidelines [18]. In Georgia, neither the State's or the Ministry of Health's role is defined in this regard. Internationally it is common practice for healthcare organisations to have organisational strategy at health service and hospital level. Australia, New Zealand and the United Kingdom are good examples of this.

CONCLUSION

The significance of strategic management for the continuing development of health care organizations is expanding as a result of the increased competitiveness in the medical industry. It is recommended that the State pass legislation that the hospitals and medical organizations must develop documented strategic plans and employ strategic management managers. In this regard, there is a similar practice of state intervention in Georgia. For instance, the legislation mandates that inpatient healthcare organisations have a quality management system and that the facility have a clinical manager who is in charge of the inpatient service. Conducting educational training about the strategic management process with inpatient facilities is crucial. It is essential to provide educational training on the strategic management process in hospitals.

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